

**B.A.T Vietnam Limited**  
**Registered Number 341981**

**Directors' Report and Accounts**

**For the year ended 31 December 1999**



# B.A.T Vietnam 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:

Paul Nicholas Adams		Resigned 25 October 1999
Brian Christopher Barrow		
Philip Michael Cook		
Frederick William Charles Combe		Resigned 25 October 1999
David John Etchells		
Michael Lee Hendershot		Appointed 25 October 1999
Anthony Cameron Johnston	Chairman	Appointed 25 October 1999
Patrick Heng Kok Koh		Appointed 25 October 1999
Donald Neil Fred Salter		Appointed 25 October 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 with the exception of Mr A.C. Johnston 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
B.C. Barrow	7,342	9,158
P.M. Cook	760	1,380
D.J. Etchells	860	1,480
M.L. Hendershot	700	983
P.H.K. Koh	-	-
D.N.F. Salter	904	904

### British American Tobacco p.l.c. Share options

	1 January 1999*	Granted	Exercised	31 December 1999
B.C. Barrow	66,227	15,170	-	81,397
P.M. Cook	22,449	10,152	-	32,601
D.J. Etchells	43,215	-	-	43,215
M.L. Hendershot	31,786	-	-	31,786
P.H.K. Koh	14,517	-	-	14,517
D.N.F. Salter	4,200	2,133	-	6,333

\*Or date of appointment, if later.

# **B.A.T Vietnam 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 schemes are included in the Report and Accounts of British American Tobacco p.l.c.

### **Review of the year to 31 December 1999**

Satisfactory progress has been made in developing the Company's business in Vietnam, and the directors expect that there will be improvements in financial performance in the future.

The loss for the year attributable to the shareholders of B.A.T Vietnam Limited after deduction of all charges and the provision of tax amounted to £3,087,000 (1998: £12,156,000 profit).

### **Dividends**

The Directors do not recommend the payment of a dividend (1998: £nil). The loss for the financial year of £3,087,000 (1998: £12,156,000 profit) will be offset against reserves.

### **Principal activities**

The principal activity of the Company is the marketing of tobacco products by the branch in Vietnam.

### **Tangible fixed assets**

The movement of tangible fixed assets is shown on page 12 note 8 to the accounts.

### **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.

# **B.A.T Vietnam 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.

# **B.A.T Vietnam 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 Vietnam Limited**

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

### **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 of the loss for the year then ended 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 Vietnam Limited

## Profit and loss account

For the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Turnover		8,583	13,207
Operating income	2	9,872	29,051
Operating charges	3	(12,956)	(16,895)
Operating (loss)/profit		(3,084)	12,156
Interest receivable and similar income	5	2	5
Interest payable and other similar charges	6	(5)	(5)
(Loss)/profit on ordinary activities before taxation		(3,087)	12,156
Taxation on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit for the financial year		(3,087)	12,156
Dividends on equity shares		-	-
Retained (loss)/profit for the financial year		(3,087)	12,156

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

## Statement of total recognised gains and losses

For the year ended 31 December 1999

	1999 £'000	1998 £'000
(Loss)/profit for the year	(3,087)	12,156
Difference arising on the retranslation of the retained losses from average to closing rates of exchange	10	37
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year	490	1,361
Total recognised losses/gains relating to the year	(2,587)	13,554

The notes on pages 9 to 15 form part of these accounts.

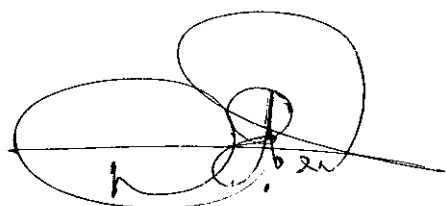
# B.A.T Vietnam Limited

## Balance sheet – 31 December 1999

	<i>Note</i>	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,268	1,471
<b>Current assets</b>			
Stocks	9	921	737
Debtors	10	1,308	763
Cash and short term deposits		189	79
		2,418	1,579
<b>Creditors - amounts falling due within one year</b>	11	(5,782)	(1,559)
<b>Net current (liabilities)/assets</b>		(3,364)	20
<b>Total assets less current liabilities</b>		(2,096)	1,491
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	(2,096)	1,491
<b>Total equity shareholders' funds</b>	14	(2,096)	1,491

The financial statements on pages 7 to 15 were approved by the Directors on \_\_\_\_\_ and  
are signed on their behalf by:

- 5 SEP 2000



Director

The notes on pages 9 to 15 form part of these accounts.



# **B.A.T Vietnam 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 wholly 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**

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling at the date of the transaction. Profits and losses of the branches with operating 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. Exchange differences arising on the re-translation to sterling (using rates of exchange ruling at the end of the financial year) of overseas net assets at the beginning of the period are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates compared with rates ruling at the year end. 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) Pension costs**

The costs of providing pensions, calculated by reference to actuarial valuations, are charged against profits on a systematic basis. Where surpluses and deficits arise they are allocated over the expected average remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to pension schemes are treated as assets or liabilities in the balance sheet.

