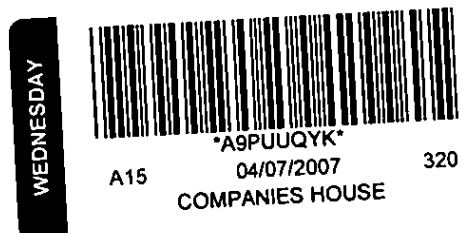


Weston Investment Company Limited
Registered Number 179244

Directors' Report and Accounts

For the year ended 31 December 2006



Weston Investment Company Limited

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Weston Investment Company Limited

Directors' report

The Directors of Weston Investment Company Limited ("the Company") present their report together with the audited accounts for the year ended 31 December 2006

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")

Business review of the year to 31 December 2006

The profit for the year attributable to Weston Investment Company Limited shareholders after deduction of all charges and the provision of tax amounted to £1,283,280,000 (2005 £2,315,556,000)

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 Operating and Financial Review section in the Annual Review 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 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 Review of British American Tobacco p l c , and do not form part of this report.

Dividends

During the year, the Company paid dividends of £1,295,000,000 (2005 £1,826,000,000). The loss for the financial year after dividends of £11,720,000 will be offset against reserves (2005 £489,556,000 profit transferred to reserves).

Post balance sheet event

On 22 February 2007, the Company subscribed for an additional 35,878 shares in British American Tobacco International (Holdings) B V in consideration for the conversion of £399 million debt owed to the Company by British American Tobacco International (Holdings) B V. The Company's shareholding in British American Tobacco International (Holdings) B V remained unchanged at 35.88%.

Weston Investment Company Limited

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2006 to the date of this report are as follows

Robert James Casey
Kenneth John Hardman
Antonio Monteiro de Castro
David Cameron Potter
Paul Ashley Rayner
David Andrew Swann
Neil Robert Withington

Directors' indemnities

As at the date of this report, an indemnity is in force under which Messrs P A Rayner and A Monteiro de Castro, as Directors of the Company, are, to the extent permitted by law, indemnified in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company

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 6, 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

Weston Investment Company 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

General meeting

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 C Girling
Assistant Secretary

28 June

2007

Report of the independent auditors to the members of Weston Investment Company Limited

We have audited the financial statements of Weston Investment Company Limited for the year ended 31 December 2006 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 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 2006 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

28 June 2007

Weston Investment Company Limited

Profit and loss account for the year ended 31 December 2006

| | <i>Note</i> | 2006 £'000 | 2005 £'000 |
|--|-------------|-----------------------|-----------------------|
| Operating income | 2 | 215 | 413 |
| Operating charges | 3 | (12,296) | (11,009) |
| Operating profit before exceptional items | | 215 | 413 |
| Write down of inter-company debt | 3 | (12,296) | (11,009) |
| Operating loss | | (12,081) | (10,596) |
| Income from shares in subsidiary undertakings | | 1,277,395 | 2,326,866 |
| Interest receivable from Group undertakings | | 18,511 | 964 |
| Interest payable to Group undertakings | | (542) | (1,678) |
| Profit on ordinary activities before taxation | | 1,283,283 | 2,315,556 |
| Taxation on ordinary activities | 4 | (3) | - |
| Profit for the financial year | | 1,283,280 | 2,315,556 |
| Dividends - interim paid on equity shares | | (1,295,000) | (1,826,000) |
| Retained (loss)/profit for the year | | (11,720) | 489,556 |

