

British American Tobacco Malaysia (Investments) Limited
Registered Number 227745

Directors' Report and Financial Statements

For the year ended 31 December 2008



British American Tobacco Malaysia (Investments) Limited

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British American Tobacco Malaysia (Investments) Limited

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The Company acts as an intermediary holding company for certain investments held by the British American Tobacco Group (the "Group") which are active in the tobacco industry.

Review of the year to 31 December 2008

The profit for the year attributable to British American Tobacco Malaysia (Investments) Limited shareholders after deduction of all charges and the provision of tax amounted to £31,480,000 (2007: £33,932,000).

The Directors expect the Company's activities to continue on a similar basis in the foreseeable future.

Key performance indicators

The Directors of British American Tobacco p.l.c., the ultimate parent company, manage the operations of the Group on a regional basis. For this reason, and given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed under the Business Review section in the Annual Report of British American Tobacco p.l.c. and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the Annual Report of British American Tobacco p.l.c, and do not form part of this report.

Dividends

During the year, the Company paid dividends amounting to £31,500,000 (2007: £33,890,000).

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2008 to the date of this report are as follows:

Robert James Casey
John Patrick Daly
Kenneth John Hardman
David Cameron Potter
Paul Ashley Rayner
John Benedict Stevens
David Andrew Swann
Neil Robert Withington

Resigned 5th August 2008
Resigned 30th April 2008
Appointed 6th October 2008
Resigned 23rd May 2008

British American Tobacco Malaysia (Investments) Limited

Directors' report

Directors' indemnities

As at the date of this report, an indemnity is in force under which Mr. J. B. Stevens, as a director of the Company, is, to the extent permitted by law, indemnified by British American Tobacco p.l.c., the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which he may incur in or about the execution of his duties to the Company or as a result of things done by him as a director on behalf of the Company. A similar indemnity was in force in respect of Mr. P.A. Rayner until his resignation as a director of the Company on 30 April 2008.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 United Kingdom 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, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

British American Tobacco Malaysia (Investments) Limited

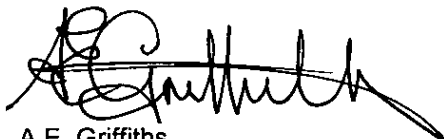
Directors' report

Directors' declaration in relation to relevant audit information

Having made enquiries of fellow directors and of the Company's auditors, each of the Directors confirms that:

- (1) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) he has taken all steps that a director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



A.E. Griffiths
Assistant Secretary

27 July 2009

Report of the independent auditors to the members of British American Tobacco Malaysia (Investments) Limited

We have audited the financial statements of British American Tobacco Malaysia (Investments) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

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

28 July 2009

British American Tobacco Malaysia (Investments) Limited

Profit and loss account for the year ended 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Operating charges	2	-	-
Operating profit		-	-
Income from shares in subsidiary undertakings		31,468	33,902
Interest receivable from Group undertakings		12	36
Interest payable to Group undertakings		-	(6)
Profit on ordinary activities before taxation		31,480	33,932
Taxation on profit on ordinary activities	3	-	-
Profit for the financial year	7	31,480	33,932

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

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

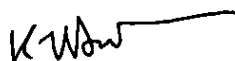
There are no recognised gains and losses other than the profit for the financial year.

British American Tobacco Malaysia (Investments) Limited

Balance sheet – 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Investments in subsidiary undertakings	4	197,983	197,983
Current assets			
Debtors - amounts falling due within one year	5	187	207
Net current assets		187	207
Total assets		198,170	198,190
Capital and reserves			
Share capital	6	-	-
Share premium account	7	197,983	197,983
Profit and loss account	7	187	207
Total shareholders' funds	8	198,170	198,190

The financial statements on pages 7 to 12 were approved by the Directors on 27 July 2009 and signed on behalf of the Board.



K.J. Hardman
Director

Notes are shown on pages 9 to 12.

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2008

1 Accounting policies

A summary of the principal accounting policies is set out below.

(1) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

(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 FRS 1 (Revised) from publishing a cash flow statement.

(3) Foreign currencies

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary 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) Accounting for income

Income is included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Provisions are made for bad and doubtful debts where there is an expectation that all or a portion of the amount due will not be recovered.

(5) Taxation

Taxation provided is that chargeable on the profits of the year, together with deferred taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(6) Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value.

(7) Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly, dividends income is recognised at the same time as the paying company recognises the liability to pay a dividend.

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2008

2 Operating charges

Auditors' fees of £696 were borne by a fellow Group undertaking (2007: £696).

There were no employees and no staff costs during the year (2007: £nil).

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2007: £nil).

3 Taxation on profit on ordinary activities

(a) Summary of tax on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK Corporation Tax		
comprising		
- current tax at 28.5% (2007: 30%)	-	-
Overseas tax		
comprising		
- current tax	12,370	14,009
- double tax relief	(12,370)	(14,009)
Total current taxation note 3(b)	-	-

(b) Factors affecting the tax charge

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

The current taxation charge differs from the standard 28.5 per cent rate of Corporation Tax in the UK. The major causes of this difference are listed below:

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	31,480	33,932
Corporation tax at 28.5% (2007: 30%) on profit on ordinary activities	8,972	10,180
Factors affecting the tax rate:		
Permanent differences	185	437
Corporation tax on grossing up of foreign dividends	3,402	3,839
Group loss relief claimed for nil consideration	(189)	(447)
Double tax relief	(12,370)	(14,009)
Total current taxation charge note 3(a)	-	-

An amount of £650,000 (2007: £1,457,000) (tax amount £185,000 (2007: £437,000)) included in permanent differences above represents imputed tax adjustments in respect of UK to UK transfer pricing.

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2008

4 Investments in subsidiary undertakings

(1) Shares in subsidiary undertakings

Unlisted – registered in the Netherlands % equity shares held
Ordinary shares €450.00 each

British American Tobacco Holdings (Malaysia) B.V. 49.90

The total holdings by the British American Tobacco Group in British American Tobacco Holdings (Malaysia) B.V. is 100%.

(2) Shareholding at cost less provisions

£'000

Cost - 1 January and 31 December 2008 197,983

- (3) The Directors are of the opinion that the investment in the subsidiary undertaking has a value not less than the amount at which it is shown in the balance sheet.

5 Debtors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts due from Group undertakings	187	207

Amounts due from Group undertakings are unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR rates.

6 Share capital

Ordinary shares of £1 each	2008	2007
Authorised - value	£1,000	£1,000
- number	1,000	1,000

Allotted, called up and fully paid

- value	£70	£70
- number	70	70

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2008

7 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2008	197,983	207
Profit for the financial year	-	31,480
Dividends - interim paid	-	(31,500)
31 December 2008	197,983	187

8 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	31,480	33,932
Dividends - interim paid	(31,500)	(33,890)
Net (withdrawal from)/addition to shareholders' funds	(20)	42
Opening shareholders' funds	198,190	198,148
Closing shareholders' funds	198,170	198,190

9 Related parties

As a wholly-owned subsidiary, the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

10 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British American Tobacco International Investments B.V.

Group accounts are prepared only at the British American Tobacco p.l.c. level.

11 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