# B.A.T Vietnam Limited

## Notes to the accounts – 31 December 1999

### 1 Accounting policies (continued)

#### (7) Turnover

Turnover which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

#### (8) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The rates of depreciation used are:

		%
Freehold buildings		2.5
Plant and machinery		7
Other equipment and fittings		10-20
Motor vehicles		25
Process control and computer equipment		20
Leasehold assets:		2.5
Long leases		
Short leases	Over the period of the lease	

#### (9) Leased assets

Operating leases are charged to the profit and loss account.

### 2 Operating income

	1999 £'000	1998 £'000
Gross turnover	8,583	13,207
Duty and excise taxes	(3,296)	(5,041)
Gross income	5,287	8,166
Other operating income	4,585	20,885
	9,872	29,051

All turnover is derived from sales within Vietnam.

# B.A.T Vietnam Limited

## Notes to the accounts – 31 December 1999

### 3 Operating charges

	1999 £'000	1998 £'000
Operating charges		
Cost of goods for re-sale	3,432	5,980
Other operating leases	932	1,126
Depreciation	351	327
Staff costs	2,116	1,833
Auditors' fees	14	13
Fees paid to PricewaterhouseCoopers for non-audit services	102	60
Other operating charges	6,009	7,556
	<b>12,956</b>	<b>16,895</b>
Staff costs:		
Wages and salaries	2,007	1,773
Social security costs	109	60
	<b>2,116</b>	<b>1,833</b>

Auditors' fees are borne by a fellow group undertaking.

The Company has annual commitments in respect of operating leases as follows:

	1999 Building £'000	1999 Other £'000	1998 Building £'000	1998 Other £'000
Expiring within one year	283	-	404	285
1 – 5 years	61	-	130	-
	<b>344</b>	<b>-</b>	<b>534</b>	<b>285</b>

The average weekly number of persons employed by the Company during the year was:

	1999	1998
Administration	33	36
Marketing	200	224
	<b>233</b>	<b>260</b>

### 4 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).

# B.A.T Vietnam Limited

## Notes to the accounts – 31 December 1999

### 5 Interest receivable and similar income

	1999 £'000	1998 £'000
Investment income	2	5

### 6 Interest payable and other similar charges

	1999 £'000	1998 £'000
Interest payable on overdrafts and bank loans	5	5

Interest is being paid on loans wholly repayable within 5 years.

### 7 Taxation on ordinary activities

As in the prior year, the company has incurred a loss for tax purposes which has been surrendered to a fellow subsidiary for no consideration.

### 8 Tangible fixed assets

	Short Leasehold Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>					
At 1 January 1999	104	1,841	521	28	2,494
Exchange adjustment	2	35	10	-	47
Additions	1	83	51	-	135
Disposals	-	-	(82)	-	(82)
At 31 December 1999	107	1,959	500	28	2,594
<b>Depreciation</b>					
At 1 January 1999	53	754	216	-	1,023
Exchange adjustment	1	14	4	-	19
Profit & loss charge	22	232	97	-	351
Disposals	-	-	(67)	-	(67)
At 31 December 1999	76	1,000	250	-	1,326
<b>Net book value</b>					
At 31 December 1999	31	959	250	28	1,268
At 31 December 1998	51	1,087	305	28	1,471

# B.A.T Vietnam Limited

## Notes to the accounts – 31 December 1999

### 9 Stocks

	1999 £'000	1998 £'000
Goods purchased for resale	852	671
Consumable stores	69	66
	921	737

### 10 Debtors

	1999 £'000	1998 £'000
Trade debtors	1,014	393
Amounts owed by fellow subsidiaries	241	282
Prepayments and accrued income	53	88
	1,308	763

### 11 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	1,163	1,054
Amounts owed to fellow subsidiaries	2,747	61
Sundry creditors	1,197	24
Taxation and social security	30	35
Accrued charges and deferred income	645	385
	5,782	1,559

### 12 Share capital

Ordinary shares of £1 each	1999	1998
Authorised - value	£100	£100
- number	100	100
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

# B.A.T Vietnam Limited

## Notes to the accounts – 31 December 1999

### 13 Reserves

	Profit and loss account £'000
1 January 1999	1,491
Loss for the year	(3,087)
Exchange differences	(500)
31 December 1999	(2,096)

### 14 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
(Loss)/profit attributable to shareholders for the year	(3,087)	12,156
Exchange differences	(500)	1,398
Net transfer (from)/to shareholders' funds	(3,587)	13,554
Opening shareholders' funds	1,491	(12,063)
Closing shareholders' funds	(2,096)	1,491

### 15 Pensions

The Company contributes to a group funded defined benefit scheme. The particulars of the actuarial valuation of the scheme are disclosed in the financial statements of British American Tobacco (Investments) Limited.

### 16 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.

### 17 Parent support

The immediate parent company has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations during 2000.

### 18 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.

## **B.A.T Vietnam Limited**

### **Notes to the accounts – 31 December 1999**

#### **19 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