

British American Tobacco Malaysia (Investments) Limited
Registered Number 227745

Directors' Report and Financial Statements

For the year ended 31 December 2009

THURSDAY



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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 2009

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 2009

The profit for the financial year attributable to British American Tobacco Malaysia (Investments) Limited shareholders after deduction of all charges and the provision of tax amounted to £32,041,000 (2008 £31,480,000)

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 £32,000,000 (2008 £31,500,000)

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2009 to the date of this report are as follows

Robert James Casey
John Patrick Daly
Kenneth John Hardman
John Benedict Stevens
Neil Robert Withington

British American Tobacco Malaysia (Investments) Limited

Directors' report

Directors' indemnities

Throughout the period 1 January 2009 to the date of this report, an indemnity has been 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

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, and
- 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 2006. 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

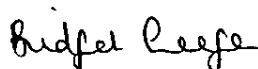
Directors' report

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

By Order of the Board



B M Creegan
Assistant Secretary

9 June 2010

Independent auditors' report 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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its results for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

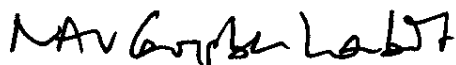
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of British American Tobacco Malaysia (Investments) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Campbell-Lambert

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

10 JUNE 2010

British American Tobacco Malaysia (Investments) Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Income from shares in subsidiary undertakings		32,022	31,468
Profit on ordinary activities before interest and taxation		32,022	31,468
Interest receivable from Group undertakings		19	12
Profit on ordinary activities before taxation		32,041	31,480
Taxation on profit on ordinary activities	3	-	-
Profit for the financial year	7	32,041	31,480

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

Notes are shown on pages 10 to 13

British American Tobacco Malaysia (Investments) Limited
Registered Number 227745

Balance sheet – 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments in subsidiary undertakings	4	197,983	197,983
Current assets			
Debtors amounts falling due within one year	5	228	187
Total assets		198,211	198,170
Capital and reserves			
Share capital	6	-	-
Share premium account	7	197,983	197,983
Profit and loss account	7	228	187
Total shareholders' funds	8	198,211	198,170

The financial statements on pages 8 to 13 were approved by the Directors on 9 June 2010 and signed on behalf of the Board



K J Hardman
Director

Notes are shown on pages 10 to 13

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2009

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 2006 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 400 of the Companies Act 2006

(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 2009

2 Operating charges

Auditors' fees of £696 were borne by a fellow Group undertaking (2008 £696)

There were no employees and no staff costs during the year (2008 £nil)

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2008 £nil)

3 Taxation on profit on ordinary activities

(a) Summary of tax on ordinary activities

	2009 £'000	2008 £'000
Current Tax:		
UK corporation tax on profit of the year		
Comprising		
- current tax at 28 0% (2008 28 5%)	3,937	12,370
- double tax relief	(3,937)	(12,370)
Taxation on profit on ordinary activities note 3(b)	-	-

(b) Factors affecting the tax charge

The standard rate of corporation tax in the UK changed from 30 0% to 28 0% with effect from 1 April 2008

The current taxation charge differs from the standard 28 0% (2008 28 5%) rate of Corporation Tax in the UK. The major causes of this difference are listed below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	32,041	31,480
Corporation tax at 28 0% (2008 28 5%) on profit on ordinary activities	8,971	8,972
Factors affecting the tax rate:		
Permanent differences	-	185
Corporation tax on gross up of foreign dividends	1,055	3,402
Group loss relief claimed at less than full consideration	(5)	(189)
Double tax relief	(3,937)	(12,370)
Corporate income tax relief on intra-group dividends	(6,084)	-
Total current taxation charge note 3(a)	-	-

An amount of £nil (2008 £650,000) (tax amount £nil (2008 £185,000)) 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 2009

4 Investments in subsidiary undertakings

(1) Shares in Group 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) Shareholdings at cost less provisions

1 January and 31 December 2009 **£'000**
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

	2009 £'000	2008 £'000
Amounts due from Group undertakings	228	187

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

6 Share capital

<u>Ordinary shares of £1 each</u>	2009	2008
Allotted, called up and fully paid		
- value	£70	£70
- number	70	70

The concept of authorised share capital was abolished in October 2009 pursuant to the provisions of the Companies Act 2006, therefore authorised share capital has not been presented as at 31 December 2009

British American Tobacco Malaysia (Investments) Limited

Notes to the financial statements – 31 December 2009

7 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2009	197,983	187
Profit for the financial year	-	32,041
Dividends - interim paid	-	(32,000)
31 December 2009	197,983	228

8 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	32,041	31,480
Dividends - interim paid	(32,000)	(31,500)
Net addition to /(withdrawal from) shareholders' funds	41	(20)
Opening shareholders' funds	198,170	198,190
Closing shareholders' funds	198,211	198,170

9 Related party disclosures

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. Its immediate parent undertaking is British American Tobacco International Investments B V. Group financial statements are prepared only at the British American Tobacco p l c level.

11 Copies of the annual report and financial statements

Copies of the annual report of British American Tobacco p l c may be obtained from

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG