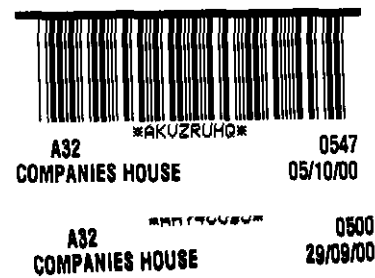


R D Lillis & Sons Limited
Registered Number: 1318783

Directors' Report and Accounts

For the 9 Months ended 31 December 1999



R D Lillis & Sons Limited

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R D Lillis & Sons Limited

Directors' Report

Board of Directors

The directors of the Company during the period ended 31 December 1999 were:

J D Paget	(resigned 11 November 1999)
A E Griffiths	
P M Cook	(appointed 10 November 1999)
M L Hendershot	(appointed 10 November 1999)
D N F Salter	(appointed 10 November 1999)

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 as shown below.

British American Tobacco p.l.c.		
Ordinary 25p shares		
	1 April 1999*	31 December 1999
P M Cook	1,380	1,380
M L Hendershot	700	983
D N F Salter	904	904

* Date of appointment if later

British American Tobacco p.l.c.				
Share Options				
	1 April 1999*	Granted	Exercised	31 December 1999
P M Cook	31,377	1,224	-	32,601
M L Hendershot	31,786	-	-	31,786
D N F Salter	4,200	2,133	-	6,333

* Date of appointment if later

In addition, on 31 December 1999, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Trust held a total of 15,581,616 shares in British American Tobacco p.l.c. All employees, including the Directors of the Company are deemed to have a beneficial interest in the shares which are held by the trusts for the purpose of satisfying options granted between 1994 and 1998 under the B.A.T Industries Employee Share "E" Option Scheme and from 1998 onwards for options granted under the British American Tobacco Share Option Scheme or awards under the British American Tobacco Long Term Incentive Plan.

Details of the share option schemes are included in the Report and Accounts of British American Tobacco p.l.c.

Dividends

The directors do not recommend the payment of a dividend.

R D Lillis & Sons Limited

Directors' Report

Review of the 9 Months to 31 December 1999

During the period ended 31 December 1999, the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit or loss. These accounts relate to a 9 month period as the accounting reference date was changed from 31 March to 31 December during the period to reflect the year end of the Company's new ultimate parent undertaking.

Principle Activities

Under an agency agreement, the Company has entered into transactions as agent for group undertakings, the records and results thereof being incorporated in the accounting records and accounts of those undertakings.

General Meetings

Elective resolutions have been passed in accordance with Section 379A of the Companies Act 1985 (as amended) to dispense with the laying of accounts before the Company in General Meeting (pursuant to Section 252 of the Act) and to dispense with the holding of the Annual General Meeting (pursuant to Section 366A of the Act).

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 and 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

R D Lillis & Sons Limited


Directors' Report

Registered No: 1318783

Registered Office:

Oxford Road
Aylesbury
Buckinghamshire
HP21 8SZ

On behalf of the Board



For and on behalf of
Risecretaries Limited
Secretary

21st SEPTEMBER 2000

R D Lillis & Sons Limited

Balance Sheet as at 31 December 1999

	Notes	31 December 1999 £	31 March 1999 £
Current assets			
Debtors – amounts falling due within one year	3	14,677	14,677
		14,677	14,677
Capital and reserves			
Called up share capital	5	200	200
Share premium account		12,840	12,840
Profit and loss account		1,637	1,637
		14,677	14,677
Equity Shareholders' Funds		14,577	14,577
Non-Equity Shareholders' Funds		100	100
Total equity shareholders' funds		14,677	14,677

During the period, and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit or a loss.

The financial statements on pages 5 to 7 were approved by the Directors on 21st September 2000 and signed on behalf of the Board by:

N. Sall

Director

The notes on pages 6 and 7 form an integral part of these accounts.

R D Lillis & Sons Limited

Notes to the Accounts – 31 December 1999

1 Accounting convention

The Accounts have been prepared on historical cost accounting principles and in accordance with applicable Accounting Standards in the United Kingdom.

2 Directors' emoluments and employee information

The directors did not receive any emoluments during the period or during the preceding year. No staff were employed by the Company during the period, or during the preceding year.

3 Amounts owed by group undertakings

The amounts owed by group undertakings are receivable from the Company's immediate parent undertaking.

4 Agency Agreement

Under an agency agreement, the Company has entered into transactions as agent for group undertakings, the records and results thereof being incorporated in the accounting records and accounts of those undertakings.

5 Share capital

The share capital of the Company is as follows:

	31 December 1999 £	31 March 1999 £
Authorised – 200 Ordinary shares of 50p each	100	100
- 100 5% non-cumulative Preference Shares of £1 each	100	100
	<u>200</u>	<u>200</u>
 Allotted, called up and fully paid –		
200 Ordinary shares of 50p each	100	100
- 100 5% non-cumulative Preference Shares of £1 each	100	100
	<u>200</u>	<u>200</u>

R D Lillis & Sons Limited

Notes to the Accounts – 31 December 1999

6 Parent undertakings

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

7 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