

**British American Tobacco Singapore
Investments Limited**

(Formerly known as British American Tobacco Asia Pacific Limited)

(Formerly known as Precis (1735) Limited)

Registered Number 3729686

Directors' Report and Accounts

**For the period from incorporation, 10 March 1999 to 31
December 1999**



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British American Tobacco Singapore Investments Limited

Directors' report

Date of incorporation and changes of name

The Company was incorporated on 10 March 1999 as Precis (1735) Limited. On 6 May 1999 the Company changed its name to British-American Tobacco Asia Pacific Limited and on 17 May 1999 to British American Tobacco Singapore Investments Limited.

Board of Directors

The names of the persons who served as Directors of the Company during the period from the date of incorporation to the date of this report are as follows:

	Appointed	Resigned
Martin Faulkner Broughton	18 May 1999	
Stuart Philip Chalfen	17 May 1999	18 May 1999
Keith Silvester Dunt	18 May 1999	
Ulrich Georg Volker Herter	18 May 1999	
Nigel Timothy Gourlay	18 May 1999	
Paul Jeremy Massey	18 May 1999	
Diane June Penfold*	10 March 1999	17 May 1999
Jimmi Rembiszewski	17 May 1999	18 May 1999
Clare Alice Wilson*	10 March 1999	17 May 1999

* from incorporation

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 apart from Messrs M. F. Broughton, U.G.V. Herter and K.S. Dunt which are disclosed in the Directors' report of British American Tobacco p.l.c.

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

	10 March 1999*	31 December 1999
N. T. Gourlay	7,044	7,664
P.J. Massey	1,415	1,415

British American Tobacco p.l.c. Share options

	10 March 1999*	Granted	Exercised	31 December 1999
N. T. Gourlay	89,138	19,346	-	108,484
P.J. Massey	35,973	-	-	35,973

* Or date of appointment, if later.

British American Tobacco Singapore Investments 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. (10 March 1999: 10,658,459 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 schemes are included in the Report and Accounts of British American Tobacco p.l.c.

Review of the period to 31 December 1999

The Company did not trade during the period from incorporation to 31 December 1999 and received no income and incurred no expenditure. Consequently the Company made neither a profit nor a loss.

Following completion of the merger on 7 June 1999 between the ultimate holding company, British American Tobacco p.l.c., and Rothmans International B.V., the Company has been central to a restructuring of the new combined Group's investments in the UK and The Netherlands. For the Company this restructuring has primarily involved the acquisition and disposal of certain investments in Singapore as detailed in note 3 to the accounts on pages 8 and 9.

Principal activities

During the period the Company acted as an investment holding company for certain subsidiary undertakings in Singapore, the principal business activities of which were the marketing and manufacture of tobacco brands. These investments, together with the subsequent related transactions, were part of the restructuring of the new combined Group's investments in the UK and The Netherlands referred to in the 'Review of the period' above.

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.

British American Tobacco Singapore Investments Limited

Directors' report

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.

British American Tobacco Singapore Investments 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 appointed PricewaterhouseCoopers to fill the casual vacancy following the company's incorporation.

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



ASSISTANT Secretary

- 3 OCT 2000

Auditors' report to the members of British American Tobacco Singapore Investments Limited

We have audited the financial statements on pages 7 to 10 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 5, 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.



3 October 2000

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

British American Tobacco Singapore Investments Limited

Balance sheet – 31 December 1999

	Notes	1999 £'000
Fixed assets		
Investments in subsidiary undertakings	3	-
Current assets		
Debtors		
- amount due from parent undertaking	3	810,640
Creditors - amounts falling due within one year	3,4	(810,640)
Net current assets		-
Total assets less current liabilities		-
Capital and reserves		
Called up share capital	5	-
Total equity shareholders' funds		-

The Company did not trade during the period from incorporation on 10 March 1999 to 31 December 1999 therefore receiving no income and incurring no expenditure. Consequently the Company made neither a profit nor a loss.

There are no other recognised gains and losses.

The financial statements on pages 7 to 10 were approved by the Directors on 3 OCT 2000 and signed on their behalf by:

K. S. Punt

Director

The notes on pages 8 to 10 form part of these financial statements.

British American Tobacco Singapore Investments 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) Fixed asset investments

Fixed asset investments are shown at cost less provisions for permanent diminution in value consistent with the concept of prudence.

2 Operating charges

None of the Directors received any remuneration in respect of their services to the Company during the period from incorporation on 10 March 1999 to 31 December 1999.

There were no employees and no staff costs during the period from incorporation.

The audit fees are incurred by a fellow group undertaking.

3 Investments in subsidiary undertakings

(1) Shareholdings at cost less provisions

	1999 £'000
Acquisitions	2,431,920
Disposals	(2,431,920)
31 December 1999	-

British American Tobacco Singapore Investments Limited

Notes to the accounts – 31 December 1999

3 Investments in subsidiaries (continued)

(2) Movement during the period

On 19 May 1999, the Company made an offer to acquire the entire issued share capital of British American Tobacco Company (Singapore) Limited ('BATS') and Rothmans Industries Limited ('RIL') conditional upon the completion of the global merger of British American Tobacco p.l.c. and Rothmans International B.V. At the time both BATS and RIL were partially owned subsidiaries of the British American Tobacco and Rothmans International Groups as to 80% and 50% respectively, principally engaged in the marketing and manufacture of tobacco brands in Singapore.

The Company offered to acquire BATS for S\$6.00 per share including the 80% shareholding of the Company's immediate parent undertaking, British American Tobacco (Investments) Limited. The total cost of the entire acquisition, including expenses, was £201,771,000. The offer for RIL was S\$14.00 per share (net of the final dividend of S\$0.56 per share); this included the acquisition of the 50% shareholding from a fellow subsidiary Rothmans Holdings (Far East) (II) BV. The total cost of the entire acquisition, including expenses, was £608,869,000. The total funds required of £810,640,000 were provided interest free by the Company's immediate parent undertaking.

The entire shareholdings in BATS and RIL were sold for shares in two fellow subsidiaries, being Precis (1789) Limited and Precis (1790) Limited respectively. These investments were also sold for shares, to another fellow subsidiary, Weston Investment Company Limited. Finally, these shares were subsequently sold to a parent undertaking, British American Tobacco (1998) Limited, in exchange for an interest free debt of £810,640,000.

4 Creditors: amounts falling due within one year

	1999 £'000
Amounts owed to immediate parent undertaking	2,650
Borrowings from immediate parent undertaking	807,990
	<hr/> 810,640

5 Share capital

Ordinary shares of £1 each	1999
Authorised - value	£100
- number	100
Allotted, called up and fully paid	
- value	£2
- number	2

British American Tobacco Singapore Investments Limited

Notes to the accounts – 31 December 1999

6 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.

7 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.

8 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