

REGISTERED NUMBER: 04006562 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
FOR
VASATEK LIMITED**



VASATEK LIMITED (REGISTERED NUMBER: 04006562)

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FOR THE YEAR ENDED 31 DECEMBER 2009**

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VASATEK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009**

DIRECTORS:

Mr C Hasselrot
Mr P Melker
Mrs S Jackman

SECRETARY:

Mrs S Jackman

REGISTERED OFFICE:

21 Merrywood Park
Camberley
Surrey
GU15 1JR

REGISTERED NUMBER:

04006562 (England and Wales)

AUDITORS:

Seymour Taylor Audit Limited
Registered Auditor
57 London Road
High Wycombe
Buckinghamshire
HP11 1BS

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review have been to develop non-tobacco nicotine products and to develop the marketing plans for such products. The company's long term success requires a total commitment to working together proactively with both business partners and authorities, and it demands a willingness to embrace new ideas and learn continuously.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

Mr C Hasselrot
Mr P Melker

Other changes in directors holding office are as follows

Mrs S Jackman - appointed 24 June 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

VASATEK LIMITED (REGISTERED NUMBER: 04006562)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'S Jackman', with a long horizontal line extending to the right.

Mrs S Jackman - Director

28 September 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF VASATEK LIMITED

We have audited the financial statements of Vasatek Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF VASATEK LIMITED

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, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime

M J Marshall

Michael Marshall FCCA (Senior Statutory Auditor)
for and on behalf of Seymour Taylor Audit Limited
Registered Auditor
57 London Road
High Wycombe
Buckinghamshire
HP11 1BS

28 September 2010

VASATEK LIMITED (REGISTERED NUMBER: 04006562)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
TURNOVER		-	-
Administrative expenses		2,035	1,942
OPERATING LOSS	2	(2,035)	(1,942)
Interest receivable and similar income		1	72
		(2,034)	(1,870)
Interest payable and similar charges		6,718	10,565
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,752)	(12,435)
Tax on loss on ordinary activities	3	(5)	(31)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(8,747)	(12,404)

The notes on pages 8 to 10 form part of these financial statements

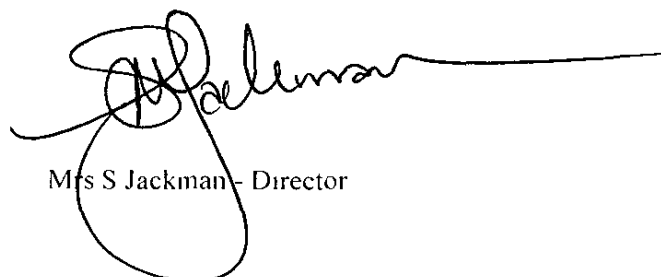
VASATEK LIMITED (REGISTERED NUMBER: 04006562)

**BALANCE SHEET
31 DECEMBER 2009**

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	4	2	485
Cash at bank		116	1,767
		<u>118</u>	<u>2,252</u>
CREDITORS			
Amounts falling due within one year	5	2,226,936	320,323
NET CURRENT LIABILITIES		<u>(2,226,818)</u>	<u>(318,071)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,226,818)	(318,071)
CREDITORS			
Amounts falling due after more than one year	6	-	1,900,000
NET LIABILITIES		<u>(2,226,818)</u>	<u>(2,218,071)</u>
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account	8	(2,226,820)	(2,218,073)
SHAREHOLDERS' FUNDS		<u>(2,226,818)</u>	<u>(2,218,071)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 28 September 2010 and were signed on its behalf by



Mrs S Jackman - Director

The notes on pages 8 to 10 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis. The company is able to rely on the financial support of the parent company within the group and, for this reason, the directors consider the going concern basis to be appropriate.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

2 OPERATING LOSS

The operating loss is stated after charging

	2009	2008
	£	£
Auditors' remuneration	<u>1,978</u>	<u>1,864</u>
Directors' remuneration and other benefits etc	<u>-</u>	<u>-</u>

3 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2009	2008
	£	£
Current tax		
UK corporation tax	<u>(5)</u>	<u>(31)</u>
Tax on loss on ordinary activities	<u>(5)</u>	<u>(31)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of unrelieved tax losses and accelerated capital allowances. The amount that has not been recognised at 31 December 2009 when calculated at the large companies rate of corporation tax in the UK of 28% (2008 - 28%) is £604,129 (2008 - £601,679). The deferred tax asset would be recoverable to the extent that future taxable profits are generated enabling the tax losses to be relieved.

4 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Other debtors	2	2
VAT	-	483
	<u>2</u>	<u>485</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Amounts owed to group undertakings	2,212,283	299,968
Corporation tax	-	5
Accruals and deferred income	14,653	20,350
	<u>2,226,936</u>	<u>320,323</u>

6 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Amounts owed to group undertakings	-	1,900,000
	<u>-</u>	<u>1,900,000</u>

7 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2009	2008
Number	Class	Nominal value	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 RESERVES

	Profit and loss account £
At 1 January 2009	(2,218,073)
Deficit for the year	(8,747)
	<hr/>
At 31 December 2009	<u>(2,226,820)</u>

9 ULTIMATE PARENT COMPANY

The directors consider Swedish Match UK (Holdings) Limited, a company registered in England and Wales to be the company's immediate parent company. They also consider Swedish Match AB, a company registered in Sweden, to be the company's ultimate parent company.

Swedish Match AB is the parent company of the largest and Swedish Match UK (Holdings) Limited is the parent company of the smallest group of which Vasatek Limited is a member. The principal place of business for Swedish Match UK (Holdings) Limited is

21 Merrywood Park
Camberley
Surrey
GU15 1JR

The principal place of business for Swedish Match AB is

Box 7179
SE-103 88 Stockholm
Sweden

Copies of the consolidated financial statements of Swedish Match AB can be obtained from the above address.

10 RELATED PARTY DISCLOSURES

Group companies

This company is a wholly-owned subsidiary within the group. It has therefore taken advantage of the exemptions provided within Financial Reporting Standard for Smaller Entities (effective April 2008). Related party disclosures, from disclosure of transactions it had entered into with other members of the group.

Controlling party

There is no single controlling party.