All the activities during the year are in respect of continuing operations

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 9 to 13

Weston Investment Company Limited

Balance sheet – 31 December 2006

| | <i>Note</i> | 2006 £'000 | 2005 £'000 |
|--|-------------|---------------|---------------|
| Fixed assets | | | |
| Investments in subsidiary undertakings | 5 | 3,368,706 | 3,368,706 |
| Current assets | | | |
| Debtors – amounts falling due within one year | 6 | 3,020,427 | 3,984,723 |
| Creditors – amounts falling due within one year | 7 | (4,406,227) | (5,358,803) |
| Net current liabilities | | (1,385,800) | (1,374,080) |
| Total assets less current liabilities | | 1,982,906 | 1,994,626 |
| Capital and reserves | | | |
| Called up share capital | 8 | 5,659 | 5,659 |
| Share premium | 9 | 1,549,032 | 1,549,032 |
| Profit and loss account | 9 | 428,215 | 439,935 |
| Total equity shareholders' funds | 10 | 1,982,906 | 1,994,626 |

The financial statements on pages 7 to 13 were approved by the Directors on 28 June 2007 and signed on behalf of the Board



D C Potter
Director

Notes are shown on pages 9 to 13

Weston Investment Company Limited

Notes to the accounts – 31 December 2006

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) 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, including where delays are anticipated in the receipt of monies from overseas

(5) Taxation

Taxation provided is that chargeable on the profits of the period, together with deferred taxation

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations However, as allowed by FRS 19, the Group has chosen not to discount deferred tax assets and liabilities

(6) Fixed asset investments

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

(7) Events after the balance sheet date

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 income

Operating income comprises guarantee fees

Weston Investment Company Limited

Notes to the accounts – 31 December 2006

3 Operating charges

| | 2006 £'000 | 2005 £'000 |
|-------------------------|---------------|---------------|
| Other operating charges | 12,296 | 11,009 |

Other operating charges comprise the write down of inter-company debts by £12,296,000 (2005 £11,009,000)

Auditors' fees of £1,848 were borne by a fellow Group undertaking (2005 £1,054 borne by a fellow Group undertaking)

There were no employees and no staff costs during the year (2005 £nil)

None of the Directors received any remuneration in respect of their services during the year (2005 £nil)

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

| | 2006 £'000 | 2005 £'000 |
|---------------------------------------|---------------|---------------|
| UK Corporation Tax | | |
| Comprising | | |
| - current tax at 30.00% (2005 30.00%) | - | - |
| Overseas tax | 3 | - |
| Total current taxation note 4(b) | 3 | - |

(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

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation | 1,283,283 | 2,315,556 |
| Corporation Tax at 30.00% (2005 30.00%) on profit on ordinary activities | 384,984 | 694,667 |
| Factors affecting the tax rate. | | |
| Permanent differences | (396,201) | (714,500) |
| Corporation tax on grossing up of foreign dividends | 4 | - |
| Overseas withholding taxes | 3 | - |
| Group loss relief surrendered at less than full consideration | 11,213 | 19,833 |
| Total current taxation charge note 4(a) | 3 | - |

An amount of £55,603,856 credit (2005 £65,811,183 credit) (tax amount of £16,681,157 (2005 £19,743,355)) included in permanent differences above represents tax adjustments in relation to UK to UK transfer pricing

Weston Investment Company Limited

Notes to the accounts – 31 December 2006

5 Investments in subsidiary undertakings

(1) Shares in subsidiaries

% equity shares held

Unlisted – registered in England and Wales

| | |
|--|--------|
| British American Tobacco International (Holdings) B V * | 35.88% |
| British American Tobacco Korea (Investments) Limited * | 100% |
| British American Tobacco China Holdings Limited * | 100% |
| British American Tobacco Peru Holdings Limited * | 100% |
| B A T (Westminster House) Limited | 100% |
| Precis (1789) Limited * | 100% |
| Precis (1790) Limited * | 100% |
| Precis (1814) Limited * | 100% |
| Precis (2398) Limited (now Dunhill Cigars of London Limited) | 100% |
| Precis (2458) Limited | 100% |
| Precis 2459 Limited (now British American Tobacco (Supply Chain WE) Limited) | 100% |
| Precis (2460) Limited | 100% |
| Precis (2461) Limited | 100% |
| British American Tobacco UK Limited | 100% |
| Rothmans (UK) Trading Limited | 100% |
| Lord Extra Limited | 100% |

