

Myddleton Investment Company Limited
Registered Number 207434

Directors' Report and Accounts

For the year ended 31 December 1999



Myddleton Investment Company Limited

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 1999 to the date of this report are as follows:

Ulrich Georg Volker Herter	Chairman	
Paul Nicholas Adams		
Stuart Philip Chalfen	Appointed 26 July 1999	Resigned 31 July 2000
Keith Silvester Dunt		
Charles Richard Green	Appointed 26 July 1999	
John Nolan Jewell	Appointed 26 July 1999	
Anthony Cameron Johnston		Resigned 26 July 1999
Earl Eugene Kohnhorst		Resigned 26 July 1999
Michael Charles Terrell Prideaux	Appointed 26 July 1999	
Jimmi Rembiszewski		
David George Stevens		
Neil Robert Withington	Appointed 31 July 2000	

Directors' interests

The interests of those persons who were Directors at 31 December 1999 in the share capital and share option schemes of British American Tobacco p.l.c. and its subsidiaries are disclosed in the Directors' report of British-American Tobacco (Holdings) Limited, apart from Messrs U.G.V. Herter and K.S. Dunt which are disclosed in the Directors' report of British American Tobacco p.l.c.

Review of the year to 31 December 1999

The profit for the year attributable to the shareholders of Myddleton Investment Company Limited after deduction of all charges and the provision of tax amounted to £851,000 (1998: £683,000).

Dividends

The Directors do not recommend the payment of a dividend for the year (1998: £680,000). The retained profit for the year of £851,000 (1998: £3,000) will be transferred to reserves.

Principal activities

The Company has an investment in an Indian conglomerate.

Myddleton Investment Company Limited

Directors' report

Millennium

Throughout 1999, the Millennium Programme remained a top business priority. By the final quarter of 1999 remediation activities were complete for over 99% of systems, business continuity plans had been put in place throughout the organisation and detailed arrangements for the transition period around the critical date change were in place.

A Millennium Transition Office monitored the rollover of British American Tobacco group companies worldwide. In the event, all operations returned to business as usual as scheduled shortly after 1 January 2000. The Company remained vigilant for further date changes, for example 29 February 2000, and reports that all businesses performed as usual.

European Monetary Union

The Company, as a matter of policy, actively supports Economic and Monetary Union as a means of delivering increased stability and prosperity. The British American Tobacco Group's European companies including those in the UK have been capable of transacting business in the euro following its introduction in eleven European countries on 1 January 1999. The ability of the Group to conduct business in national currencies will be retained as long as necessary. The decision as to when to adopt the euro as a subsidiary's functional currency will be a local decision for each subsidiary in the European Union, having regard to the speed of transition to the euro in the individual economy.

Each operating subsidiary of the Group has prepared a business impact plan assessing the risks and uncertainties associated with the euro, with all end-market activity in the euro being co-ordinated through a European Regional Support Team. Costs incurred in 1999 on the euro programme had no material effect on the Group's business performance.

Myddleton Investment Company Limited

Directors' report

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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 suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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 to 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 the statement.

Auditors

The Directors have been advised that PricewaterhouseCoopers are willing to continue as auditors of the Company and a resolution for their reappointment and on their remuneration will be put to the Annual General Meeting.

On behalf of the Board



Secretary
- 3 OCT 2000

Auditors' report to the members of Myddleton Investment Company Limited

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the annual report, including as described on page 4, for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Acts. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 as at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



3 October 2000

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
1 Embankment Place
London
WC2N 6NN

Myddleton Investment Company Limited

Profit and loss account

For the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Turnover		-	-
Operating charges	2	-	-
Operating loss		-	-
Income from participating interests		851	683
Profit on ordinary activities before taxation		851	683
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		851	683
Dividends on equity shares	5	-	(680)
Retained profit for the year		851	3

All the activities during the year are in respect of continuing operations.

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

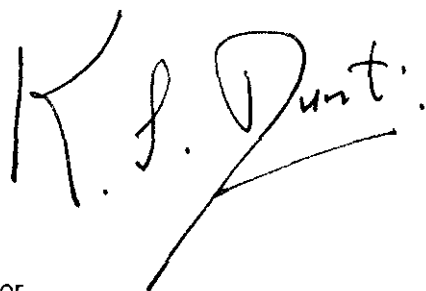
The notes on pages 8 to 11 form part of these financial statements.

