

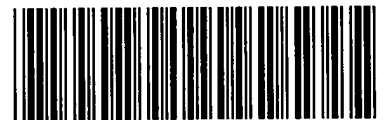
British American Tobacco Malaysia (Investments) Limited

Registered Number 00227745

Directors' report and financial statements

For the year ended 31 December 2014

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Strategic report

The Directors present their strategic report on the Company for the year ended 31 December 2014.

Principal activities

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

Review of the year ended 31 December 2014

In April 2014, the Company issued 235,828,275 ordinary shares of £1 each to its shareholder British American Tobacco International Investments B.V., for a consideration of £235,828,275. This amount was used to inject equity into the Company's subsidiary British American Tobacco Holdings (Malaysia) B.V..

The profit for the financial year attributable to British American Tobacco Malaysia (Investments) Limited shareholders after deduction of all charges and the provision of taxation amounted to £52,253,000 (2013: £40,608,000).

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

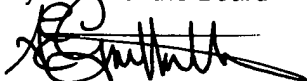
Key performance indicators

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 in the Strategic Report 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.

By Order of the Board



A.E. Griffiths
Secretary

19 June 2015

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2014.

Dividends

During the year the Company paid dividends amounting to £52,200,000 (2013: £40,600,000).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2014 to the date of this report are as follows:

	Appointed	Resigned
Robert James Casey		
Kenneth John Hardman		19 December 2014
Charl Erasmus Steyn		30 April 2015
Steven Glyn Dale	03 June 2014	
Carola Wiegand	17 December 2014	
David Patrick Ian Booth	17 December 2014	

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

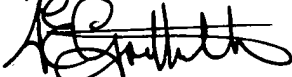
Directors' report

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:

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

By Order of the Board



A.E. Griffiths
Secretary

19 June 2015

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

Report on the financial statements

Our opinion

In our opinion, British American Tobacco Malaysia (Investments) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit 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.

What we have audited

British American Tobacco Malaysia (Investments) Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sotiris Kroustis (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

19 June 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Other operating charges	2	-	-
Operating result		-	-
Income from shares in Group undertakings		52,214	40,576
Interest receivable and similar income	3	39	32
Profit on ordinary activities before taxation		52,253	40,608
Tax on profit on ordinary activities	4	-	-
Profit for the financial year	8	52,253	40,608

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 or losses other than the profit for the financial year and therefore no Statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of the financial statements.

Balance sheet at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	5	433,811	197,983
Current assets			
Debtors: amounts falling due within one year	6	102	49
Total assets less current liabilities		433,913	198,032
Capital and reserves			
Called up share capital	7	235,828	-
Share premium account	8	197,983	197,983
Profit and loss account	8	102	49
Total shareholders' funds	9	433,913	198,032

The financial statements on pages 7 to 14 were approved by the Directors on 19 June 2015 and signed on behalf of the Board.



Ms C. Wiegand
Director

Registered number
00227745

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2014

1 Accounting policies

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. which is incorporated in the United Kingdom and registered in England and Wales. 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.

The principal accounting policies have been applied consistently throughout the year and a summary is set out below.

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 has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (Revised 1996) 'Cash flow statements'.

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.

Taxation

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

The current income taxation charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date.

Deferred taxation 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 taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date.

A net deferred taxation asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward taxation losses and from which the future reversal of underlying timing differences can be deducted.

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

Notes to the financial statements for the year ended 31 December 2014

Accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value. Any impairment is recognised in the profit and loss account in the period in which it arises.

Dividends

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

Future changes to accounting policies

The Financial Reporting Council has issued FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard applicable in the UK and Ireland. These standards will be applicable to all companies and entities in the UK and Republic of Ireland, other than listed groups which continue to report under EU-adopted International Financial Reporting Standards (IFRS), for accounting periods beginning on or after 1 January 2015.

FRS 100 sets out the overall financial reporting framework for companies in the UK and Ireland. FRS 101 applies to the individual financial statements of subsidiaries and ultimate parents, allowing them to apply the same accounting policies as in their listed group financial statements, but with fewer disclosures. FRS 102 is a single financial reporting standard that applies to the financial statements of entities that are not applying EU-adopted IFRS, FRS 101 or the FRSSE. The primary statements of entities applying FRS 101 or FRS 102 would continue to follow the requirements of the Companies Act 2006.

The Company will adopt the accounting requirements of the reduced disclosure framework under FRS 101 in the Company's reporting for 2015. The adoption of FRS 101 from 1 January 2015 will have no material impact on profit or equity.

2 Other operating charges

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2013: £2,500).

There were no employees (2013: none) and no staff costs during the year (2013: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2013: £nil).

3 Interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable from Group undertakings	39	32

Notes to the financial statements for the year ended 31 December 2014

4 Tax on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2014 £'000	2013 £'000
Current taxation:		
UK corporation taxation on profit of the year		
Comprising:		
- Current taxation at 21.5% (2013: 23.25%)	-	-
Total current taxation note 4(b)	-	-

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 23.0% to 21.0% with effect from 1 April 2014. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 21.5%.

The current taxation charge differs from the standard 21.5% (2013: 23.25%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	52,253	40,608
Corporation taxation at 21.5% (2013: 23.25%) on profit on ordinary activities	11,234	9,441
Factors affecting the taxation rate:		
Group loss relief claimed at less than full consideration	(8)	(7)
Corporate income taxation relief on intra-group dividends	(11,226)	(9,434)
Total current taxation charge note 4(a)	-	-

An amount of £nil (2013: £nil) (taxation amount of £nil (2013: £nil)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

Notes to the financial statements for the year ended 31 December 2014

5 Investments

(1) Shares in Group undertakings

Unlisted – registered in the Netherlands

% equity shares held

British American Tobacco Holdings (Malaysia) B.V. 64.97
454,763 ordinary shares of €450.00 each

The total holding by the British American Tobacco p.l.c. Group in British American Tobacco Holdings (Malaysia) B.V. is 100%.

The subsidiary undertaking that principally affects the Company's financial position is British American Tobacco Holdings (Malaysia) B.V.. The principal activity of this undertaking is to act as a holding company.

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2014	197,983
Additions	235,828
31 December 2014	433,811
Impairment provisions	
1 January 2014	-
31 December 2014	-
Net book value	
1 January 2014	197,983
31 December 2014	433,811

Addition in the year relates to equity injection in the Company's subsidiary British American Tobacco Holdings (Malaysia) B.V..

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

6 Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	102	49

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

Notes to the financial statements for the year ended 31 December 2014

7 Called up share capital

Ordinary shares of £1 each	2014	2013
Allotted, called up and fully paid		
- value	£235,828,345	£70
- number	235,828,345	70

In April 2014, the Company issued 235,828,275 ordinary shares of £1 each to its shareholder British American Tobacco International Investments B.V. for a consideration of £235,828,275. This amount was used to inject equity into the Company's subsidiary British American Tobacco Holdings (Malaysia) B.V..

8 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2014	197,983	49
Profit for the financial year	-	52,253
Dividend paid	-	(52,200)
31 December 2014	197,983	102

9 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	52,253	40,608
Net proceeds of issue of ordinary share capital	235,828	-
Dividend paid	(52,200)	(40,600)
Net movement in shareholders' funds	235,881	8
Opening shareholders' funds	198,032	198,024
Closing shareholders' funds	433,913	198,032

10 Related party disclosures

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

Notes to the financial statements for the year ended 31 December 2014

11 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 financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

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