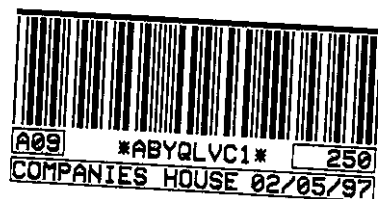


WESTON INVESTMENT COMPANY LIMITED
(COMPANY REGISTRATION NO 179244)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996



Weston Investment Company Limited

Report of the directors for the year ended 31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The Company has investments in fellow subsidiaries operating in the tobacco industry.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors recommend the payment of a dividend of £18,800,000. The profit and loss account surplus for the financial year of £38,005,000 will be transferred to reserves.

Directors

U G V Herter	(Chairman)
D P Allvey	(Resigned 1 January 1996)
K S Dunt	(Appointed 1 January 1996)
S P Chalfen	(Resigned 1 January 1996)
K Etherington	(Resigned 1 January 1996)
D C Potter	(Resigned 1 January 1996)
D G Stevens	(Appointed 1 January 1996)

Directors' interests in the shares of the company

The interests of those persons, who were directors at 31 December 1996, in the share capital and share option schemes of B.A.T Industries p.l.c. and its subsidiaries are disclosed in the Directors' Report of British-American Tobacco (Holdings) Limited, apart from Mr. U.G.V. Herter which are disclosed in the Directors' Report of B.A.T Industries p.l.c. Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

Weston Investment Company Limited**Report of the directors
for the year ended 31 December 1996****Directors' responsibilities**

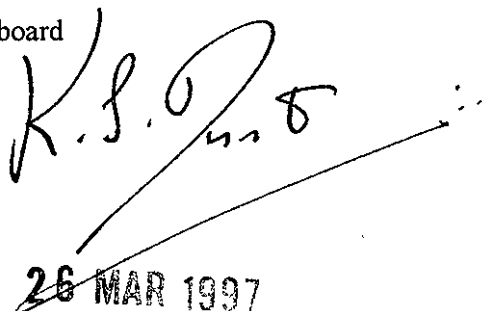
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select appropriate accounting policies and then 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 keeping proper accounting records which disclose with reasonable accuracy at any time 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

K S Dunt
Director:

A handwritten signature in dark ink, appearing to read 'K. S. Dunt', is written over a diagonal line that extends from the signature area towards the date.

Dated:

26 MAR 1997

Auditors' Report to the Shareholders of Weston Investment Company Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 affairs of the Company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26 MAR 1997

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY.

Weston Investment Company Limited

**Profit and loss account
for the year ended 31 December 1996**

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Operating charges	2	1,944	-
Operating loss - continuing operations		<u>1,944</u>	<u>-</u>
Income from shares in a group undertaking	3	58,749	30,280
Profit on ordinary activities before taxation		<u>56,805</u>	<u>30,280</u>
Tax on profit on ordinary activities	4	-	2
Profit on ordinary activities after taxation		<u>56,805</u>	<u>30,278</u>
Dividend proposed		18,800	-
Retained profit for the year		<u><u>38,005</u></u>	<u><u>30,278</u></u>
Statement of retained profits			
Retained profits at 1 January		99,539	69,261
Retained profit for the year		38,005	30,278
Retained profits at 31 December		<u><u>137,544</u></u>	<u><u>99,539</u></u>

There are no recognised gains and losses other than the profit for the financial year.

The notes on pages 7 to 10 form part of these financial statements.

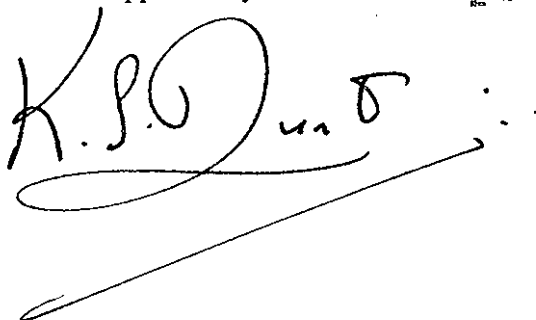
Weston Investment Company Limited

Balance Sheet - 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Fixed assets					
Investments	5		96,962		96,962
Current assets					
Debtors	6	87,048		30,243	
Creditors: amounts falling due within one year	7	46,466		27,666	
		-----		-----	
Net current assets			40,582		2,577
			-----		-----
Total assets less current liabilities			137,544		99,539
			=====		=====
Capital and reserves					
Called up share capital	8		-		-
Profit and loss account			137,544		99,539
			-----		-----
Total shareholders' funds	9		137,544		99,539
			=====		=====
Equity interests			137,544		99,539
			-----		-----
Total shareholders' funds	9		137,544		99,539
			=====		=====

The financial statements on pages 5 to 10 were approved by the Directors on 26 MAR 1997 and are signed on their behalf by:

K S Dunt
Director:



The notes on pages 7 to 10 form part of these financial statements.

