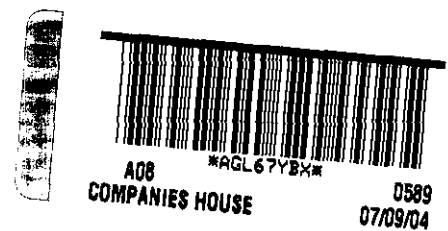


British American Shared Services Limited
(formerly known as Akkade Limited)

Registered Number 4048887

Directors' Report and Accounts

For the year ended 31 December 2003



British American Shared Services Limited

Contents

Directors' report.....	3
Report of the independent auditors to the members of British American Shared Services Limited.....	6
Profit and loss account for the year ended 31 December 2003	7
Balance sheet – 31 December 2003.....	8
Notes to the accounts – 31 December 2003	9

British American Shared Services Limited

Directors' report

The Directors present their report together with the audited accounts for the year ended 31 December 2003.

Principal activities

The Company was formed to provide a tobacco-focussed e-marketplace providing services to enable the British American Tobacco Group to generate global cost synergies through the use of emerging technologies and the internet.

Review of the year to 31 December 2003

On 11 June 2003 the Company transferred its holding in Akkade Holdings PLC to another Group company. Also on 20 June 2003 the ownership of the Company's issued ordinary shares was transferred from Akkade Holdings PLC to British American Enterprises Limited.

The loss for the year attributable to British American Shared Services Limited shareholders after the deduction of all charges and the provision of tax amounted to £7,710,000 (2002: £2,388,000).

On 24 February 2004 the Company changed its name from Akkade Limited.

Dividends

The Directors do not recommend the payment of a dividend for the year (2002: £nil). The loss for the financial year of £7,710,000 (2002: £2,388,000) will be offset against reserves.

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2003 to the date of this report are as follows:

	Appointed	Resigned
Christopher James Clemmow*		3 June 2003
Ridirectors Limited		3 June 2003
John Benedict Stevens	3 June 2003	24 February 2004
Stuart Melville Sutherland	3 June 2003	30 January 2004
Timothy James Bartle	23 February 2004	
Dominic Anthony Holland	23 February 2004	
Christopher David Powell	23 February 2004	
Charl Erasmus Steyn	23 February 2004	

*C.J. Clemmow was reappointed on 23 February 2004 after resigning from an earlier appointment as Director of the Company.

British American Shared Services Limited

Directors' report

Directors' interests

The interests of those persons who were Directors at 31 December 2003 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 2003*	31 December 2003
John Benedict Stevens	46,714	25,222
Stuart Melville Sutherland	2,700	2,700

*Or date of appointment if later.

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:

	1 January 2003*	31 December 2003
John Benedict Stevens	29,574	29,574
Stuart Melville Sutherland	9,944	9,944

*Or date of appointment if later.

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 options and awards

	1 January 2003*	Granted	Lapsed	Exercised	31 December 2003
John Benedict Stevens	108,562	-	-	-	108,562
Stuart Melville Sutherland	41,658	-	-	-	41,658

*Or date of appointment if later.

In addition to those interests disclosed above, on 31 December 2003, the British American Tobacco Group Employee Trust and the B.A.T Industries Employee Share Ownership Plan held a total of 31,945,642 ordinary shares in British American Tobacco p.l.c. (1 January 2003: 37,696,678 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.

British American Shared Services Limited

Directors' report

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.

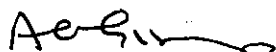
General meeting

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



Anne Christine Girling
Assistant Company Secretary

2 September 2004

Report of the independent auditors to the members of British American Shared Services 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.

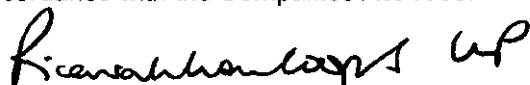
Basis of audit opinion

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 affairs of the Company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



2 September 2004

PricewaterhouseCoopers LLP

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

British American Shared Services Limited

Profit and loss account for the year ended 31 December 2003

	<i>Note</i>	2003 £'000	2002 £'000
Operating charges	2	(4,412)	(2,388)
Operating loss		(4,412)	(2,388)
Loss on disposal of fixed assets	4	(3,298)	-
Loss on ordinary activities before taxation		(7,710)	(2,388)
Taxation on ordinary activities	3	-	-
Decrease in reserves		(7,710)	(2,388)

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

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

There are no recognised gains and losses other than the loss for the year.


