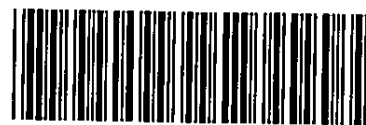


Louisville Securities Limited
Registered Number 3015916

Directors' Report and Financial Statements

For the year ended 31 December 2009

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Louisville Securities Limited

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Louisville Securities Limited

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2009

Principal activities

The Company's principal activity is the holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p l c Group (the "Group")

Review of the year to 31 December 2009

The profit for the financial year attributable to Louisville Securities Limited shareholders after deduction of all charges and the provision of tax amounted to £417,250,000 (2008 £418,902,000)

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

During the year, the Company paid dividends amounting to £400,000,000 (2008 £370,000,000)

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2009 to the date of this report are as follows

Robert James Casey
Kenneth John Hardman
John Benedict Stevens
Neil Robert Withington

Louisville Securities Limited

Directors' report

Directors' indemnities

Throughout the period 1 January 2009 to the date of this report, an indemnity has been in force under which Mr J B Stevens, as a director of the Company, was, to the extent permitted by law, indemnified by British American Tobacco p l c , the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which he may have incurred in or about the execution of his duties to the Company or as a result of things done by him as Director on behalf of the Company

Financial risk management

The Company's operations expose it to currency risk as its dividends received are denominated in foreign currencies other than sterling The exposure is partially hedged with forward foreign exchange contracts

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, and
- 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 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

Louisville Securities Limited

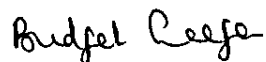
Directors' report

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

- (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

By order of the Board



B M Creegan
Secretary

5 August 2010

Independent auditors' report to the members of Louisville Securities Limited

We have audited the financial statements of Louisville Securities Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on pages 4 and 5 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Louisville Securities Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Campbell-Lambert

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

10 AUGUST 2010

Louisville Securities Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Operating income	2	-	6,948
Operating charges	2	(3,573)	-
Operating (loss)/ profit		(3,573)	6,948
Income from shares in subsidiary undertakings		345,630	360,819
Profit on ordinary activities before interest and taxation		342,057	367,767
Interest receivable from Group undertakings		81,461	62,552
Interest payable to Group undertakings		(6,268)	(11,417)
Profit on ordinary activities before taxation		417,250	418,902
Taxation on profit on ordinary activities	3	-	-
Profit for the financial year	8	417,250	418,902

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

Statement of total recognised gains and losses for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Profit for the financial year		417,250	418,902
Exchange movement on borrowings	9	171,216	(433,591)
Investment revaluation	9	(171,216)	433,591
Total recognised gains relating to the financial year		417,250	418,902

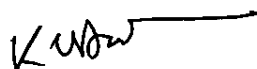
Notes are shown on pages 10 to 15

Louisville Securities Limited
Registered Number 3015916

Balance sheet – 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments in subsidiary undertakings	4	1,817,372	1,988,588
Current assets			
Debtors amounts falling due within one year	5a	1,142,895	1,259,535
amounts falling due after one year	5b	2,689,790	2,689,790
Cash at bank and in hand		2	2
Creditors: amounts falling due within one year	6a	(736,339)	(754,509)
Net current assets		3,096,348	3,194,818
Total assets less current liabilities		4,913,720	5,183,406
Creditors amounts falling due after more than one year	6b	(2,485,380)	(2,772,316)
Net assets		2,428,340	2,411,090
Capital and reserves			
Share capital	7	-	-
Profit and loss account	8	2,428,340	2,411,090
Total shareholders' funds	9	2,428,340	2,411,090

The financial statements on pages 8 to 15 were approved by the Directors on 5 August 2010 and signed on behalf of the Board



K J Hardman
Director

Notes are shown on pages 10 to 15

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

1 Accounting policies

A summary of the principal accounting policies is set out below

(1) 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. 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

(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, or at the forward rate if fully hedged by a forward exchange contract. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year, or the forward rate. All exchange differences, except exchange differences in respect of fixed asset investments and related borrowings (see 6 below), are taken to the profit and loss account in the year

Forward contracts are used to manage exposure to foreign exchange risks. The Company does not hold derivative financial instruments for trading or speculative purposes. The forward contracts are accounted for in the financial statements where the underlying transactions have occurred by the balance sheet date. As required by the Companies Act 2006, the fair value of all forward contracts outstanding at year end is disclosed in note 10

(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 where there is an expectation that all or a portion of the amount due will not be recovered

(5) 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

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

1 Accounting policies (continued)

(6) Fixed asset investments

Fixed asset investments are stated at cost less any provisions for impairment in value. Where the Company has used borrowings in currencies other than Sterling to finance a foreign equity investment, the Company translates the carrying amount of the investment at the end of each year at the closing rates of exchange. Where investments are treated in this way, any resulting exchange differences are taken direct to reserves and the exchange gains or losses on the borrowings are then offset, as a reserve movement, against these exchange differences.

(7) 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.

