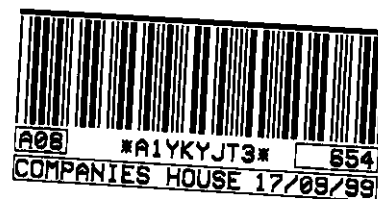


B.A.T Uzbekistan (Investments) Limited
Registered Number 2906405

Directors' Report and Accounts

For the year ended 31 December 1998



B.A.T Uzbekistan (Investments) Limited

Directors' Report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 1998 to the date of this report are as follows:

Ulrich Georg Volker Herter	Chairman
Keith Silvester Dunt	
Paul Nicholas Adams	
Anthony Cameron Johnston	
Earl Eugene Kohnhorst	
Jimmi Rembiszewski	
David George Stevens	

Directors' Interests

The interests of those persons who were Directors at 31 December 1998 in the share capital and share option schemes of British American Tobacco p.l.c. and its subsidiaries, are disclosed in the Directors' Report of British-American Tobacco (Holdings) Limited, apart from Messrs UGV Herter and KS Dunt which are disclosed in the Directors' Report of British American Tobacco p.l.c. 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 1998

On 22 December 1997, B.A.T Industries p.l.c., the ultimate holding company, entered into a merger agreement for its principal financial services subsidiaries to be merged with those of Zurich Insurance Company. The remaining businesses were to be retained within a new parent company, British American Tobacco p.l.c. On 7 September 1998, B.A.T Industries p.l.c. completed this transaction as described in the financial statements of British American Tobacco p.l.c.

The Company did not trade during the year and consequently the result for the financial year was £Nil (1997 £Nil).

Principal activities

The company has an investment in a subsidiary company operating in the tobacco industry.

Fixed asset investment

The movement of fixed asset investment is shown on page 8 note 3.2 to the accounts.

B.A.T Uzbekistan (Investments) Limited

Directors' report (continued)

Millennium

The British American Tobacco Group of companies has long taken the issue of the Millennium date change seriously, recognising its potential impact on business continuity. As early as 1996, a series of working parties was set up to address the implications and to identify and implement agreed solutions.

The Group has reviewed the impact of the Year 2000 on its systems and business environment. Specifically, the Group has:

- taken remedial action in respect of all critical systems
- reviewed any specific impact the year 2000 issue may have on the Group's accounting systems
- worked with its major external trading partners and service providers to assess and minimise risks to continuity of business
- started to draw up business continuity plans for the period around the year end.

As a result of these initiatives, an agreed action plan is in place which the Directors of the Company believe provides maximum protection against disruption, although this is an area where absolute guarantees are not possible. The Group conducts regular progress reviews on this issue, taking actions as appropriate.

The latest estimate for expenditure to tackle the Millennium issue across the Group worldwide is disclosed in the accounts of British American Tobacco p.l.c., the ultimate parent company.

European Monetary Union

The British American Tobacco Group of companies, as a matter of policy, actively supports Economic and Monetary Union as a means of delivering increased stability and prosperity. The Group's European subsidiaries including those in the UK are capable of transacting business in the euro following its introduction in eleven European countries on 1 January 1999. The ability of the Company to conduct business in national currencies will be retained as long as necessary. The decision as to when to adopt the euro as its functional currency will be a local decision for each Group subsidiary in the European Union, having regard to the speed of transition to the euro in the individual economy.

Each Group operating subsidiary has a business impact plan in preparation 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 1998 on the Euro Programme had no material effect on the Group's business performance and the Group is still finalising estimates of costs expected for 1999 and 2000.

B.A.T Uzbekistan (Investments) Limited

Directors' report (continued)

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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Company's previous auditors Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 following which they resigned and the Directors appointed the new firm PricewaterhouseCoopers as auditors.

Resolutions will be proposed at the annual general meeting for their reappointment and to authorise the Directors to determine their remuneration.

On behalf of the Board



Secretary

Dated **26 JUL 1999**

Auditors' report to the members of B.A.T Uzbekistan (Investments) Limited

We have audited the financial statements on pages 6 to 10 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, the financial statements. Our responsibilities, as independent auditors, are established 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 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 1998 and have been properly prepared in accordance with the Companies Act 1985.



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

B.A.T Uzbekistan (Investments) Limited

Balance sheet – 31 December 1998

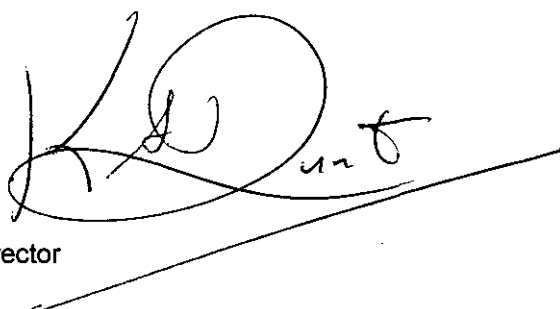
	<i>Note</i>	1998 £'000	1997 £,000
Fixed assets			
Investments in Subsidiary undertakings	3	143,924	129,681
Current assets			
Cash and short term deposits		1	1
Creditors - amounts falling due within one year	4	(143,917)	(129,674)
Net current liabilities		(143,916)	(129,673)
Total assets less current liabilities		8	8
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account		8	8
Total equity shareholders' funds	6	8	8

During the financial year and the preceding 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 recognised gains and losses.

The financial statements on pages 6 to 10 were approved by the Directors on
and are signed on their behalf by:

26 JUL 1999



Director

The notes on pages 7 to 10 form part of these financial statements.

B.A.T Uzbekistan (Investments) Limited

Notes to the accounts – 31 December 1998

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 plc which is publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

(3) Translation of assets and liabilities

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year.

(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) Investments valuation

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

B.A.T Uzbekistan (Investments) Limited

Notes to the accounts – 31 December 1998

2 Administration expenses

None of the directors received any remuneration in respect of their services to the Company during the period (1997 – £Nil).

There were no employees, and no staff costs during the year (1997 – £Nil).

The audit fees are incurred by the ultimate parent undertaking.

3 Investments in Subsidiaries

3.1 Shares in group undertakings

% equity shares held

Unlisted overseas – Uzbekistan
Uzbat A.O., tobacco

Ordinary shares of 230 Som each
95%

3.2 Shareholdings at cost

	1998 £'000	1997 £'000
Opening balance	129,681	87,616
Movement	14,243	42,065
Closing balance	143,924	129,681

- 3.3 The Directors are of the opinion that the investment has a value of not less than the amount stated in the balance sheet.

4 Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Amounts owed to parent undertaking	143,917	129,674

B.A.T Uzbekistan (Investments) Limited

Notes to the accounts – 31 December 1998

5 Share capital

Ordinary shares of £1 each	1998	1997
Authorised - value	£1,000	£1,000
- number	1,000	1,000
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

6 Reconciliation of movements in shareholders' funds

	1998 £'000	1997 £'000
Opening shareholders' funds	8	8
Profit attributable to shareholders for the year	-	-
Closing shareholders' funds	8	8

7 Reserves

	Profit and loss account £'000	Total £'000
1 January 1998	8	8
Retained profit	-	-
31 December 1998	8	8

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 Uzbekistan (Investments) Limited

Notes to the accounts – 31 December 1998

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