Notes are shown on pages 9 to 13.

British American Shared Services Limited

Balance sheet – 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	4	6,931	4,139
Investments in group undertakings	5	-	12
		6,931	4,151
Creditors - amounts falling due within one year	6	(38,024)	(27,534)
Net current liabilities		(38,024)	(27,534)
Total assets less current liabilities		(31,093)	(23,383)
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	(31,093)	(23,383)
Total equity shareholders' funds	9	(31,093)	(23,383)

The financial statements on pages 7 to 13 were approved by the Directors on 2 September 2004 and signed on behalf of the Board.



Christopher J. Clemmow
Director

Notes are shown on pages 9 to 13.

British American Shared Services Limited

Notes to the accounts – 31 December 2003

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) Tangible fixed assets

Tangible fixed assets are stated at cost less 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 rate of depreciation used is:

	%
Computer software	25

(4) Fixed asset investments

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

(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, in adopting FRS19, the Group has chosen not to discount deferred tax assets and liabilities.

British American Shared Services Limited

Notes to the accounts – 31 December 2003

2 Operating charges

	2003 £'000	2002 £'000
Depreciation	2,117	455
Other operating charges	2,295	1,933
	4,412	2,388

Auditors' fees are borne by a fellow Group undertaking (2002: £nil).

None of the Directors received any remuneration in respect of their services to the Company during the year (2002: £nil).

There were no employees and no staff costs during the year (2002: £nil).

3 Taxation on ordinary activities

(a) Summary of tax on ordinary activities

	2003 £'000	2002 £'000
UK Corporation Tax comprising	-	-
- current tax at 30.00% (2002: 30.00%)	-	-
Total current taxation <i>note 3(b)</i>	-	-

(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:

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(7,710)	(2,388)
Corporation Tax at 30.00% (2002: 30.00%) on loss on ordinary activities	(2,313)	(716)
Factors affecting the tax rate:		
Permanent differences	4	-
Group loss relief surrendered at less than full consideration	-	591
Timing differences	2,309	125
Total current taxation charge <i>note 3(a)</i>	-	-

British American Shared Services Limited

Notes to the accounts – 31 December 2003

4 Tangible fixed assets

	Plant, machinery and equipment
	£'000
Cost	
At 1 January 2003	18,432
Additions	8,207
Disposals	(4,325)
At 31 December 2003	22,314
Depreciation	
At 1 January 2003	14,293
Charge for the year	2,117
Disposals	(1,027)
At 31 December 2003	15,383
Net book value	
At 31 December 2003	6,931
At 31 December 2002	4,139

5 Investment in group undertakings

Shareholdings at cost less provisions

	2003 £'000
1 January 2003	12
Disposals	(12)
31 December 2003	-

On 11 June 2003 the investment in Akkade Holdings PLC was transferred to another Group company.

6 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts due to other group undertakings	38,024	27,534

British American Shared Services Limited

Notes to the accounts – 31 December 2003

7 Called up share capital

Ordinary shares of £1 each	2003	2002
Authorised - value	£100	£100
- number	100	100
<hr/>		
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

8 Reserves

	Profit and loss account £'000
1 January 2003	(23,383)
Loss for the financial year	(7,710)
31 December 2003	(31,093)

9 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Loss attributable to shareholders for the year	(7,710)	(2,388)
Net transfer from shareholders' funds	(7,710)	(2,388)
Opening shareholders' funds	(23,383)	(20,995)
Closing shareholders' funds	(31,093)	(23,383)

10 Related parties

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 p.l.c. Group.

11 Parent support

An intermediate parent undertaking has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future.

British American Shared Services Limited

Notes to the accounts – 31 December 2003

12 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 British American Enterprises 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