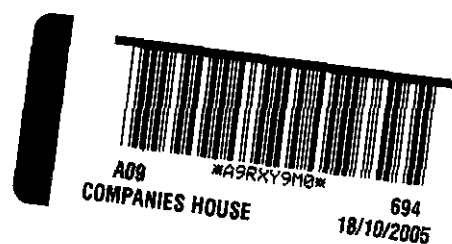


Rothmans of Pall Mall (International) Limited
Registered Number 934507

Directors' Report and Accounts

For the year ended 31 December 2004



Rothmans of Pall Mall (International) Limited

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Rothmans of Pall Mall (International) Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2004.

Principal activities

The principal activities of the Company during the year were the marketing, sale and distribution of tobacco products on behalf of its parent company. The Company also acts as a holding company for certain companies in the British American Tobacco Group.

Review of the year to 31 December 2004

The profit for the year attributable to Rothmans of Pall Mall (International) Limited shareholders after deduction of all charges and the provision of tax amounted to £42,584,000 (2003: £6,235,000).

Dividends

The Directors do not recommend the payment of a dividend for the year (2003: nil). The profit for the financial year of £42,584,000 will be transferred to reserves (2003: £6,235,000).

Board of Directors

Robert James Casey

Alan Fraser Porter

Christopher David Powell (resigned 20 December 2004)

Charl Erasmus Steyn

Directors' interests

The interests of those persons who were Directors at 31 December 2004 in the share capital and share option and award schemes of British American Tobacco p.l.c., and its subsidiaries, according to the register maintained under Section 325 of the Companies Act 1985, are shown below.

British American Tobacco p.l.c. Ordinary 25p shares

	1 January 2004	31 December 2004
R J Casey	10,985	10,769
A F Porter	9,246	9,604
C E Steyn	6,701	5,977

In addition to the shares shown above, during the year the Directors held the following interests in the ordinary shares of British American Tobacco p.l.c. which are held in trust pursuant to the British American Tobacco Deferred Share Bonus Scheme:

Rothmans of Pall Mall (International) Limited

Directors' Report

Directors' interests (continued)

British American Tobacco p.l.c. Ordinary 25p shares

	1 January 2004	31 December 2004
R J Casey	23,408	21,096
A F Porter	13,258	13,450
C E Steyn	14,805	14,365

Details of the Deferred Share Bonus Scheme are included in the Report and Accounts of British American Tobacco p.l.c.

British American Tobacco p.l.c. Share Option and Awards Schemes

	1 January 2004	Granted	Lapsed	Exercised	31 December 2004
R J Casey	135,826	15,947	5,554	41,931	104,288
A F Porter	34,341	12,059	-	8,620	37,780
C E Steyn	63,908	12,463	3,423	28,281	44,667

In addition to those interests disclosed above, on 31 December 2004, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 26,728,406 ordinary shares in British American Tobacco p.l.c. (1 January 2004: 31,945,642 ordinary shares). All employees, including the Directors of the Company, are deemed to have a beneficial interest in the shares that are held by the trusts for the purpose of satisfying options granted between 1994 and 1998 under the B.A.T Industries Employee Share "E" Option Scheme and from 1998 onwards for options granted under the British American Tobacco Share Option Scheme or awards of ordinary shares made under the British American Tobacco Long Term Incentive Plan and the British American Tobacco Deferred Share Bonus Scheme.

Details of the trusts and the share option and award schemes are included in the Report and Accounts of British American Tobacco p.l.c.

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.

Rothmans of Pall Mall (International) Limited Directors' report

Statement of Directors' responsibilities (continued)

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.

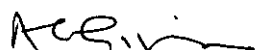
The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

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



For and on behalf of **Risecretaries Limited**
Secretary

10 October 2005

Rothmans of Pall Mall (International) Limited

Report of the independent auditors to the shareholders of Rothmans of Pall Mall (International) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

10 October 2005

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Rothmans of Pall Mall (International) Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Operating income	2	-	4,033
Operating charges	3	(13)	(38)
Operating (loss)/profit		(13)	3,995
Income from fixed asset investments		193	1,605
Income from shares in associated undertakings		818	931
Interest receivable from group undertakings		634	3
Profit on sale of subsidiary	5	10,000	-
Profit on sale of investment	7	30,971	-
Amounts written off investments		-	(155)
Profit on ordinary activities before taxation		42,603	6,379
Taxation on ordinary activities	4	(19)	(144)
Profit for the financial year		42,584	6,235
Increase in reserves		42,584	6,235

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.