* – These are individual holding companies

Unlisted – Germany

| | |
|--|------|
| British American Tobacco Morocco Holdings GmbH | 100% |
|--|------|

Unlisted – Hungary

| | |
|---------------------------|--------|
| BAT Pesci Donhanygyar Kft | 0.003% |
|---------------------------|--------|

Unlisted – St. Lucia

| | |
|------------------------------------|------|
| Carisma Marketing Services Limited | 100% |
|------------------------------------|------|

Unlisted – Peru

| | |
|----------------------------|--------|
| Distribuidora Dinamica S A | 0.013% |
|----------------------------|--------|

The total holding by the British American Tobacco Group in British American Tobacco International (Holdings) B V, BAT Pesci Donhanygyar Kft and Distribuidora Dinamica S A is 100% and, therefore, the Company's interest is included in investments in subsidiary undertakings

(2) Shareholdings at cost less provisions

£'000

| | |
|--------------------------------|-----------|
| 1 January and 31 December 2006 | 3,368,706 |
|--------------------------------|-----------|

On 22 February 2007, the Company subscribed for an additional 35,878 shares in British American Tobacco International (Holdings) B V in consideration for the conversion of £399.6m debt owed to the Company by British American Tobacco International (Holdings) B V. The Company's shareholding in British American Tobacco International (Holdings) B V remained unchanged at 35.88%.

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

Weston Investment Company Limited

Notes to the accounts – 31 December 2006

6 Debtors: amounts falling due within one year

| | 2006 £'000 | 2005 £'000 |
|---|------------------|------------------|
| Amounts due from other Group undertakings | 3,020,324 | 3,984,602 |
| Prepayments and accrued income | 103 | 121 |
| | 3,020,427 | 3,984,723 |

Included within amounts due from Group undertakings is an amount of £391,307,000 which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR rates. Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

7 Creditors: amounts falling due within one year

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| Amounts due to other Group undertakings | 4,406,227 | 5,358,803 |

Included within amounts due to Group undertakings is an amount of £10,000,000 which is unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR rates. Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

8 Called up share capital

| Ordinary shares of £1 each | 2006 | 2005 |
|------------------------------------|-------------|-------------|
| Authorised - value | £10,000,000 | £10,000,000 |
| - number | 10,000,000 | 10,000,000 |
| Allotted, called up and fully paid | | |
| - value | £5,658,764 | £5,658,764 |
| - number | 5,658,764 | 5,658,764 |

9 Reserves

| | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|--|--------------------------------------|--|----------------|
| 1 January 2006 | 1,549,032 | 439,935 | 1,988,967 |
| Retained profit for the financial year | - | 1,283,280 | 1,283,280 |
| Dividend paid | - | (1,295,000) | (1,295,000) |
| 31 December 2006 | 1,549,032 | 428,215 | 1,977,247 |

Weston Investment Company Limited

Notes to the accounts – 31 December 2006

10 Reconciliation of movements in shareholders' funds

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Profit for the year | 1,283,280 | 2,315,556 |
| Dividend paid | (1,295,000) | (1,826,000) |
| Net transfer (from)/to shareholders' funds | (11,720) | 489,556 |
| Opening shareholders' funds | 1,994,626 | 1,505,070 |
| Closing shareholders' funds | 1,982,906 | 1,994,626 |

11 Commitments and contingencies

The Company provides guarantees to other Group undertakings in the normal course of business. The Company does not expect these to materially affect its financial position.

12 Related parties

As a wholly-owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of the Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the British American Tobacco plc Group.

13 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco plc, being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is British American Tobacco (1998) Limited. Group accounts are prepared only at the British American Tobacco plc level.

14 Copies of the Report and Accounts

Copies of the Report and Accounts of British American Tobacco plc may be obtained from

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