

B.A.T Vietnam Limited
Registered Number 341981

Directors' Report and Accounts

For the year ended 31 December 2000



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 2000 to the date of this report are as follows:

Anthony Cameron Johnston	Chairman	
Michael Lee Hendershot		
Donald Neil Fred Salter		
Brian Christopher Barrow		Resigned 30 December 2000
Philip Michael Cook		Resigned 30 December 2000
David John Etchells		Resigned 30 December 2000
Patrick Heng Kok Koh		Resigned 3 October 2000
Ian Thomas Morton	Appointed 3 October 2000	Resigned 17 September 2001
Aileen Elizabeth McDonald	Appointed 1 January 2001	
Mark Anthony Oliver	Appointed 1 January 2001	
Kim Cheong Hong	Appointed 17 September 2001	

Directors' interests

The interests of those persons who were Directors at 31 December 2000 in the share capital and share option and award schemes of British American Tobacco p.l.c. and its subsidiaries, according to the register maintained under section 325 of the Companies Act 1985, are shown below, with the exception of Mr A C Johnston whose interests are disclosed in the Directors' report and accounts of British-American Tobacco (Holdings) Limited.

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

	1 January 2000*	31 December 2000
M L Hendershot	983	1,420
D N F Salter	904	4,819
I T Morton	-	-

* Or date of appointment, if later.

In addition to the shares shown above, during the year the Directors were granted the following interests in the ordinary shares of British American Tobacco p.l.c. which are held in trust pursuant to the British American Tobacco Deferred Share Bonus Scheme as at 31 December 2000:

Ordinary shares of 25p	
M L Hendershot	26,272
I T Morton	11,104

Details of the Deferred Share Bonus Scheme are included in the Report and Accounts of British American Tobacco p.l.c.

B.A.T Vietnam Limited

Directors' report

Directors' interests (continued)

British American Tobacco p.l.c. Share options

	1 January 2000*	Granted	Exercised	31 December 2000
I T Morton	20,922	-	-	20,922
M L Hendershot	31,786	49,261	-	81,047
D N F Salter	6,333	1,374	2,402	5,305

* Or date of appointment, if later.

In addition, on 31 December 2000, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 30,647,059 ordinary shares in British American Tobacco p.l.c. (1 January 2000: 15,581,616 ordinary shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares that 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 of ordinary shares made under the British American Tobacco Long Term Incentive Plan and the British American Tobacco Deferred Share Bonus Plan.

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

Review of the year to 31 December 2000

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 £6,170,000 (1999: £3,087,000).

Dividends

The Directors do not recommend the payment of a dividend (1999: £nil). The loss for the financial year of £6,170,000 (1999: £3,087,000) will be added to the deficit on reserves.

Principal activities

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

Tangible fixed assets

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

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 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 has prepared a business impact plan assessing the risks and uncertainties associated with the euro, with all end-market activity in the euro being coordinated through a European Regional Support Team.

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.

B.A.T Vietnam Limited

Directors' report

Directors' responsibilities (continued)

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

19 October 2001

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the note of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 1985. 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. The other information comprises only the Directors' report including the statement of Directors' responsibilities.

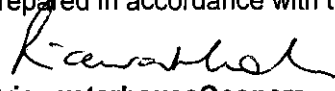
Basis of opinion

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 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


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

19th October 2001

B.A.T Vietnam Limited

Profit and loss account

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover		12,225	8,583
Operating income	2	18,417	9,872
Operating charges	3	(24,600)	(12,956)
Operating loss		(6,183)	(3,084)
Interest receivable and similar income	5	13	2
Interest payable and similar charges	6	-	(5)
Loss on ordinary activities before taxation		(6,170)	(3,087)
Tax on loss on ordinary activities	7	-	-
Loss on ordinary activities after tax		(6,170)	(3,087)
Decrease in realised reserves		(6,170)	(3,087)

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

There is no difference between the loss on ordinary activities before taxation and the decrease in realised reserves for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses For the year ended 31 December

	2000 £'000	1999 £'000
Loss for the year	(6,170)	(3,087)
Difference arising on the retranslation of the retained losses from average to closing rates of exchange	44	(10)
Difference on exchange arising on the retranslation to sterling (using closing rates of exchange) of net assets at the beginning of the year	(587)	(490)
Total recognised losses	(6,713)	(3,587)

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

B.A.T Vietnam Limited

Balance sheet – 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible fixed assets	8	2,634	1,268
Current assets			
Stocks	9	670	921
Debtors – amounts falling due within one year	10	3,445	1,308
Cash at bank and in hand		1,016	189
		5,131	2,418
Creditors - amounts falling due within one year	11	(16,574)	(5,782)
Net current liabilities		(11,443)	(3,364)
Total assets less current liabilities		(8,809)	(2,096)
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(8,809)	(2,096)
Total equity shareholders' funds	14	(8,809)	(2,096)

The financial statements on pages 7 to 15 were approved by the Directors on /9 October 2001 and are signed on their behalf by:



Director

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

B.A.T Vietnam Limited

Notes to the accounts – 31 December 2000

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 (Revised) from publishing a cash flow statement.

(3) Foreign currencies

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained profit of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net assets at the beginning of the year. Other exchange differences, including those on remittances, 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.

(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 2000

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:

	%
Plant and machinery	7
Other equipment and fittings	10-20
Process control and computer equipment	20
Leasehold assets: short leases	Over the period of the lease

(9) Leased assets

Operating leases are charged to the profit and loss account.

(10) Stocks

Stocks represent goods purchased for resale and are stated at the lower of cost and net realisable value.

2 Operating income

	2000 £'000	1999 £'000
Gross turnover	12,225	8,583
Duty and excise taxes	(582)	(3,296)
Gross income	11,643	5,287
Other operating income	6,774	4,585
	18,417	9,872

All turnover is derived from sales within Vietnam.

B.A.T Vietnam Limited

Notes to the accounts – 31 December 2000

3 Operating charges

	2000 £'000	1999 £'000
Cost of goods for resale	9,870	3,432
Other operating leases	1,073	932
Depreciation	552	351
Staff costs	2,752	2,116
Auditors' fees	10	14
Fees paid to PricewaterhouseCoopers for non-audit services	-	102
Other operating charges	10,343	6,009
	24,600	12,956
Staff costs:		
Wages and salaries	2,670	2,007
Social security costs	82	109
	2,752	2,116

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

	2000 Building £'000	2000 Other £'000	1999 Building £'000	1999 Other £'000
Expiring within one year	480	-	283	-
2 – 5 years	844	-	61	-
	1,324	-	344	-

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

	2000	1999
Administration	49	33
Marketing	225	200
	274	233

4 Directors' emoluments

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (1999: £nil).

B.A.T Vietnam Limited

Notes to the accounts – 31 December 2000

5 Interest receivable and similar income

	2000 £'000	1999 £'000
Investment income	13	2

6 Interest payable and similar charges

	2000 £'000	1999 £'000
Interest payable on overdrafts and bank loans	-	5

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

7 Tax on loss 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 machinery and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 January 2000	107	2,459	28	2,594
Transfers	1	27	(28)	-
Exchange adjustment	5	114	-	119
Expenditure	137	1,854	-	1,991
Disposals	(71)	(537)	-	(608)
At 31 December 2000	179	3,917	-	4,096
Depreciation				
At 1 January 2000	76	1,250	-	1,326
Exchange adjustment	3	58	-	61
Charge for the year	31	516	-	547
Disposals	(55)	(417)	-	(472)
At 31 December 2000	55	1,407	-	1,462
Net book value				
At 31 December 2000	124	2,510	-	2,634
At 31 December 1999	31	1,209	28	1,268

B.A.T Vietnam Limited

Notes to the accounts – 31 December 2000

9 Stocks

	2000 £'000	1999 £'000
Goods purchased for resale	670	852
Consumable stores	-	69
	<u>670</u>	<u>921</u>

10 Debtors – amounts falling due within one year

	2000 £'000	1999 £'000
Trade debtors	2,599	1,014
Amounts owed by fellow subsidiaries	820	241
Prepayments and accrued income	26	53
	<u>3,445</u>	<u>1,308</u>

11 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	1,005	1,163
Amounts owed to fellow subsidiaries	11,733	2,747
Other creditors	731	1,197
Taxation and social security	7	30
Accruals and deferred income	3,098	645
	<u>16,574</u>	<u>5,782</u>

12 Share capital

Ordinary shares of £1 each	2000	1999
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 2000

13 Reserves

	Profit and loss account £'000
1 January 2000	(2,096)
Loss for the year	(6,170)
Exchange differences	(543)
31 December 2000	(8,809)

14 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Loss attributable to shareholders for the year	(6,170)	(3,087)
Exchange differences	(543)	(500)
Net transfer from shareholders' funds	(6,713)	(3,587)
Opening shareholders' funds	(2,096)	1,491
Closing shareholders' funds	(8,809)	(2,096)

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 for the foreseeable future

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 2000

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