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New Zealand (UK Finance) Limited

Financial Statements for Year Ended 31 December 2008

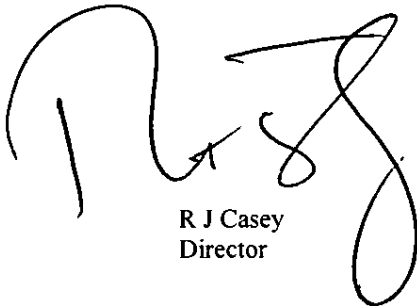
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The Board of Directors is pleased to present the Annual Report of New Zealand (UK Finance) Limited, incorporating the financial statements and auditors' report, for the year ended 31 December 2008.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under Section 211(3) of the Companies Act 1993.

The Board of Directors of New Zealand (UK Finance) Limited authorised these financial statements for issue on 9 June 2009.

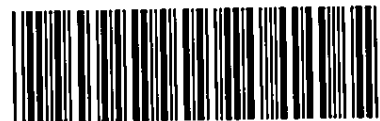


R J Casey
Director



N Snook
Director

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COMPANIES HOUSE

New Zealand (UK Finance) Limited

Financial Statements

Directors' Responsibility Statement

For the year ended 31 December 2008

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008 and its financial performance for the year ended on that date.

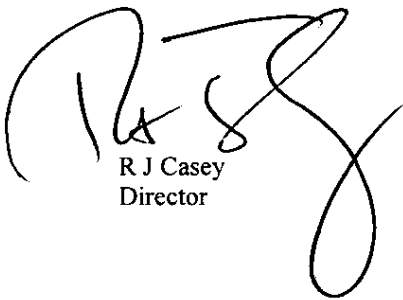
The Directors consider that the financial statements of the Company have been prepared using the appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the financial statements, set out on pages 3 to 8, of New Zealand (UK Finance) Limited for the year ended 31 December 2008.

For and on behalf of the Board.



R J Casey
Director



N Snook
Director

Auditors' Report

To the shareholders of New Zealand (UK Finance) Limited

We have audited the financial statements on pages 3 to 8. The financial statements provide information about the past financial performance of the Company for the year ended 31 December 2008 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2008 and its financial performance for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company other than in our capacity as auditors.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 3 to 8:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (iii) give a true and fair view of the financial position of the Company as at 31 December 2008 and its financial performance for the year ended on that date.

Our audit was completed on 19 June 2009 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants

Auckland

New Zealand (UK Finance) Limited

Statement of Financial Performance For the year ended 31 December 2008

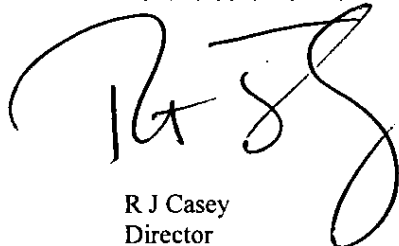
	Note	2008 £'000	2007 £'000
REVENUE	1	<u>5,544</u>	<u>5,307</u>
PROFIT BEFORE INCOME TAX	1	5,544	5,307
Income tax expense	2	-	-
PROFIT ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS		<u>5,544</u>	<u>5,307</u>

Statement of Changes in Equity For the year ended 31 December 2008

	2008 £'000	2007 £'000
EQUITY AS AT 1 JANUARY	<u>94,590</u>	<u>89,283</u>
Profit for the year	<u>5,544</u>	<u>5,307</u>
Total recognised income	<u>5,544</u>	<u>5,307</u>
EQUITY AS AT 31 December	<u>100,134</u>	<u>94,590</u>

The above statements should be read in conjunction with the accompanying notes.

For and behalf of the Board.



R J Casey
Director
9 June 2009



N Snook
Director
9 June 2009

New Zealand (UK Finance) Limited

Statement of Financial Position

As at 31 December 2008

	Note	2008 £'000	2007 £'000
ASSETS			
Current assets			
Amounts due from Group undertakings	5	100,134	94,590
Total current assets		<u>100,134</u>	<u>94,590</u>
TOTAL ASSETS		<u>100,134</u>	<u>94,590</u>
EQUITY			
Share capital	3	1,087	1,087
Retained earnings	4	99,047	93,503
Total shareholders' funds		<u>100,134</u>	<u>94,590</u>
TOTAL EQUITY		<u>100,134</u>	<u>94,590</u>

The above statements should be read in conjunction with the accompanying notes.

