

Peter Jackson (Overseas) Limited
Registered Number 292169

Directors' Report and Accounts

For the year ended 31 December 2006



Peter Jackson (Overseas) Limited

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Peter Jackson (Overseas) Limited

Directors' report

The Directors present their report together with the audited accounts for the year to 31 December 2006

Principal activities

The Company owns the Du Maurier tobacco trademark, which it licenses to fellow British American Tobacco Group companies around the world

Business review of the year to 31 December 2006

The profit for the year attributable to Peter Jackson (Overseas) Limited shareholders after deduction of all charges and the provision of tax amounted to £1,154,000 (2005 £1,135,000)

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 Operating and Financial Review section in the Annual Review 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 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 Review 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 £1,000,000 (2005 £870,000). The retained profit for the financial year of £154,000 (2005 £265,000) will be transferred to reserves

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2006 until the date of this report are as follows

Robert James Casey

Alan Fraser Porter (Resigned 1 November 2006)

Nicola Snook (Appointed 1 November 2006)

Charl Erasmus Steyn

Peter Jackson (Overseas) Limited

Directors' report

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 apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures being disclosed and explained, and
- 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.

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 the auditors 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.

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 or her knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) 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.

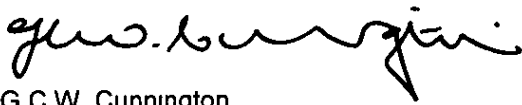
Peter Jackson (Overseas) Limited

Directors' report

Auditors

An elective resolution was passed, in accordance with Section 379A of the Companies Act 1985 (as amended), to dispense with the appointment of auditors annually (pursuant to Section 386 of the Act) Accordingly, PricewaterhouseCoopers LLP will continue as auditors

On behalf of the Board



G C W Cunningham

Assistant Secretary

7th August 2007

Report of the independent auditors to the members of Peter Jackson (Overseas) Limited

We have audited the financial statements of Peter Jackson (Overseas) Limited for the year ended 31 December 2006 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 Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 2006 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

7 August 2007

Peter Jackson (Overseas) Limited

Profit and loss account for the year ended 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Operating income	2	1,274	1,254
Operating charges	3	(20)	(11)
Operating profit		1,254	1,243
Interest paid to Group undertakings		(2)	-
Profit on ordinary activities before taxation		1,252	1,243
Taxation on ordinary activities	4	(98)	(108)
Profit for the financial year		1,154	1,135
Dividends – paid on equity shares		(1,000)	(870)
Increase in reserves		154	265

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 year

Notes are shown on pages 9 to 12

Peter Jackson (Overseas) Limited

Balance sheet – 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Current assets			
Debtors - amounts falling due within one year	5	1,351	1,196
Creditors – amounts falling due within one year	6	(58)	(57)
Total assets less current liabilities		1,293	1,139
Capital and reserves			
Called up share capital	7	3	3
Profit and loss account	8	1,290	1,136
Total equity shareholders' funds	9	1,293	1,139

The financial statements on pages 7 to 12 were approved by the Directors on ~~7th~~ August 2007 and signed on behalf of the Board



C E Steyn
Director

Notes are shown on pages 9 to 12

Peter Jackson (Overseas) Limited

Notes to the accounts – 31 December 2006

1 Accounting policies

A summary of the principal accounting policies is set out below

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles

(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

(3) Foreign currencies

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) 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, including where delays are anticipated in the receipt of monies from overseas.

(5) Taxation

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

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. However, as allowed by FRS 19, the Group has chosen not to discount deferred tax assets and liabilities.

(6) Licences, trademarks and similar rights and assets

Licenses, trademarks and similar rights and assets are stated at cost, less any amounts provided for impairment in value. No annual amortisation is charged in respect of these assets except where the end of the useful economic lives of the assets can be foreseen. The useful economic lives and the carrying value are reviewed annually and any amortisation or provision for impairment in value is charged in the profit and loss account.

(7) Events after the balance sheet date

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.

2 Operating income

Operating income comprises royalties receivable from fellow Group companies.

Peter Jackson (Overseas) Limited

Notes to the accounts – 31 December 2006

3 Operating charges

	2006 £'000	2005 £'000
Other operating charges	20	11

Auditors' fees of £1,848 were borne by a fellow Group undertaking (2005 £1,054 borne by a fellow Group undertaking)

There were no employees and no staff costs during the year (2005 £nil)

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2005 £nil)

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2006 £'000	2005 £'000
UK Corporation Tax		
Comprising		
- current tax at 30.00% (2005 30.00%)	98	108
- double taxation relief	(98)	(108)
	-	-
Overseas tax	98	108
Total current taxation <i>note 4(b)</i>	98	108

(b) Factors affecting the tax charge

The current taxation charge differs from the standard 30.00 per cent rate of Corporation Tax in the UK. The major causes of this difference are listed below

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	1,252	1,243
Corporation Tax at 30.00% (2005 30.00%) on profit on ordinary activities	376	373
Factors affecting the tax rate		
Permanent difference	21	16
Overseas withholding taxes	98	108
Double taxation relief on UK profits	(98)	(108)
Group loss relief claimed at less than full consideration	(299)	(281)
Total current taxation charge <i>note 4(a)</i>	98	108

An amount of £72,168 (2005 £50,652) (tax amount of £21,650 (2005 £15,196)) included in permanent differences above reflects tax adjustments in respect of UK to UK transfer pricing

Peter Jackson (Overseas) Limited

Notes to the accounts – 31 December 2006

5 Debtors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts due from fellow subsidiary undertakings	1,351	1,196

Amounts due from subsidiary undertakings are unsecured, interest free and repayable on demand

6 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts due to fellow subsidiary undertakings	58	57

Included within amounts due to subsidiary undertakings is an amount of £2,000 which is unsecured, interest bearing and repayable on demand. The interest rate is based on the LIBOR rates. Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

7 Called up share capital

Ordinary shares of 25p each	2006	2005
Authorised - value	£5,000	£5,000
- number	20,000	20,000
Allotted, called up and fully paid		
- value	£3,000	£3,000
- number	12,000	12,000

8 Reserves

	Profit and loss account £'000
1 January 2006	1,136
Retained profit for the financial year	1,154
Dividends paid	(1,000)
31 December 2006	1,290

Peter Jackson (Overseas) Limited

Notes to the accounts – 31 December 2006

9 Reconciliation of movements in shareholders' funds

	2006	2005
	£'000	£'000
Profit attributable to shareholders for the year	1,154	1,135
Dividend paid	(1,000)	(870)
Net transfer to shareholders' funds	154	265
Opening shareholders' funds	1,139	874
Closing shareholders' funds	1,293	1,139

10 Related parties

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

11 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 BATMark Limited Group accounts are prepared only at the British American Tobacco p l c level

12 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