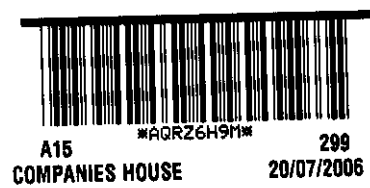


Allen & Ginter (UK) Limited
Registered Number 2207091

Directors' Report and Accounts

For the year ended 31 December 2005



Allen & Ginter (UK) Limited

Contents

Directors' report.....	3
Report of the independent auditors to the members of Allen & Ginter (UK) Limited	7
Profit and loss account for the year ended 31 December 2005.....	8
Balance sheet - 31 December 2005	9
Notes to the accounts – 31 December 2005	10

Allen & Ginter (UK) Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2005.

Principal activities

Since becoming active during the year, the Company's principal activity has been to act as a holding company of companies in the British American Tobacco p.l.c. Group.

Review of the year to 31 December 2005

During the year, the Company became active. On 15 February 2005 the Company increased its authorised share capital to £2,000 and on 9 March 2005 issued 1,000 £1 ordinary shares at a premium of £276,098,000 to British American Tobacco Holdings (The Netherlands) B.V., a fellow group undertaking, in exchange for 300,000 ordinary shares of €33.15 each (100% of the share capital) of British American Tobacco Holdings (Australia) B.V.

On 17 March 2005 the remaining issued share capital of the Company was acquired by British American Tobacco Holdings (The Netherlands) B.V., which consequently became sole owner of the Company.

On 2 June 2005 the Company issued 518 £1 ordinary shares at a premium of £795,474,000 to British American Tobacco Holdings (The Netherlands) B.V. for cash which was used to acquire a 100% interest in Chelwood Trading & Investment Company Limited.

The profit for the year attributable to the shareholders after deduction of all charges and the provision of tax amounted to £120,020,000 (2004: £nil).

Post Balance sheet event

On 20 April 2006, British American Tobacco Holdings (Australia) B.V. bought back 39,456 ordinary shares of €33.15 each from the Company for a consideration of €329 million (£227.6 million). On the same day, the Company applied the consideration to subscribe for a further 8,251 ordinary shares of £1 each in Chelwood Trading & Investment Company Limited.

Change in accounting policy

The Company has adopted FRS 21 'Events after the balance sheet date' in these financial statements. As a result, 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.

There was no effect on shareholders funds at 31 December 2004 and 2005 arising from the change in accounting policy to adopt FRS 21.

Dividends

During the year, the Company paid dividends amounting to £120,020,000 (2004: £nil). The profit for the year after the payment of dividends was £nil (2004: £nil).

Allen & Ginter (UK) Limited

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2005 until the date of this report are as follows:

Robert James Casey
Kenneth John Hardman (appointed 6 March 2006)
Ridirectors Limited
Charl Erasmus Steyn
David Andrew Swann (appointed 6 March 2006)

Directors' interests

The interests of those persons who were Directors at 31 December 2005 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 2005	31 December 2005
R.J. Casey	10,769	10,950
C.E. Steyn	5,977	14,405

In addition to the shares shown above, during the year the Directors held 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:

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

	1 January 2005	31 December 2005
R.J. Casey	21,096	17,661
C.E. Steyn	14,365	13,114

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 2005	Granted	Lapsed	Exercised	31 December 2005
R.J. Casey	104,288	12,801	8,027	15,580	93,482
C.E. Steyn	44,667	11,111	4,862	9,438	41,478

Allen & Ginter (UK) Limited

Directors' report

Directors' interests (continued)

In addition to those interests disclosed above, on 31 December 2005, the British American Tobacco Group Employee Trust held a total of 22,751,064 ordinary shares in British American Tobacco p.l.c. (1 January 2005: 26,669,248 ordinary shares). All employees, including Directors of the Company, are deemed to have a beneficial interest in the shares that are held by the trust for the purpose of satisfying options granted under the British American Tobacco Share Option Scheme or awards of ordinary shares made under the British American Tobacco Long Term Incentive Plan and the British American Tobacco Deferred Share Bonus Scheme.

Further, during the year ended 31 December 2005, all employees, including Directors of the Company, were deemed to have had a beneficial interest in the shares that were held in trust by the B.A.T Industries Employee Share Ownership Plan ('BATESOP') for the purpose of satisfying options granted under the B.A.T Industries Employee Share 'E' Option Scheme (the 'E Option Scheme'). Following the last exercises of options under the E Option Scheme during the year, BATESOP was wound up as an employee share ownership trust on 16 December 2005. There was therefore no holding of ordinary shares in BATESOP as at 31 December 2005 (1 January 2005: 59,158).

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.

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 7, 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.

Allen & Ginter (UK) Limited

Directors' report

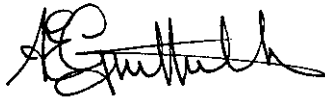
General Meetings

Elective resolutions have been passed in accordance with Section 379A of the Companies Act 1985 (as amended) to dispense with the laying of accounts before the Company in General Meeting (pursuant to Section 252 of the Act) and to dispense with the holding of the Annual General Meeting (pursuant to Section 366A of the Act).

Auditors

An elective resolution has been 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

A handwritten signature in black ink, appearing to be 'A. Ginter', written over a horizontal line.

