



28 July 2010

HALF-YEARLY REPORT TO 30 JUNE 2010

SUMMARY

SIX MONTHS RESULTS - unaudited	2010	2009	Change
Revenue	£7,298m	£6,780m	+8%
Profit from operations	£2,271m	£2,111m	+8%
Adjusted profit from operations	£2,460m	£2,164m	+14%
Basic earnings per share	76.9p	73.2p	+5%
Adjusted diluted earnings per share	87.1p	77.3p	+13%
Interim dividend per share	33.2p	27.9p	+19%

- Group revenue increased by 8 per cent to £7,298 million as a result of the continued good pricing momentum, volume from the acquisition of PT Bentoel Internasional Investama Tbk (Bentoel) made in June 2009 and the favourable impact of exchange rate movements. Revenue increased by 4 per cent at constant rates of exchange.
- The reported Group profit from operations was 8 per cent higher at £2,271 million. Adjusted profit from operations was 14 per cent higher and would have been 9 per cent higher at constant rates of exchange.
- Group volumes were 348 billion, in line with last year. Market share of the Group's top 40 markets increased but on an organic basis, volumes were down 3 per cent, mainly driven by market declines in Romania, Turkey, Japan and Pakistan.
- The four Global Drive Brands achieved good overall volume growth of 6 per cent. Dunhill was up 21 per cent, Lucky Strike 1 per cent and Pall Mall grew by 7 per cent, while Kent volumes fell 4 per cent due to industry declines in its main markets.
- Adjusted diluted earnings per share rose by 13 per cent, principally as a result of the strong growth in profit from operations and favourable exchange movements. Basic earnings per share were up 5 per cent at 76.9p (2009: 73.2p).
- The Board has declared an interim dividend of 33.2p, a 19 per cent increase on last year, to be paid on 29 September 2010.
- The Chairman, Richard Burrows, commented "These results show that British American Tobacco's business is in very good shape, with continued pricing momentum, increasing market share in key markets and improving organic volume trends. While the comparisons with 2009 will become tougher in the second half, shareholders should see another year of good growth in both earnings and dividends."

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BRITISH AMERICAN TOBACCO p.l.c.
HALF-YEARLY REPORT TO 30 JUNE 2010

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CHAIRMAN'S STATEMENT

In a difficult trading environment, I am pleased to report that British American Tobacco has had a good first half, with continued revenue growth and a very satisfactory increase in profit from operations. Revenue grew by 4 per cent at constant rates of exchange and by 8 per cent at current rates, while adjusted profit from operations improved by 9 per cent at constant rates and by 14 per cent at current rates.

As a result of the strong growth in profit from operations and favourable exchange movements, adjusted diluted earnings per share increased by 13 per cent to 87.1p. The Board has declared an Interim Dividend of 33.2p, up 19 per cent. As usual, the Interim Dividend represents one third of last year's total dividend. It will be paid on 29 September to shareholders on the Register at 20 August 2010.

On 24 June, the Board announced that Nicandro Durante will become Chief Executive of British American Tobacco on the retirement of Paul Adams at the end of February 2011. In anticipation of his new role, Nicandro will become Chief Executive Designate on 1 September 2010. He will be succeeded in his current role as Chief Operating Officer by John Daly, also on 1 September. From the same date, Ben Stevens, Finance Director, will take on the additional role of Chief Information Officer.

The Board is delighted to have been able to choose such a strong and experienced internal candidate to succeed Paul, who has been an outstandingly successful Chief Executive.

In addition to the executive appointments, we also announced on 24 June that Kieran Poynter would become a Non-Executive Director with effect from 1 July 2010.

These results show that British American Tobacco's business is in very good shape, with continued pricing momentum, increasing market share in key markets and improving organic volume trends. While the comparisons with 2009 will become tougher in the second half, shareholders should see another year of good growth in both earnings and dividends.

