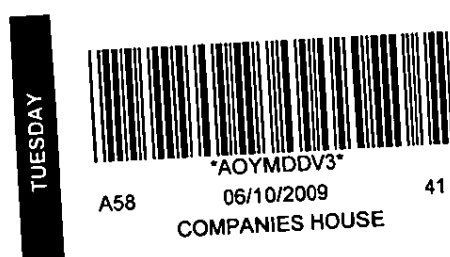


British American Tobacco (AME) Limited
Registered Number 5209455

Directors' Report and Financial Statements

For the year ended 31 December 2008



British American Tobacco (AME) Limited

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British American Tobacco (AME) 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 principal activity of the Company is the sale of tobacco products.

The Company changed its name from Precis (2460) Limited on 26 June 2007 and commenced trading under its new name on 1 October 2007.

Review of the year to 31 December 2008

The profit for the year attributable to British American Tobacco (AME) Limited shareholders after deduction of all charges and the provision of tax amounted to £20,350,000 (2007: £975,000).

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 British American Tobacco p.l.c. Group (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 £10,764,000 (2007: £nil).

British American Tobacco (AME) Limited

Directors' report

Board of Directors

The names of the persons who served as directors of the Company during the period 1 January 2008 until the date of this report are as follows:

Ignacio Pablo Ballester	Appointed 8 December 2008
Luis Andre E Silva De Barros	
Benoit Michel Remy Marie Belhomme	
Anthony Emile Copt	Appointed 23 April 2008
Brian Peter Finch	Appointed 1 January 2009
Alan Jude King	Resigned 23 April 2008
Christopher Charles Stoddart Longcroft	Resigned 8 December 2008
Terrence Donald McConnell	
Paul Roche Thompson	
Ralf Wittenberg	Resigned 1 January 2009

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.

British American Tobacco (AME) Limited

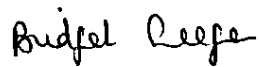
Directors' report

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



B M Creegan

Secretary

25 September 2009

Report of the independent auditors to the members of British American Tobacco (AME) Limited

We have audited the financial statements of British American Tobacco (AME) Limited for the year ended 31 December 2008 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 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 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

30 September 2009

British American Tobacco (AME) Limited
Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover	2	41,936	7,702
Operating charges	3	(21,902)	(6,773)
Operating profit		20,034	929
Interest receivable from Group undertakings		425	58
Interest payable to Group undertakings		(109)	(12)
Profit on ordinary activities before taxation		20,350	975
Taxation on profit on ordinary activities	4	-	-
Profit for the financial year	9	20,350	975

The 2007 results are for a three month period, the Company having commenced trading on 1 October 2007.

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 financial year.

Notes are shown on pages 9 to 13.

British American Tobacco (AME) Limited

Balance sheet – 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets	5	2,965	1,800
Current assets			
Debtors: amounts falling due within one year	6	23,720	13,594
Creditors: amounts falling due within one year	7	(11,124)	(9,419)
Net current assets		12,596	4,175
Total assets less current liabilities		15,561	5,975
Capital and reserves			
Share capital	8	5,000	5,000
Profit and loss account	9	10,561	975
Total shareholders' funds	10	15,561	5,975

The financial statements on pages 7 to 13 were approved by the Directors on 25 September 2009 and signed on behalf of the Board.



T D McConnell

Director

British American Tobacco (AME) 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 are 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.

(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) Accounting for turnover and income

Turnover comprises sales at the invoice value to other Group undertakings net of sales taxes. Turnover 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.

(6) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the cost of tangible fixed assets over their useful lives. Depreciation is charged pro rata based on the month of acquisition and disposal.

The rates of depreciation used are:

Computer software	20%
Computer equipment	33.3%
Furniture, fixtures and fittings	12.5%

Assets in the course of construction are not depreciated until brought in operational use.

British American Tobacco (AME) Limited

Notes to the financial statements – 31 December 2008

1 Accounting policies (continued)

(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 Turnover

	2008 £'000	2007 £'000
Turnover including duty, excise and other taxes	68,606	13,017
Duty, excise and other taxes	(26,670)	(5,315)
Turnover after duty, excise and other taxes	41,936	7,702

Turnover comprises sales of tobacco products to a fellow UK Group undertaking.