New Zealand (UK Finance) Limited

Notes to the Financial Statements For the year ended 31 December 2008

A GENERAL ACCOUNTING POLICIES

New Zealand (UK Finance) Limited is a company incorporated in New Zealand and registered under the Companies Act 1993. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate, for profit oriented entities. These financial statements are for New Zealand (UK Finance) Limited as a separate entity.

These financial statements have been prepared under the historical cost convention.

B PARTICULAR ACCOUNTING POLICIES

The following principle accounting policies, which have been consistently applied to all the periods presented and materially effect the measurement of financial performance and the financial position of the Company, have been applied:

(i) Revenue

Revenue shown in the Statement of Financial Performance is comprised of amounts received and receivable as interest on loans provided to group companies.

(ii) Taxation

Income tax expense recognised for the year is determined using tax rules.

(iii) Foreign currencies

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction except where forward currency contracts have been taken out to cover short term forward currency commitments. Where short term currency contracts have been taken out, the transaction is translated at the rate contained in the contract. Monetary assets and liabilities arising from trading transaction or overseas borrowings are translated at the closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance.

(iv) Differential reporting

The Company is not publicly accountable and its parent company, which is its sole shareholder, has appointed all of the Directors. Accordingly, it has taken advantage of all differential reporting concessions available to it.

C FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UK pounds, which is the company's functional and presentational currency.

New Zealand (UK Finance) Limited

Notes to the Financial Statements For the year ended 31 December 2008

D REGISTERED OFFICE

The Company's registered office is

New Zealand (UK Finance) Limited
25 Princess Street
Palmerston North
New Zealand

E PRINCIPAL ACTIVITY

The Company's principal activity is the provision of interest-bearing loans to other group companies.

F 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. Its immediate parent undertaking is British American Tobacco International Holdings (UK) Limited being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared only at the British American Tobacco p.l.c. level.

New Zealand (UK Finance) Limited

Notes to the Financial Statements For the year ended 31 December 2008

1	REVENUE		
		2008	2007
		£'000	£'000
	Interest income	5,544	5,307
		<u>5,544</u>	<u>5,307</u>

The surplus before taxation is stated:

After charging:		
Other charges	-	-

Auditors' fees of £2,000 have been borne by a fellow group undertaking (2007: £696 borne by a fellow group undertaking).
None of the Directors received any remuneration in respect of their services to the Company during the year (2007: £nil).

2	INCOME TAX EXPENSE		
		2008	2007
		£'000	£'000
	The provision has been calculated as follows:		
	Surplus for the year	5,544	5,307
	Tax on profits at 28.5% (2007: 30%)	1,580	1,592
	Permanent differences	14	14
	Group relief surrendered for nil consideration	<u>(1,594)</u>	<u>(1,606)</u>
	Tax charge for the year	<u>-</u>	<u>-</u>

An amount of £50,000 (2007: £(47,000)) (tax amount of £14,000 (2007: £14,000)) included in permanent differences above represents tax adjustments in respect of UK to UK transfer pricing.

3	SHARE CAPITAL		
		2008	2007
		£'000	£'000
	Issued and paid in capital:		
	1,400,000 ordinary shares	795	795
	513,661 non participating preference shares	<u>292</u>	<u>292</u>
		<u>1,087</u>	<u>1,087</u>

The share capital is denominated in New Zealand dollars.

4	RETAINED EARNINGS		
		2008	2007
		£'000	£'000
	Balance as at 31 January	93,503	88,196
	Surplus for the year	5,544	5,307
	Balance as at 31 December	<u>99,047</u>	<u>93,503</u>

New Zealand (UK Finance) Limited

Notes to the Financial Statements

For the year ended 31 December 2008 continued

5	AMOUNTS DUE FROM GROUP UNDERTAKINGS		
		2008	2007
		£'000	£'000
	Other Group companies (Note 6)	<u>100,134</u>	<u>94,590</u>

In accordance with the requirements of NZ IFRS 7 the company has only one classification of financial assets which is loans and receivables. Amounts due from Group undertakings are the only item included in this classification.

6 RELATED PARTY TRANSACTIONS

Included within the amounts owing by Group companies is an amount of £97,248,786 (2007: £91,730,071) deposited with B.A.T International Finance p.l.c.

Term	Rolled over
Interest Rate	5.89%

All transactions were on normal commercial trading terms and conditions.

7 CONTINGENT LIABILITIES

There are no material contingent liabilities at the balance sheet date (2007: £nil).

8 SEGMENT INFORMATION

The company operates as a provider of funds to other Group companies.

9 EVENTS OCCURRING AFTER BALANCE SHEET DATE

There have been no significant events after the balance sheet date which have not been adjusted for in these financial statements (2007: £nil).