Richard Burrows
27 July 2010

BUSINESS REVIEW

The Group revenue grew by 8 per cent to £7,298 million, or at 4 per cent at constant rates of exchange. This was the result of a favourable impact of exchange rate movements, continued good pricing momentum and additional volumes from the acquisition of PT Bentoel Internasional Investama Tbk (Bentoel) made in the middle of last year.

The reported profit from operations was 8 per cent higher at £2,271 million with a 14 per cent increase after adjusting items, as explained on pages 24 and 25. Profit from operations, after adjusting items, would have been 9 per cent higher at constant rates of exchange. All the regions contributed to this good profit result, except for Eastern Europe where lower industry volumes adversely impacted the two main markets, Russia and Romania.

Group volumes were 348 billion, in line with last year, mainly as a result of the acquisition of Bentoel, offset by market size declines and an increase in illicit trade in some markets. Market share of the Group's Top 40 markets increased but, excluding the benefits of the Bentoel acquisition, volumes were down 3 per cent on last year as a result of the industry volume declines in some markets, mainly Romania, Turkey, Japan and Pakistan.

The four Global Drive Brands achieved good overall volume growth of 6 per cent following the successful launches of a number of innovations, resulting in the continued improvement in market shares. Dunhill increased volumes by 21 per cent mainly as a result of brand migrations in Brazil and South Africa and strong growth in the GCC, Russia and France. Kent was 4 per cent lower after industry volume declines in its main markets of Romania and Russia, although market share was up in both markets.

Lucky Strike volumes were slightly up with growth in many markets, partially offset by declines in its main markets of Germany and Spain. Pall Mall volumes increased by 7 per cent with growth in Germany, Uzbekistan, Italy, Spain, Pakistan and Chile, partially offset by lower volumes in Russia, Romania and Turkey.

The profit discussed in the business review is based on adjusted profit from operations, at current rates of exchange.

Adjusted profit from operations* at constant and current rates of exchange is as follows:

	30.6.10		30.6.09
	Adjusted profit from operations*	Adjusted profit from operations*	Adjusted profit from operations*
	Constant	Current	
	rates	rates	
	£m	£m	£m
Asia-Pacific	591	651	557
Americas	625	694	579
Western Europe	560	548	509
Eastern Europe	169	124	183
Africa and Middle East	412	443	336
Total	2,357	2,460	2,164

*Adjusted profit from operations (page 12) is derived after excluding adjusting items from profit from operations. Adjusting items include restructuring and integration costs, amortisation of trademarks and gains on disposal of businesses and trademarks as explained on pages 24 and 25.

Business review cont...

In **Asia-Pacific**, profit was up £94 million to £651 million as a result of strong performances in Australia, New Zealand, Bangladesh and Sri Lanka and favourable exchange rates. The region benefited from the acquisition of Bentoel which has been successfully merged with the existing Indonesian business. At constant rates of exchange, profit would have increased by £34 million or 6 per cent. Volumes at 95 billion were 8 per cent higher as increases in Bangladesh and Vietnam, and the additional volumes from Bentoel, were partially offset by lower volumes in Australia, Japan, South Korea, Taiwan and Pakistan.

Strong profit growth in Australia was attributable to higher pricing and continued cost saving initiatives, partially offset by increased competitive price discounting. Market share declined slightly but Pall Mall and Winfield have performed well. In New Zealand, volumes were lower, impacted by a large excise increase. Despite this, Pall Mall has been growing volume and share. Profit was up due to price increases, lower costs and a stronger exchange rate.

In Malaysia, Pall Mall's market share grew strongly while premium priced Dunhill and Kent were both stable. Volumes were slightly down due to legal industry volume decreases, although the rate of decline was lower as a result of improved economic conditions. Profit decreased marginally as a result of lower volumes, partly compensated by higher pricing and reduced costs.

In Japan, volumes were down following continued industry decline but market share was up. In addition to the continued good performance of Kool, Kent has returned to share growth, driven by the successful launch of Nanotek. Profits were down, mainly due to phasing of marketing investments.