The 2007 results are for a three month period, the Company having commenced trading on 1 October 2007.

3 Operating charges

	2008 £'000	2007 £'000
Goods purchased for resale	11,969	2,588
Staff costs	3,513	1,329
Auditors' remuneration - audit fees	44	20
Exchange losses	449	96
Depreciation of tangible fixed assets	363	-
Other operating charges	5,564	2,017
Exceptional costs of business reorganisation	-	723
	21,902	6,773

Exceptional costs in 2007 related to a business reorganisation in the Africa and the Middle East region and mainly comprised wages, salaries and consultancy costs.

	2008 £'000	2007 £'000
Staff costs:		
Wages and salaries	3,080	1,164
Social security costs	183	69
Pension costs	250	96
	3,513	1,329

The Company had no employees during the year (2007: nil). The above staff costs, which are borne by the Company, relate to 36 employees (2007: 14) of fellow UK Group undertakings.

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2007: £nil).

British American Tobacco (AME) Limited

Notes to the financial statements – 31 December 2008

4 Taxation on profit on ordinary activities

(a) Summary of tax on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK Corporation Tax		
Comprising		
- current tax at 28.5% (2007: 30%)	-	-
Total current taxation charge note 4(b)	-	-

(b) Factors affecting the tax charge

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

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

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	20,350	975
Corporation Tax at 28.5% (2007: 30%) on profit on ordinary activities	5,800	293
Factors affecting the tax rate:		
Permanent differences	280	146
Other timing differences	103	-
Group loss relief claimed at nil consideration	(6,183)	(439)
Total current taxation charge note 4(a)	-	-

An amount of £977,000 (2007: £25,000), (tax amount of £278,445 (2007: £7,000)) included in permanent differences above represents tax adjustments in respect of UK to UK transfer pricing.

5 Tangible fixed assets

	Plant, machinery and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost			
At 1 January 2008	-	1,800	1,800
Additions	73	1,455	1,528
Reallocation	1,800	(1,800)	-
At 31 December 2008	1,873	1,455	3,328
Accumulated depreciation			
At 1 January 2008	-	-	-
Charge for the year	363	-	363
At 31 December 2008	363	-	363
Net book value			
At 31 December 2008	1,510	1,455	2,965
At 31 December 2007	-	1,800	1,800

The Company has no capital commitments at 31 December 2008 (2007: £nil).

British American Tobacco (AME) Limited
Notes to the financial statements – 31 December 2008

6 Debtors: amounts falling due within one year

	2008	2007
	£'000	£'000
Trade debtors	17	-
Amounts due from Group undertakings	23,703	13,594
	23,720	13,594

Included within amounts due from Group undertakings is an amount of £2,764,000 (2007: £560,000) which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. Other amounts due from Group undertakings are unsecured, interest free and repayable on demand.

7 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Trade creditors	1,968	798
Accruals	272	433
Amounts due to Group undertakings	8,884	8,188
	11,124	9,419

Included within amounts due to Group undertakings at 31 December 2008 is an amount of £533,000 (2007: £1,272,000) which is unsecured, repayable on demand and incurs interest based on LIBOR. Other amounts due to Group undertakings are unsecured, interest free and repayable on demand.

8 Share capital

Ordinary shares of £1 each	2008	2007
Authorised - value	£5,000,000	£5,000,000
- number	5,000,000	5,000,000
Allotted, called up and fully paid		
- value	£5,000,000	£5,000,000
- number	5,000,000	5,000,000

British American Tobacco (AME) Limited

Notes to the financial statements – 31 December 2008

9 Reserves

Profit and loss account	£'000
1 January 2008	975
Profit for the financial year	20,350
Dividends - interim paid	(10,764)
31 December 2008	10,561

10 Reconciliation of movements in shareholders' funds

	2008	2007
	£'000	£'000
Profit for the financial year	20,350	975
Issue of share capital	-	5,000
Dividends - interim paid	(10,764)	-
Net addition to shareholders' funds	9,586	5,975
Opening shareholders' funds	5,975	-
Closing shareholders' funds	15,561	5,975

11 Related parties

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 International Holdings (UK) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

13 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