

Ryservs (No. 3) Limited

(Formerly The London Tobacco Company Limited)

1999 ANNUAL REPORT AND ACCOUNTS



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DIRECTORS' REPORT

THE DIRECTORS submit their Report and the audited accounts for the year ended 31st March 1999.

Activities and business review

The Company did not trade in the year and made neither profits nor losses.

On the 16th of April 1998 the Company's name was changed to Ryservs (No. 3) Limited.

Dividends

The directors do not recommend the payment of a dividend (1998 : Nil).

The Year 2000 Issue

The business and support operations of the Rothmans International B.V. group (the "group") have been assessed in order to determine the level of attention required to address the problems posed by the onset of the Year 2000. Taskforces within the Group's operations are implementing plans to deal with the issues identified. Progress towards completion of these plans is reported to the Audit Committee. The operation of our business depends not only on our own systems, but also to some degree on those of our suppliers, distributors and customers. Therefore, there remains an inevitable exposure to risk in the event that there is a failure by other parties to remedy their own Year 2000 issues. Where appropriate, this risk is being addressed through seeking assurance from such parties that this issue is being dealt with appropriately. Contingency plans embracing alternative ways of working are also being developed in the case of any failure to achieve the necessary solutions. Costs specifically directed towards the resolution of Year 2000 risks are being expensed as incurred.

The Introduction of the Euro

On 1 January 1999 eleven Member States of the European Union adopted the Euro as their local currency. The Euro is initially available only for currency trading and non-cash transactions, and during this interim period the existing local currencies of the participating countries remain legal tender as expressions of the Euro. The Group established a number of working parties in prior years to examine the actions its businesses were required to take in order to ensure a smooth transition to the Euro. As from 1 January 1999 the Group's businesses operating within the eleven Member States are able to transact with customers and suppliers using the Euro as appropriate. The costs incurred by the Group's businesses in achieving Euro functionality are not considered to be material and have been expensed as incurred.

Post balance sheet event

Set out in Note 8 are details of a post balance sheet event concerning Rothmans International B.V., (the company considered by the directors to be the parent company for operational purposes).

DIRECTORS' REPORT

Directors

The directors of the Company during the year ended 31st March 1999 were:

A G Cripps	(Resigned 24 th July 1998)
A E Griffiths	(Resigned 24 th July 1998)
J C Patey	(Resigned 24 th July 1998)
C D Tomkinson	(Resigned 24 th July 1998)
W M Kuzminski	(Appointed 23 rd July 1998)
Ridirectors Limited	(Appointed 23 rd July 1998)

Mrs A E Griffiths also resigned as Secretary of the Company and Risecretaries Limited was appointed Secretary in her place on 24th July 1998.

Subsequent to the year end, D N F Salter, P M Cook and M L Hendershot were appointed Directors on 26th July 1999 and on 30th July 1999 W M Kuzminski resigned as Director.

Directors' interests

According to the register, kept under Section 325 of the Companies Act 1985, no director holding office at 31st March 1999 had any interest in the shares of the Company, its parent company or its fellow subsidiaries either at the beginning (or date of appointment) or end of the year.

Auditors

The Company's auditors are willing to continue in office. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

On behalf of the Board
Risecretaries Limited

Secretary


9th December 1999

Registered Office: Oxford Road
Aylesbury
Bucks
HP21 8SZ

Registered in England and Wales (No.1493404)

BALANCE SHEET

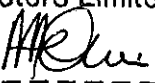
31st March 1999

	Notes	1999	1998
Current Assets		£'000	£'000
Debtors	3	12,275	12,486
		<u>12,275</u>	<u>12,486</u>
Creditors: amounts falling due within one year	4	-	(211)
		<u>-</u>	<u>(211)</u>
Net current assets		12,275	12,275
Net Assets		<u>12,275</u>	<u>12,275</u>
Capital employed			
Called up share capital	5	13,000	13,000
Profit and loss account		(725)	(725)
Equity Shareholders' Funds		<u>12,275</u>	<u>12,275</u>

The accounts were approved by the Board of Directors on 09/12/1999 and signed on its behalf by:

FOR AND ON BEHALF OF
Rldirectors Limited, Director

Director



authorised signatory

NOTES TO THE ACCOUNTS

1. The accounts have been prepared on historical cost accounting principles and in accordance with applicable accounting standards in the United Kingdom.

2. **Directors' emoluments**

The directors did not receive any emoluments directly from the Company during the year or during the preceding year.

3. Debtors	1999	1998
	£'000	£'000

Amounts falling due within one year:

Trade debtors	-	2,631
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Amounts owed by fellow subsidiary undertakings	12,275	9,755
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	<u>12,275</u>	<u>12,486</u>
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4. **Creditors: amounts falling due within one year**

1999	1998
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£'000	£'000
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Accruals	-	3
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Taxation	-	208
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	<u>-</u>	<u>211</u>
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5. **Share capital**

**Authorised, allotted,
called up and fully paid**

1999	1998
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£'000	£'000
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Ordinary share capital consisting of shares of £1 each	<u>13,000</u>	<u>13,000</u>
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6. **Related party transactions**

No transactions are disclosed due to the Company being a 100% subsidiary of Rothmans Group Holdings B.V..

NOTES TO THE ACCOUNTS

7. Parent companies and controlling parties

As at 31 March 1999, the directors regard Compagnie Financière Richemont AG, a listed company incorporated in Switzerland, to be the ultimate parent company; shares representing 50% of the voting rights of that company are held by Compagnie Financière Rupert which, for the purposes of Financial Reporting Standard 8, is regarded by the directors as the ultimate controlling party. As at 31 March 1999, the directors consider that the company is controlled, for operational purposes, by Rothmans International B.V. At 31 March 1999 the Company's immediate parent company for which group accounts were drawn up was Rothmans International B.V., a company incorporated in The Netherlands.

Copies of the group accounts of Rothmans International B.V. are available from The Secretary, De Boelelaan 32, 1083 HJ Amsterdam, The Netherlands. Copies of the group accounts of Compagnie Financière Richemont AG are available from The Secretary, Rigistrasse 2, CH-6300 Zug, Switzerland.

Details of a post balance sheet event concerning parent companies and controlling parties are set out in Note 8 of these financial statements.

8. Post balance sheet event

On 11 January 1999, Compagnie Financière Richemont AG and British American Tobacco plc announced terms had been agreed for the proposed merger of the Rothmans International B.V. Group with British American Tobacco plc. British American Tobacco plc shareholders approved the merger at an extraordinary general meeting held on 8 April 1999. The transaction was completed on 7 June 1999 and from that date British American Tobacco plc became the ultimate parent company and ultimate controlling party of this company. Copies of the group accounts of British American Tobacco plc are available from The Secretary, British American Tobacco plc, Globe House, London, WC2R 2PG, the United Kingdom.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

THE FOLLOWING statement, which should be read in conjunction with the Statement of Auditors' responsibilities set out on the next page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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.

The directors consider that in preparing the financial statements on pages 4 to 6 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors are required to use a going concern basis in preparing the financial statements unless this is inappropriate.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

To the members of Ryserve (No. 3) Limited

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 7, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practice 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 Companies Act. 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 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.

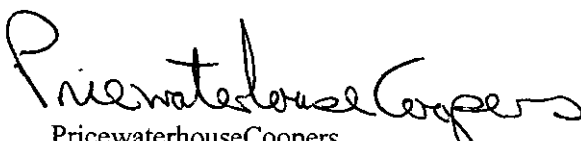
Basis of opinion

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 affairs of the Company at 31st March 1999 and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London 9/12/99