

BATUS Limited
Registered Number 1650591

Directors' Report and Financial Statements

For the year ended 31 December 2008

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BATUS Limited

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BATUS 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 a company engaged in the tobacco industry as part of the British American Tobacco p.l.c. Group (the "Group").

Business review of the year to 31 December 2008

During the year to 31 December 2008 the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit nor a loss (2007: £nil).

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

The Directors do not recommend the payment of a dividend for the year (2007: £nil).

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
Charl Erasmus Steyn
Ridirectors Limited

BATUS Limited

Directors' report

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 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.

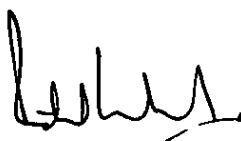
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

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



For and on behalf of **Risecretaries Limited**

13 August 2009

Report of the independent auditors to the members of BATUS Limited

We have audited the financial statements of BATUS Limited for the year ended 31 December 2008 which comprise 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 result 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

14 August 2009

BATUS Limited
Balance sheet – 31 December 2008

	<i>Note</i>	2008 £	2007 £
Fixed assets			
Investments in subsidiary undertakings	3	-	-
Current assets			
Debtors: amounts falling due within one year	4	100	100
Total assets		100	100
Capital and reserves			
Share capital	5	5,000,100	5,000,100
Profit and loss account	6	(5,000,000)	(5,000,000)
Total shareholders' funds		100	100

During the financial year the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit nor loss (2007:nil). There were also no other recognised gains and losses for the current or preceding financial year.

The financial statements on pages 6 to 9 were approved by the Directors on 13 August 2009 and signed on behalf of the Board by:

Budget Crege

B.M. Creegan
For and on behalf of Ridirectors Limited, Director

BATUS 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 have been 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) 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.

(5) Fixed asset investments

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

2 Operating charges

The Directors did not receive any emoluments during the year or during the preceding year.

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

Auditors' fees of £100 were borne by a fellow Group undertaking (2007: £100).

BATUS Limited

Notes to the financial statements – 31 December 2008

3 Investments in subsidiary undertakings

(1) Shares in subsidiaries

Unlisted overseas – Incorporated in USA

BATUS Retail Services, Inc. - Common shares of US\$1

% equity
shares held
100

(2) Shareholdings at cost less provisions

1 January and 31 December 2008

Cost

£
5,000,000

Provision for impairment

(5,000,000)

-

4 Debtors – amounts falling due within one year

2008
£

2007
£

Amounts owed by Group undertakings

100

100

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

5 Share capital

The share capital of the Company is as follows:

Ordinary shares of £1 each

2008

2007

Authorised - value

£5,000,100

£5,000,100

- number

5,000,100

5,000,100

Allotted, called up and fully paid

- value

£5,000,100

£5,000,100

- number

5,000,100

5,000,100

6 Reserves

Profit and
loss
account
£

1 January to 31 December 2008

(5,000,000)

BATUS Limited

Notes to the financial statements – 31 December 2008

7 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 is BATUS Holdings Inc. being incorporated in Delaware in the United States of America. 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