

REGISTERED NO: 1681710

CRIMPLAND LIMITED



31ST DECEMBER 1997

ANNUAL REPORT AND FINANCIAL STATEMENTS

CRIMPLAND LIMITED

(a wholly owned subsidiary undertaking of Eagle Star Life Assurance Company Limited)

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31st December 1997.

PRINCIPAL ACTIVITY

The company did not actively trade during the year.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £Nil (1996: £60,115) and the deficit brought forward was £6,634,747. The directors do not recommend a dividend for the year (1996: £Nil). The deficit carried forward is £6,634,747.

DIRECTORS

All directors held office throughout the year unless otherwise shown:

R W Allen BA
 J A J F Burnett Rae MA (resigned 10 July 1997)
 A J Russell BA, FIA
 A D Strang BSc, FRICS

DIRECTORS' INTERESTS

The directors, excluding Mr A J Russell, whose interests are shown on the financial statements of Eagle Star Life Assurance Company Limited, had no interest in the share and loan capital of group companies except as shown below:-

B.A.T Industries p.l.c.
 1st January 1997

	Ordinary 25p Shares	E	Share Options Employee Savings Related
R W Allen	3,995	17,910	6,335
A D Strang	1,359	-	5,103

Share Options granted during the year

	E	Employee Savings Related
R W Allen	7,450	-

Share Options exercised during the year

	E	Employee Savings Related
R W Allen	-	1,688

CRIMPLAND LIMITED

DIRECTORS' REPORT (Cont'd)

B.A.T Industries p.l.c.
31st December 1997

	Ordinary 25p Shares	E	Share Options Employee Savings Related
R W Allen	5,683	25,360	4,647
A D Strang	1,416	-	5,103

In addition, on 31st December 1997, all employees, including the executive directors, had a beneficial interest in 7,246,691 shares in B.A.T Industries p.l.c. (1st January 1997: 4,445,808) held by the B.A.T Industries Employee Share Ownership Trust, established for the purpose of satisfying the exercise of options granted from 1994 onwards under the B.A.T Industries "E" Option Scheme.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the auditors, shown below, sets out their responsibilities in relation to the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the Directors are required to:

- * select appropriate accounting policies and apply them consistently, subject to any material departures being disclosed and explained;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed; and
- * prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

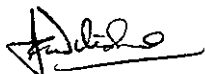
The Directors are required to prepare the financial statements and provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

CRIMPLAND LIMITED**DIRECTORS' REPORT (Cont'd)****AUDITORS**

The company has elected by a resolution passed in accordance with S.386, Companies Act 1985 and dated 22nd October 1992, to dispense with the obligation to appoint auditors annually.

By Order of the Board



J A WILTSHIRE
Secretary
Eagle Star Centre
Montpellier Drive
Cheltenham
Gloucestershire
GL53 7LQ

27th February 1998

CRIMPLAND LIMITED**REPORT OF THE AUDITORS**

to the members of Crimpland Limited

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1997 and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

London

27th February 1998

CRIMPLAND LIMITED**PROFIT AND LOSS ACCOUNT**

for the year ended 31st December 1997

	Notes	1997 £	1996 £
NET PROPERTY EXPENSES	3	-	(4,833)
Adjustment to profit on sale of investment property		-	64,948
PROFIT ON ORDINARY ACITIVITIES BEFORE AND AFTER TAXATION		-	60,115
Deficit brought forward		(6,634,747)	(6,694,862)
DEFICIT CARRIED FORWARD		£ (6,634,747)	£ (6,634,747)

The activities of the company are discontinued.

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The company has no movement in shareholder's funds other than those included in the profit and loss account above, and therefore no separate reconciliation of movement in shareholder's funds has been presented.

There is no difference between the profit for the year and the retained loss above and their historical cost equivalents.

CRIMPLAND LIMITED**BALANCE SHEET**
at 31st December 1997

	Notes	1997 £	1996 £
CREDITORS amounts falling due within one year	6	60,000	60,000
NET CURRENT (LIABILITIES)		(60,000)	(60,000)
CREDITORS amounts falling due after more than one year	7	6,574,647	6,574,647
NET LIABILITIES		£ (6,634,647)	£ (6,634,647)
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account - deficit		(6,637,747)	(6,634,747)
EQUITY SHAREHOLDER'S FUNDS		£ (6,634,647)	£ (6,634,647)

The financial statements on pages 5 to 8 were approved by the board of directors on 27th February 1998 and were signed on its behalf by



R W ALLEN
Director
27th February 1998

CRIMPLAND LIMITED**NOTES TO FINANCIAL STATEMENTS**

at 31st December 1997

1. ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

2. ACCOUNTING POLICIES**Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash Flow Statement

The company is a wholly-owned subsidiary of Eagle Star Life Assurance Company Limited. It is therefore exempt from the requirement to publish a cash flow statement.

	1997 £	1996 £
3. NET PROPERTY EXPENSES		
Debtor write-off	-	(4,833)
4. ADMINISTRATIVE EXPENSES		
Auditors' remuneration	NIL	NIL
Directors' emoluments	NIL	NIL
5. EMPLOYEES		
Other than the directors listed on page 1, the company has no employees (1996: Nil).		
Directors' Remuneration		
There were no directors' emoluments paid by the company (1996: Nil). The services of the directors to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company paying their emoluments.		
6. CREDITORS		
Amounts falling due within one year:		
Capital expenditure	£ 60,000	£ 60,000
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7. CREDITORS		
Amounts falling due after more than one year:		
Amounts owed to group undertakings	£ 6,574,647	£ 6,574,647
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CRIMPLAND LIMITED**NOTES TO FINANCIAL STATEMENTS (Cont'd)**
at 31st December 1997

	1997		1996
	£		£
8. SHARE CAPITAL			
100 ordinary shares of £1 each			
Authorised, allotted, called up and fully paid	£ 100	£	100
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9. FINANCIAL SUPPORT

The parent company, Eagle Star Life Assurance Company Limited, has indicated that the debt owed by the company to the parent company is subordinated in all respects to all other liabilities of the company. Accordingly payment of any amount (whether in respect of principal, interest or otherwise, or whether by re-payment, payment or pre-payment) of the loans shall be conditional upon the capacity of the company to discharge its other liabilities.

Further, to the extent that the company has insufficient funds to meet its other liabilities, Eagle Star Life Assurance Company Limited has indicated that it will put the company in funds to ensure such liabilities are met.

10. IMMEDIATE CONTROLLING PARTY

Eagle Star Life Assurance Company Limited is regarded as the immediate controlling party.

11. ULTIMATE HOLDING COMPANY

BAT plc, incorporated in Great Britain and registered in England & Wales, is regarded by the directors as the company's ultimate parent company and is also the ultimate controlling party.

The largest group in which the results of the company are consolidated is that of BAT plc. Copies of that company's consolidated financial statements may be obtained from:

BAT Industries plc
Windsor House
50 Victoria Street
London
SW1H 0NL

The smallest such group is that of which Eagle Star Holdings plc is the parent company, whose consolidated financial statements may be obtained from:

Eagle Star Holdings plc
60 St Mary Axe
London
EC3A 8JQ

Eagle Star Holdings plc is incorporated in Great Britain and registered in England and Wales.

12. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption provided by FRS8 from disclosing details of transactions with BAT Industries plc and its subsidiaries.