Myddleton Investment Company Limited

Balance sheet – 31 December 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Investments	6	1,516	1,516
Current assets			
Debtors	7	1,284	1,113
Creditors - amounts falling due within one year	8	-	(680)
Net current assets		1,284	433
Total assets less current liabilities		2,800	1,949
Capital and reserves			
Called up share capital	9	50	50
Other reserves	10	1,466	1,466
Profit and loss account	10	1,284	433
Total equity shareholders' funds	11	2,800	1,949

The financial statements on pages 6 to 11 were approved by the Directors on 3 OCT 2000 and are signed on their behalf by:



Director

The notes on pages 8 to 11 form part of these financial statements.

Myddleton Investment Company Limited

Notes to the accounts – 31 December 1999

1 Accounting policies

A summary of the principal accounting policies is set out below.

(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.

(2) Cash flow statement

The company is a 100% owned subsidiary of British American Tobacco p.l.c. The cash flows of the company are included in the consolidated cash flow statement of British American Tobacco p.l.c. which is publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

(3) Foreign currencies

Profits expressed in currencies other than sterling are translated to sterling at average rates of exchange.

Assets and liabilities expressed in currencies other than sterling are translated to sterling at rates of exchange ruling at the end of the financial year. Other exchange differences are reflected in the profit and loss account.

(4) Taxation

Taxation is provided on the profits of the period together with 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. No account is taken of tax which may be payable on the realisation of investments or in the event of the distribution of profits retained by the subsidiary undertakings.

(5) Accounting for income

Income is accounted for on a receivable basis. Where delays are anticipated in the receipt of monies from overseas, provision is made in accordance with the concept of prudence.

(6) Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value consistent with the concept of prudence.

(7) Listed investments

The Stock Exchange value of listed investments at the year end is computed at middle market prices.

Myddleton Investment Company Limited

Notes to the accounts – 31 December 1999

2 Operating charges

Audit fees are borne by the ultimate parent undertaking.

3 Directors' emoluments

None of the directors received any remuneration in respect of their services to the Company during the year (1998: £nil).

4 Taxation

	1999 £'000	1998 £'000
United Kingdom corporation tax at 30.25 % (1998: 31.0%)	328	300
Less: Double taxation relief	(328)	(300)
	-	-

5 Dividends

	1999 £'000	1998 £'000
Interim proposed:	-	680

6 Investments

(1) Shares in group undertakings	% equity held directly
Listed overseas – India	Ordinary shares of 10 Rupees each
I.T.C Limited	4%
(Incorporated in India)	
Stock exchange valuation at 31 December 1999	
£101,078,278 (1998: £114,794,992)	

I.T.C Limited has interests in tobacco, paper and packaging and hotels.

In total, the British American Tobacco group owns 32% of the issued share capital of I.T.C Limited.

Myddleton Investment Company Limited

Notes to the accounts – 31 December 1999

6 Investments (continued)

(2) Shares at cost less provisions

	1999 £'000
At 1 January 1999 and 31 December 1999	1,516

- (3) The directors are of the opinion that the investment has a value of not less than the amount stated in the balance sheet.

7 Debtors

	1999 £'000	1998 £'000
Amounts owed by group undertakings	1,284	1,113

8 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Dividend payable	-	680

9 Share capital

	1999	1998
Ordinary shares of £1 each		
Authorised - value	£50,000	£50,000
- number	50,000	50,000
Allotted, called up and fully paid		
- value	£50,000	£50,000
- number	50,000	50,000

Myddleton Investment Company Limited

Notes to the accounts – 31 December 1999

10 Reserves

	Profit and loss account £'000	Other Reserves £'000	Total £'000
1 January 1999	433	1,466	1,899
Retained profit	851	-	851
31 December 1999	1,284	1,466	2,750

11 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit attributable to shareholders for the year	851	683
Dividend proposed	-	(680)
Net transfer to shareholders' funds	851	3
Opening shareholders' funds	1,949	1,946
Closing shareholders' funds	2,800	1,949

12 Related parties

The Company has taken advantage of the exemption under paragraph 3(c) of the Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. group.

13 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco plc being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is Molensteegh Invest B.V. Group accounts are prepared only at the British American Tobacco p.l.c. level.

14 Copies of the report and accounts

Copies of the report and accounts of British American Tobacco p.l.c. may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG