

British American Tobacco (AIT) Limited
(Formerly Rothmans of Pall Mall (International) Limited)

Registered Number 934507

Directors' Report and Financial Statements

For the year ended 31 December 2009

TUESDAY



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British American Tobacco (AIT) Limited
(Formerly Rothmans of Pall Mall (International) Limited)

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British American Tobacco (AIT) Limited (Formerly Rothmans of Pall Mall (International) 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 acts as an investment holding company in subsidiaries and associated undertakings of the British American Tobacco p l c Group (the "Group") which are active in the tobacco industry

Review of the year to 31 December 2009

The profit for the financial year attributable to British American Tobacco (AIT) Limited shareholders after deduction of all charges and the provision of tax amounted to £2,230,000 (2008 £3,363,000)

The Directors expect the Company's activities to continue on a similar basis in the foreseeable future

The Company changed its name on 19 July 2010 from Rothmans of Pall Mall (International) Limited

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 in 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

The Directors do not recommend the payment of a dividend for the year (2008 £nil)

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	
Patrick Michael Heneghan	Appointed 16 July 2010
Nicola Snook	
Charl Erasmus Steyn	

British American Tobacco (AIT) Limited
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Directors' report

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.

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 or her knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) he or she has taken all steps that a director might reasonably be expected to have taken in order to make himself or herself aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



For and on behalf of Risecretaries Limited, Secretary

27 July 2010

Independent auditors' report to the members of British American Tobacco (AIT) Limited (Formerly Rothmans of Pall Mall (International) Limited)

We have audited the financial statements of British American Tobacco (AIT) 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 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 page 4 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 British American Tobacco (AIT) Limited (Formerly Rothmans of Pall Mall (International) 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

29 July 2010

British American Tobacco (AIT) Limited
(Formerly Rothmans of Pall Mall (International) Limited)

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Operating profit	2	-	-
Income from shares in Group undertakings		887	413
Income from shares in associated undertakings		556	480
Profit on ordinary activities before interest and taxation		1,443	893
Interest receivable from Group undertakings		970	2,521
Profit on ordinary activities before taxation		2,413	3,414
Taxation on profit on ordinary activities	3	(183)	(51)
Profit for the financial year	9	2,230	3,363

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

British American Tobacco (AIT) Limited
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Registered Number 934507

Balance sheet – 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments in subsidiary undertakings	4	1,676	1,676
Investments in associated undertakings	5	1,327	1,327
		3,003	3,003
Current assets			
Debtors amounts falling due within one year	6	185,453	183,173
Creditors: amounts falling due within one year	7	(2,354)	(2,304)
Net current assets		183,099	180,869
Total assets less current liabilities		186,102	183,872
Capital and reserves			
Share capital	8	117,500	117,500
Share premium account	9	461	461
Profit and loss account	9	68,141	65,911
Total shareholders' funds	10	186,102	183,872

The financial statements on pages 7 to 13 were approved by the Directors on 27 July 2010 and signed on behalf of the Board



N Snook

Director

Notes are shown on pages 9 to 13

British American Tobacco (AIT) Limited
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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. 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 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 for 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) Fixed asset investments

Fixed asset investments in subsidiary companies and associates are stated at cost less provisions for any impairment in value.

British American Tobacco (AIT) Limited
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Notes to the financial statements – 31 December 2009

2 Operating profit

The average monthly number of persons employed by the Company during the year was 2 (2008 3), all of whom were working in an administrative capacity. All employment costs are borne by a fellow Group undertaking.

Auditors' fees of £696 were borne by a fellow Group undertaking (2008 £696).

None of the Directors received any remuneration in respect of their services as a director of the Company during the year (2008 £nil).

3 Taxation on profit on ordinary activities

(a) Summary of tax on profit on ordinary activities

	2009	2008
	£'000	£'000
Current tax:		
UK corporation tax on profit of the year		
Comprising		
- current tax at 28.0% (2008 28.5%)	240	375
- double tax relief	(240)	(375)
	-	-
Overseas tax	183	51
Total current taxation charge note 3(b)	183	51

(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	2008
	£'000	£'000
Profit on ordinary activities before tax	2,413	3,414
Corporation tax at 28.0% (2008 28.5%) on profit on ordinary activities	676	973
Factors affecting the tax rate:		
Corporation tax on regrossing up foreign dividends	84	123
Permanent differences	481	1,523
Group loss relief claimed for nil consideration	(752)	(2,244)
Overseas tax	183	51
Corporate income tax relief on intra-group dividends	(249)	-
Double tax relief	(240)	(375)
Total current taxation charge note 3(a)	183	51

An amount of £1,717,000 (2008 £5,352,000) (tax amount of £481,000 (2008 £1,525,000)) included in permanent differences above represents tax adjustments in respect of UK to UK transfer pricing.

British American Tobacco (AIT) Limited
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Notes to the financial statements – 31 December 2009

4 Investments in subsidiary undertakings

(1) Shares in subsidiary undertakings

% equity shares held

Unlisted – registered in Rwanda

British American Tobacco Rwanda S A R L
 (formerly called Tabarwanda S A R L)

1 Ordinary shares of RWF 18 571 each
 100 00%

The Company has taken advantage of the exemption under Section 410 of the Companies Act 2006 by providing information only in relation to subsidiary undertakings whose results or financial position, in the opinion of the Directors, principally affected the figures shown in the financial statements

(2) Shareholdings at cost less provision for impairment

£'000

1 January and 31 December 2009

1,676

- (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

5 Investments in associated undertakings

The Company's principal associated undertaking at 31 December 2009 was National Tobacco and Matches Company, a company registered in Yemen and which is engaged in tobacco operations. The Company's interest is in ordinary shares of YAR50, representing 31% of the equity

Shareholdings in associates at cost

£'000

1 January and 31 December 2009

1,327

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

British American Tobacco (AIT) Limited
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Notes to the financial statements – 31 December 2009

6 Debtors: amounts falling due within one year

	2009	2008
	£'000	£'000
Amounts due from Group undertakings	185,453	183,173

Included within amounts due from Group undertakings is an amount of £155,474,000 (2008 £153,750,000) which is unsecured, interest bearing and are 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

	2009	2008
	£'000	£'000
Amounts due to Group undertakings	2,354	2,304

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

8 Share capital

Ordinary shares of £1 each	2009	2008
Authorised - value	£117,500,000	£117,500,000
- number	117,500,000	117,500,000
Allotted, called up and fully paid		
- value	£117,500,000	£117,500,000
- number	117,500,000	117,500,000

9 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
1 January 2009	461	65,911
Profit for the financial year	-	2,230
31 December 2009	461	68,141

British American Tobacco (AIT) Limited
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Notes to the financial statements – 31 December 2009

10 Reconciliation of movements in shareholders' funds

	2009	2008
	£'000	£'000
Profit for the financial year	2,230	3,363
Opening shareholders' funds	183,872	180,509
Closing shareholders' funds	186,102	183,872

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 B A T (U K and Export) 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