2 Operating charges/(income)

	2009 £'000	2008 £'000
Exchange losses/ (gains)	3,573	(6,948)

Auditors' fees of £3,957 were borne by a fellow Group undertaking (2008 £3,957)

None of the Directors received any remuneration in respect of their services to the Company during the year (2008 £nil)

There were no employees and no staff costs during the year (2008 £nil)

3 Taxation on profit on ordinary activities

(a) Summary of tax on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax on profit of the year		
Comprising		
- current tax at 28.0% (2008 28.5%)	81,699	157,822
- double tax relief	(81,699)	(157,822)
Total current taxation charge note 3(b)	-	-

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

3 Taxation on profit on ordinary activities (continued)

(b) Factors affecting the tax charge

The standard rate of Corporation Tax in the UK changed from 30.0% to 28.0% with effect from 1 April 2008

The current taxation charge differs from the standard 28.0% (2008 28.5%) rate of Corporation Tax in the UK. The major causes of this difference are listed below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	417,250	418,902
Corporation tax at 28.0% (2008 28.5%) on profit on ordinary activities	116,830	119,387
Factors affecting the tax rate:		
Permanent differences	(11,364)	1,757
Corporate tax on gross up of dividends	28,594	54,989
Double tax relief	(81,699)	(157,822)
Group loss relief claimed at nil consideration	(8,690)	(18,311)
Corporate income tax relief on intra-group dividends	(43,671)	-
Total current taxation charge note 3(a)	-	-

An amount of £40,584,000 (2008 £6,165,000) (tax amount of £11,364,000 (2008 £1,757,000)) included in permanent differences above represents tax adjustments in respect of UK to UK transfer pricing

4 Investments in subsidiary undertakings

(1) Shares in subsidiaries

% equity shares held

Unlisted – registered in the USA

1,037,961 Common stock of US\$1,000 each BATUS Holdings Inc	100
100 Common stock of No Par Value Louisville Corporate Services, Inc	100

(2) Shareholdings at cost less provisions

	£'000
1 January 2009	1,988,588
Revaluation (note 8)	(171,216)
31 December 2009	1,817,372

- (3) The Directors are of the opinion that the investments in the subsidiary undertakings have a value not less than the amount at which it is shown in the balance sheet

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

5 Debtors

(a) Debtors: amounts falling due within one year	2009 £'000	2008 £'000
Prepayments and accrued income	7,133	9,162
Amounts due from Group undertakings	1,135,762	1,250,373
	1,142,895	1,259,535

Included within amounts due from Group undertakings is an amount of £1,063,257,000 (2008 £1,194,227,000) which is unsecured, interest bearing and repayable within one year and an amount of £72,505,000 (2008 £56,146,000) which is unsecured, interest bearing and repayable on demand. The interest rates are based on LIBOR. Other amounts due from Group undertakings are unsecured, interest free and repayable on demand.

(b) Debtors: amounts falling due after one year

	2009 £'000	2008 £'000
Amounts due from Group undertakings	2,689,790	2,689,790

Amounts due from Group undertakings are unsecured and interest free.

6 Creditors

(a) Creditors' amounts falling due within one year	2009 £'000	2008 £'000
Amounts due to Group undertakings	736,339	754,509

Amounts due to Group undertakings of £612,488,000 (2008 £615,403,000) are unsecured, interest free and repayable on demand. All other amounts due to Group undertakings are unsecured, interest free and repayable in 2010.

(b) Creditors' amounts falling due after more than one year	2009 £'000	2008 £'000
Amounts due to Group undertakings	2,485,380	2,772,316

Included within amounts due to Group undertakings is an amount of £156,000,000 (2008 £156,007,000) which is unsecured and interest bearing. The interest rate is based on LIBOR. Other amounts due to Group undertakings are unsecured and interest free.

(c) Maturity analysis	2009 £'000	2008 £'000
Amounts due		
In one year or less, or on demand	736,339	754,509
In more than one year but not more than two years	2,398,685	7
In more than two years but not more than five years	86,695	2,772,309
	3,221,719	3,526,825

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

7 Share capital

Ordinary shares of £1 each	2009	2008
Allotted, called up and fully paid		
- value	£1	£1
- number	1	1

The concept of authorised share capital was abolished in October 2009 pursuant to the provisions of the Companies Act 2006, therefore authorised share capital has not been presented as at 31 December 2009

8 Reserves

	Profit and loss account
	£'000
1 January 2009	2,411,090
Profit for the financial year	417,250
Investment revaluation	(171,216)
Exchange movement on borrowings	171,216
Dividends - interim paid	(400,000)
31 December 2009	2,428,340

9 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	417,250	418,902
Investment revaluation	(171,216)	433,591
Exchange movement on borrowings	171,216	(433,591)
Dividends - interim paid	(400,000)	(370,000)
Net addition of shareholders' funds	17,250	48,902
Opening shareholders' funds	2,411,090	2,362,188
Closing shareholders' funds	2,428,340	2,411,090

10 Financial instruments

The Company's operations expose it to currency risk as its dividends received are denominated in foreign currencies other than sterling. The exposure is hedged with forward foreign exchange contracts. The fair value of the instruments at 31 December 2009 was a gain of £3,048,000 (2008: £nil). Subsequent to the year end, the Company's financial position was not materially affected by the instruments reaching their maturity dates.

Louisville Securities Limited

Notes to the financial statements – 31 December 2009

11 Related party disclosures

As a wholly owned subsidiary 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

12 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 (Holdings) Limited. Group financial statements are prepared only at the British American Tobacco p l c level.

13 Copies of the annual report and financial statements

Copies of the annual report of British American Tobacco p l c may be obtained from

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