For and on behalf of
Risecretaries Limited, Secretary

13th July 2006

Allen & Ginter (UK) Limited

Report of the independent auditors to the members of Allen & Ginter (UK) Limited

We have audited the financial statements of Allen & Ginter (UK) Limited for the year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities 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 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 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

13 July 2006

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Allen & Ginter (UK) Limited

Profit and loss account for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Operating Profit	2	-	-
Income from shares in subsidiary		120,020	-
Profit on ordinary activities before taxation		120,020	-
Taxation on ordinary activities	3	-	-
Profit for the financial year		120,020	-
Dividends – Interim Paid		(120,020)	-
Increase in reserves		-	-

There are no recognised gains and losses other than the profit for the year.

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.

Notes are shown on pages 10 to 13.

Allen & Ginter (UK) Limited

Balance sheet – 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed Assets			
Investments in subsidiary undertakings	4	1,071,574	-
<hr/>			
Total assets		1,071,574	-
<hr/>			
Capital and reserves			
Called up share Capital	5	2	-
Share premium	6	1,071,572	-
Profit and loss account	6	-	-
<hr/>			
Total equity shareholders' funds	7	1,071,574	-
<hr/>			

The financial statements on pages 8 to 13 were approved by the Directors on 13th July 2006 and signed on behalf of the Board.



C.E. Steyn

Director

Notes are shown on pages 10 to 13.

Allen & Ginter (UK) Limited

Notes to the accounts – 31 December 2005

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) Fixed asset investments

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

(5) Change in accounting policy

The Company has adopted FRS 21 'Events after the balance sheet date' in these financial statements. As a result, 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.

There was no effect on shareholders funds at 31 December 2004 and 2005 arising from the change in accounting policy to adopt FRS 21.

2 Operating profit

Auditors' fees were borne by a fellow group undertaking (2004: £nil).

There were no employees and no staff costs during the year (2004: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2004: £nil).

Allen & Ginter (UK) Limited

Notes to the accounts – 31 December 2005

3 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2005 £'000	2004 £'000
UK Corporation Tax		
Comprising		
- current tax at 30.00% (2004: 30.00%)	40,007	-
- double taxation relief	(40,007)	-
Total current taxation note 3(b)	-	-

(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:

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	120,020	-
Corporation Tax at 30.00% (2004: 30.00%) on profit on ordinary activities	36,006	-
Factors affecting the tax rate:		
Permanent differences	(4)	-
Double taxation relief on UK profits	(40,007)	-
Corporate income tax relief on intra-group dividends	12,003	-
Group loss relief surrendered at nil consideration	(7,998)	-
Total current taxation charge note 3(a)	-	-

An amount of £12,223 (tax amount of £3,667) included in permanent differences above represents tax adjustments following the introduction of UK to UK transfer pricing from 1 April 2004.

4 Investments in subsidiary undertakings

(1) Shares in subsidiaries

% equity
shares held

Unlisted – Registered in the Netherlands

British American Tobacco Holdings (Australia) B.V.	100
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Unlisted – Registered in the United Kingdom

Chelwood Trading & Investment Company Limited	100
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Allen & Ginter (UK) Limited

Notes to the accounts – 31 December 2005

4 Investments in subsidiary undertakings (continued)

(2) Shareholdings at cost less provisions	£'000
1 January 2005	-
Additions in year	1,071,574
31 December 2005	1,071,574

During the year, the Company acquired investments in British American Tobacco Holdings (Australia) B.V. and Chelwood Trading & Investment Company Limited (see note 5).

On 20 April 2006, British American Tobacco Holdings (Australia) B.V. bought back 39,456 ordinary shares of €33.15 each from the Company for a consideration of €329 million (£227.6 million). On the same day, the Company applied the consideration to subscribe for a further 8,251 ordinary shares of £1 each in Chelwood Trading & Investment Company Limited.

(3) The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value not less than the amounts at which they are shown in the balance sheet.

5 Called up share capital

Ordinary shares of £1 each	2005	2004
Authorised - value	£2,000	£100
- number	2,000	100
Allotted, called up and fully paid		
- value	£1,618	£100
- number	1,618	100

On 15 February 2005 the Company increased its authorised share capital to £2,000 and on 9 March 2005 issued 1,000 £1 ordinary shares at a premium of £276,098,000 to a British American Tobacco Holdings (The Netherlands) B.V., a fellow group undertaking, in exchange for 300,000 ordinary shares of €33.15 each (100% of the share capital) of British American Tobacco Holdings (Australia) B.V.

On 2 June 2005 the Company issued 518 £1 ordinary shares at a premium of £795,474,000 to British American Tobacco Holdings (The Netherlands) B.V. for cash which was used to acquire a 100% interest in Chelwood Trading & Investment Company Limited.

6 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2005	-	-	-
Profit for the financial year	-	120,020	120,020
Dividends - interim paid	-	(120,020)	(120,020)
Issue of shares	1,071,572	-	1,071,572
31 December 2005	1,071,572	-	1,071,572

Allen & Ginter (UK) Limited

Notes to the accounts – 31 December 2005

7 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the year	120,020	-
Dividends - interim paid	(120,020)	-
Net transfer to shareholders' funds	-	-
Opening shareholders' funds	-	-
Issue of shares	1,071,574	-
Closing shareholders' funds	1,071,574	-

8 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 Holdings (The Netherlands) B.V. Group accounts are prepared only at the British American Tobacco p.l.c. level.

9 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