

ANNEX A

S E C R E T

IMASCO Share Purchase Proposal

Position for a single share

A. BATUS with 10%

Dividend			C\$ 1.24
Withholding Tax (15%)			<u>0.19</u>
			1.05
46% U.S. Tax on regrossed dividend of 1.94	=	0.89	
<u>Less</u> Double Tax Relief			
1) Withholding Tax		0.19	
2) *Underlying Tax		<u>0.70</u>	<u>0.89</u>
			-
Net received			<u><u>1.05</u></u>

\* regrossed at 1983 effective rate of 36%

B. BATUS with less than 10%

Dividend			C\$ 1.24
Withholding Tax (15%)			<u>0.19</u>
			1.05
46% U.S. Tax on 1.24	=	0.57	
<u>Less</u> Double Tax Relief - withholding tax		<u>0.19</u>	<u>0.38</u>
Net received			<u><u>0.67</u></u>

The difference is 1.05 - 0.67 = C\$ 0.38

With a 5% holding the difference would be:-

2,552,807 x 0.38 = C\$ 970,067

This compares to the benefit under both A & B of U.S. tax relief on interest on the borrowing to purchase the shares of :-

Relief to BATUS 2,552,807 x C\$ 37 x 14% = 13,223,540

@ 46% = C\$ 6,082,828

Less Tax on interest in BATUS

13,223,540 @ 16.25% + C\$ 2,148,825

C\$ 3,934,003

+ This will decline as the U.K. Corporation Tax rate declines.

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