Weston Investment Company Limited

Notes to the financial statements for the year ended 31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceding year, is set out below. A cash flow statement is not submitted, as the Company, being a wholly owned subsidiary undertaking of a parent undertaking established under UK law, includes cash flow information in the financial statements of the parent undertaking.

1.1 Basis of accounting

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom and under the historical cost convention.

1.2 Group financial statements

Group financial statements are not submitted as the Company is a wholly owned subsidiary of a company incorporated in Great Britain.

1.3 Translation of assets and liabilities

Assets and liabilities denominated in foreign currency are translated at rates of exchange ruling at the end of the financial year. Transactions expressed in currencies other than sterling are translated into sterling at actual rates. Exchange differences on remittances are reflected in trading profit.

1.4 Investments valuation

Investments are shown at cost less provision for any diminution in value.

1.5 Taxation

No account is taken of taxation which may be payable on the realisation of investments, or in the event of the distribution of profits retained by the subsidiary undertakings.

1.6 Deferred taxation

Deferred taxation is provided for on timing differences using the liability method to the extent that it is probable that the liability will crystallise. Timing differences arise on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account.

1.7 Accounting for income

Income is accounted for on a receivable basis. Provision is made where delays are anticipated in the receipt of monies from overseas companies.

Weston Investment Company Limited

Notes to the financial statements for the year ended 31 December 1996

2 Operating charges

Audit fees of £720 (1995 - £720).

None of the directors received any remuneration in respect of their services to the company during the year (1995 - Nil).

There were no employees, and no staff costs during the year (1995 - Nil).

3 Income from shares in a group undertaking

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Dividends received from BATIG Gesellschaft für Beteiligungen m.b.H.	<u>58,749</u>	<u>30,280</u>

4 Taxation

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
United Kingdom corporation tax at 33.00% (1995 : 33.00%)	9,587	15,373
Less: Double taxation relief	9,587	15,373
	-----	-----
	-	-
Overseas taxation	-	2
	-----	-----
	-	2
	=====	=====

5 Investments

Investments in subsidiaries

% Nominal Value Held Directly

Ordinary Shares of no par value

5.1 Unlisted overseas - Germany

BATIG Gesellschaft für Beteiligungen m.b.H.
(Incorporated in Germany)

40

Weston Investments Limited

Notes to the financial statements
for the year ended 31 December 1996

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
5.2 Shareholding at cost:		
BATIG Gesellschaft für Beteiligungen m.b.H.	96,962	96,962

5.3 The directors are of the opinion that the investments have an aggregate value of not less than the amount at which they are stated in the balance sheet.

6 Debtors	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Amounts falling due within one year		
Amounts owed by fellow group undertaking	38,508	-
Dividend receivable from subsidiary undertaking	48,540	30,243
	<u>87,048</u>	<u>30,243</u>

7 Creditors: amounts falling due within one year	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Amounts payable to parent undertaking	27,665	27,665
Dividend proposed	18,800	-
Accrued charges	1	1
	<u>46,466</u>	<u>27,666</u>

8 Share capital	Ordinary Shares of £1 each	
	<u>1996</u>	<u>1995</u>
Authorised - value	<u>£100</u>	<u>£100</u>
number	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
value	<u>£20</u>	<u>£20</u>
number	<u>20</u>	<u>20</u>

Weston Investment Company Limited

Notes to the financial statements for the year ended 31 December 1996

9 Reconciliation of movements in shareholders' funds	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Opening shareholders' funds	99,539	69,261
Profit attributable to shareholders for the year	56,805	30,278
Dividend proposed	(18,800)	-
	<u>-----</u>	<u>-----</u>
Closing shareholders' funds	<u>137,544</u>	<u>99,539</u>

10 Parent undertaking

The Company's ultimate parent undertaking is B.A.T Industries p.l.c., being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared by B.A.T Industries p.l.c.

11 Copies of the report and accounts

Copies of the report and accounts of B.A.T Industries p.l.c. may be obtained from:

The Company Secretary
Windsor House
50, Victoria Street
London SW1H 0NL