

British American Tobacco Malaysia (Investments) Limited
(Formerly known as B.A.T. (U.K. Holdings) Limited)
Registered Number 227745

Directors' Report and Accounts

For the year ended 31 December 2001



British American Tobacco Malaysia (Investments) Limited

Directors' report

Principal activities

The Company acts as an intermediary holding company for certain investments held by the British American Tobacco Group.

Review of the year to 31 December 2001

The Company changed its name from B.A.T (U.K. Holdings) Limited to British American Tobacco Malaysia (Investments) Limited on 14 November 2001. During the year, the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit nor a loss.

Accounting Policies

During 2001 the Company adopted a new accounting standard FRS19 on Deferred Tax. The adoption of this standard, which represents a change in accounting policy, had no impact on these financial statements for either the current or previous year.

Dividends

A dividend of £299,591 was paid during the year (2000: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2001 to the date of this report are as follows:

		Appointed	Resigned
Paul Nicholas Adams	Chairman	4 March 2002	
Robert James Casey		4 March 2002	
Kenneth John Hardman		4 March 2002	
Michael Lee Hendershot			4 March 2002
Anthony Cameron Johnston		4 March 2002	1 August 2002
Anthony Jones		1 August 2002	
Aileen Elizabeth McDonald		1 January 2001	4 March 2002
Mark Anthony Oliver		1 January 2001	4 March 2002
David Cameron Potter		4 March 2002	
Paul Ashley Rayner		4 March 2002	
Donald Neil Fred Salter			4 March 2002
David Andrew Swann		4 March 2002	
Neil Robert Withington		4 March 2002	

British American Tobacco Malaysia (Investments) Limited

Directors' report

Directors' interests

The interests of those persons who were Directors at 31 December 2001 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.

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

	1 January 2001	31 December 2001
M L Hendershot	1,420	1,657
A E McDonald	6,765	11,071
M A Oliver	1,737	2,893
D N F Salter	4,819	3,416

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 2001:

	Ordinary 25p Shares 1 January 2001	Ordinary 25p Shares 31 December 2001
M L Hendershot	26,272	35,143
A E McDonald	15,952	21,267
M A Oliver	13,087	16,983

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

British American Tobacco p.l.c. Share Option and Award Schemes

	1 January 2001	Granted	Exercised	31 December 2001
M L Hendershot	81,047	26,613	-	107,660
A E McDonald	52,695	15,943	21,091	47,547
M A Oliver	27,720	7,793	-	35,513
D N F Salter	5,305	395	1,335	4,365

British American Tobacco Malaysia (Investments) Limited

Directors' report

Directors' interests (continued)

In addition, on 31 December 2001, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 32,171,834 shares in British American Tobacco p.l.c. (1 January 2001: 30,647,059 shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares which are held by these 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 Scheme and the British American Tobacco Deferred Share Bonus Scheme.

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.

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 British American Tobacco Group's European companies are successfully transacting business in the euro following its introduction in twelve European countries on 1 January 2002 and those in the UK are capable of doing so.

Statement of Directors' responsibilities

The following Statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the independent auditors, shown on page 6, sets out their responsibilities in relation to the financial statements.

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 as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the Directors are required to:

- Select appropriate accounting policies and then apply them consistently, subject to any material departures being disclosed and explained;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

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.

British American Tobacco Malaysia (Investments) Limited

Directors' report

Statement of Directors' responsibilities (continued)

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.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this 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

18th December 2002

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

We have audited the financial statements which comprise, the balance sheet and the related notes.

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 Directors' remuneration and transactions is not disclosed.

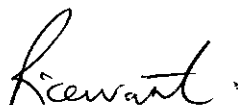
Basis of audit opinion

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 affairs of the Company as at 31 December 2001 and of the result 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

18 December 2002

British American Tobacco Malaysia (Investments) Limited

Balance sheet – 31 December 2001

	<i>Note</i>	2001 £	2000 £
Current assets			
Debtors - amounts due from parent undertaking		6	299,597
Net current assets		6	299,597
Total assets less current liabilities		6	299,597
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Capital and reserves			
Called up share capital	3	6	6
Profit and loss account	4	-	299,591
Total equity shareholders' funds	5	6	299,597

During the year, the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit nor a loss.

The financial statements on pages 7 to 9 were approved by the Directors on 18th December 2002 and signed on behalf of the board by:



Director

Notes are shown on pages 8 and 9.

British American Tobacco Malaysia (Investments) Limited

Notes to the accounts – 31 December 2001

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.

2 Directors' emoluments, auditors' fees and staff costs

None of the Directors received any remuneration in respect of their services during the year (2000: £nil).

Auditors' fees were borne by a fellow Group undertaking (2000: £nil).

There were no employees and no staff costs during the year (2000: £nil).

3 Called up share capital

Ordinary shares of £1 each	2001	2000
Authorised - value	£1,000	£1,000
- number	1,000	1,000
Allotted, called up and fully paid		
- value	£6	£6
- number	6	6

4 Reserves

	Profit and loss account £
1 January 2001	299,591
Dividend paid on equity shares	(299,591)
31 December 2001	-

British American Tobacco Malaysia (Investments) Limited

Notes to the accounts – 31 December 2001

5 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit attributable to shareholders for the year	-	-
Dividend paid on equity shares	(299,591)	-
Net transfer from shareholders' funds	(299,591)	-
Opening shareholders' funds	299,597	299,597
Closing shareholders' funds	6	299,597

6 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.

7 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.

8 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