

B.A.T Russia Limited
Registered Number 2906395

Directors' Report and Accounts

For the year ended 31 December 1999



B.A.T Russia 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:

Dr. Bernd Schweitzer	Resigned 28 July 1999
Paul Nicholas Adams	Appointed 28 July 1999
Philip Michael Cook	
Michael Lee Hendershot	Appointed 28 July 1999
David John Etchells	
Donald Neil Fred Salter	Appointed 28 July 1999
Simon John Roderick Smith	

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 with the exception of P.N.Adams whose interests are disclosed in the Directors' report of British-American Tobacco (Holdings) Limited.

British American Tobacco p.l.c. Ordinary 25p shares

	1 January 1999*	31 December 1999
P.M.Cook	760	1,380
D.J. Etchells	860	1,480
M.L.Hendershot	700	983
D.N.F.Salter	904	904
S.J.R. Smith	2,376	5,622

British American Tobacco p.l.c. Share options

	1 January 1999*	Granted	Exercised	31 December 1999
P.M.Cook	22,449	10,152	-	32,601
D.J. Etchells	43,215	-	-	43,215
M.L.Hendershot	31,786	-	-	31,786
D.N.F.Salter	4,200	2,133	-	6,333
S.J.R. Smith	63,067	15,698	2,526	76,239

*Or date of appointment, if later.

B.A.T Russia Limited

Directors' report

Directors' interests (continued)

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. (1 January 1999: 10,700,826 shares). All employees, including the Directors of the Company are deemed to have had 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 scheme are included in the Report and Accounts of British American Tobacco p.l.c.

Review of the year to 31 December 1999

The Company did not trade during the year and consequently the result for the financial year was £nil (1998: £nil).

Principal activities

The principal activity of the Company is the management of tobacco related issues in Russia.

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.

B.A.T Russia 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

- 6 SEP 2000

Auditors' report to the members of B.A.T Russia Limited

We have audited the financial statements on pages 6 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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 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 have been properly prepared in accordance with the United Kingdom Companies Act 1985.



6 September 2000

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

B.A.T Russia Limited

Balance sheet – 31 December 1999

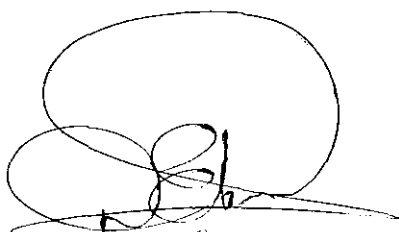
	Note	1999 £	1998 £
Current assets			
Debtors	3	67	67
Creditors - amounts falling due within one year	4	(691)	(691)
Net current liabilities		(624)	(624)
Total assets less current liabilities		(624)	(624)
<hr/>			
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account	6	(626)	(626)
Total equity shareholders' funds	7	(624)	(624)

During the financial year, and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss.

There are no other recognised gains and losses.

The financial statements on pages 6 to 9 were approved by the Directors on
and are signed on their behalf by:

6 SEP 2000



Director

The notes on pages 7 to 9 form part of these financial statements.

B.A.T Russia 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) 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.

2 Directors' emoluments

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (1998: £nil).

3 Debtors

	1999 £	1998 £
Taxation on UK profits	67	67

B.A.T Russia Limited

Notes to the accounts – 31 December 1999

4 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to parent undertaking	691	691

5 Share capital

Ordinary shares of £1 each	1999	1998
Authorised - value	£1,000	£1,000
- number	1,000	1,000
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

6 Reserves

	Profit and loss account £
1 January 1999	(626)
31 December 1999	(626)

7 Reconciliation of Movements in Shareholders' Funds

	1999 £	1998 £
Profit attributable to shareholders for the year	-	-
Opening shareholders' funds	624	624
Closing shareholders' funds	624	624

8 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.

B.A.T Russia Limited

Notes to the accounts – 31 December 1999

9 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. Its immediate parent undertaking is British American Tobacco (Investments) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

10 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