Rothmans of Pall Mall (International) Limited

Balance sheet – 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments in subsidiary undertakings	5	1,688	1,036
Investments in associated undertakings	6	1,327	1,327
Other fixed asset investments	7	-	2,233
		3,015	4,596
Current assets			
Debtors - amounts falling due within one year	8	172,098	127,933
Creditors – amounts falling due within one year	9	(2,304)	(2,304)
Net current assets		169,794	125,629
Total assets less current liabilities		172,809	130,225
Capital and reserves			
Called up share capital	10	117,500	117,500
Share premium account	11	461	461
Profit and loss account	11	54,848	12,264
Total equity shareholders' funds	12	172,809	130,225

The financial statements on pages 7 to 13 were approved by the Directors on **10** October 2005 and signed on behalf of the Board.



C.E. Steyn

Director

Notes are shown on pages 9 to 13.

Rothmans of Pall Mall (International) Limited

Notes to the accounts – 31 December 2004

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 the Companies Act 1985 and applicable UK accounting standards.

(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 FRS19, 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.

2 Operating income

	2004 £'000	2003 £'000
Other operating income	-	4,033

Other operating income in 2003 includes agency fees from B.A.T (U.K. & Export) Limited.

Rothmans of Pall Mall (International) Limited

Notes to the accounts – 31 December 2004

3 Operating charges

	2004 £'000	2003 £'000
Other operating charges	13	38

Staff costs have been borne by a fellow Group undertaking (2003:£nil).

Auditors' fees were £818. (2003: Fees were borne by a fellow Group undertaking).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year.

4 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2004 £'000	2003 £'000
UK Corporation Tax comprising	-	-
- current tax at 30.00% (2003: 30.00%)	541	1,149
- double taxation relief	(541)	(1,149)
Overseas tax charge/(credit) comprising	19	144
- prior year adjustment	-	(16)
- current tax charge on income	19	160
Total current taxation charge note 4(b)	19	144

(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:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	42,603	6,379
Corporation Tax at 30.00% (2003: 30.00%) on profit on ordinary activities	12,781	1,914
Factors affecting the tax rate:		
Corporation tax on regrossing up foreign dividends	188	392
Permanent differences	(10,505)	46
Group loss relief claimed for nil consideration	(1,923)	(1,203)
Overseas withholding taxes	19	160
Double taxation relief on UK profits	(541)	(1,149)
Adjustments in respect of previous periods	-	(16)
Total current taxation charge note 4(a)	19	144

An amount of £5,957,047 (tax amount of £1,787,114) included in permanent differences above represents tax adjustments following the introduction of UK to UK transfer pricing from 1st April 2004.

Rothmans of Pall Mall (International) Limited

Notes to the accounts – 31 December 2004

5 Investments in subsidiary undertakings

(1) Shares in principal group undertakings

% equity shares held

Unlisted – registered in Eritrea

British American Tobacco Eritrea Share Company
Limited

Ordinary shares of £1 each
100%

Unlisted – registered in Rwanda

Tabarwanda S.A.R.L

Ordinary shares of RWF 18,571 each
100%

During the year the Company increased its interest in Tabarwanda S.A.R.L from 78.56% to 100%.

The Company has taken advantage of the exemption under s231(5) of the Companies Act 1985 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.

During the year the Company disposed of its 100% owned investment in Lord Extra Limited for consideration of £10,000,000 to another group company, realising a gain on disposal of £10,000,000.

(2) Shareholdings at cost less provisions

	£'000
1 January 2004	1,036
Addition	652
31 December 2004	1,688

- (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.

6 Investments in associated undertakings

The Company's principal associated undertaking at 31 December 2004 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 YAR5, representing 31% of the equity.

Shareholdings in associates at cost less provision for impairment

	£'000
1 January and 31 December 2004	1,327

Rothmans of Pall Mall (International) Limited

Notes to the accounts – 31 December 2004

7 Other fixed asset investments

	£'000
1 January 2004	2,233
Disposals	(2,233)
31 December 2004	-

During the year the Company disposed of its investment in Lakson Tobacco Company Limited for consideration (net of disposal expenses) of £33,204,000, realising a profit on disposal of £30,971,000.

8 Debtors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due from group undertakings	171,677	127,933
Dividends receivable	421	-
	172,098	127,933

9 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due to group undertakings	2,304	2,304

10 Called up share capital

Ordinary shares of £1 each	2004	2003
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

11 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
1 January 2004	461	12,264	12,725
Profit for the financial year	-	42,584	42,584
31 December 2004	461	54,848	55,309

Rothmans of Pall Mall (International) Limited

Notes to the accounts – 31 December 2004

12 Reconciliation of movements in shareholders' funds

	2004	2003
	£'000	£'000
Profit for the year	42,584	6,235
Opening shareholders' funds	130,225	123,990
Closing shareholders' funds	172,809	130,225

13 Related parties

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

14 Parent undertakings

The Company's ultimate parent undertaking is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. Its immediate parent undertaking is B.A.T (U.K. and Export) Limited. Group accounts are prepared only at the British American Tobacco p.l.c. level.

15 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