In Vietnam, a solid performance was achieved with volume growth and market share gain. Profit was slightly lower, impacted by unfavourable exchange rate movements. Volumes in South Korea were lower due to reduced industry volumes and slightly lower market share. Profit decreased as a result of lower volumes and increased marketing investment behind the launch of Kent HD and Dunhill Nanocut.

In Taiwan, profit was down driven by lower volumes as a result of market contraction and down-trading to the low-priced segment, following excise-led price increases. Overall market share grew while Dunhill maintained share.

Volumes and market share were lower in Pakistan, due to unfavourable economic conditions and an excise-driven price increase that accelerated down-trading to the illicit sector. Profit decreased as a result of lower volumes. In Bangladesh, strong profit growth was achieved through increased volumes, higher margins and lower costs. Market share grew. In Sri Lanka, profit was up strongly, benefiting from price increases, a better sales mix and continued productivity improvements. Dunhill and Pall Mall both recorded an improvement in market share and overall volumes were maintained.

In Indonesia, volumes and market share of the Bentoel business grew strongly. Following the acquisition of Bentoel, it was successfully merged with the existing business. Profit grew due to higher volumes and market share, price increases and synergy savings resulting from the merger.

In **Americas**, profit rose by £115 million to £694 million, mainly attributable to a strong performance from Canada and Chile, an improved product mix and exchange rate benefits. At constant rates of exchange, profit would have risen by £46 million or 8 per cent. Volumes were down 1 per cent at 73 billion, with the small decreases experienced by Brazil and Venezuela as a result of industry declines, almost offset by higher volumes in Canada and Chile.

In Brazil, profit was slightly down as a result of the one-off benefit of higher margins in the comparative period due to price rises in anticipation of excise tax increases. Higher prices led to lower industry volumes but market share increased strongly.

Business review cont...

Profit in Canada grew, benefiting from higher volumes and a strong currency. Volume growth was achieved on the back of a significant reduction in illicit product as a result of the authorities' enforcement activities. Good share growth was achieved for the last three quarters and leadership was gained in all price segments although market share declined slightly versus the first half of 2009.

In Mexico, volumes were slightly lower compared to last year but market share has been relatively stable since mid-2009, with good performances from Pall Mall and Montana. Higher margins and lower overheads were offset by increased marketing investment, resulting in profit in line with last year. Profit in Argentina was higher as price increases were only partially offset by lower volumes. Lucky Strike showed strong volume and share growth.

In Chile, volumes and market share increased, driven mainly by strong performances by Lucky Strike and Pall Mall. As a result, profit grew significantly, enhanced by price rises ahead of an excise increase. In Venezuela, industry volumes were adversely impacted by the economic conditions. Profit decreased as a result of lower volumes and despite price rises to offset the impact of inflation.

Profit in Central America and the Caribbean was down as a result of the impact of the lower volumes in the area, after excise driven price increases led to volume contractions for the industry. Overall market share increased and strengthened our market leadership position, with Dunhill performing strongly.

Profit in **Western Europe** increased by £39 million to £548 million, mainly as a result of strong performances in Germany, Belgium and the Netherlands, partially offset by declines in Switzerland and Poland. At constant rates of exchange, profit would have increased by £51 million or 10 per cent. Regional volumes were 6 per cent lower at 59 billion as a result of declines in Poland, Denmark, Switzerland and the Netherlands, as well as the termination of the Gauloises agreement.

In Italy, a small increase in volumes was the result of the good performance of the Global Drive Brands largely offset by the decline of a number of local brands. Price increases in December 2009 resulted in increased revenue but profit was slightly lower as a result of higher marketing investment.

Volumes in Germany were lower as a result of the termination of the Gauloises agreement, however, underlying volumes and market share were stable. This was driven by an excellent performance by Pall Mall, while Lucky Strike maintained its strong position. Higher margins from prior year price increases and lower costs resulted in a strong increase in profit.

Volumes in France were lower, slightly ahead of industry declines, while profit was in line with last year. The good performances of Vogue, Dunhill and Pall Mall, which all grew volumes and share, were more than offset by the lower volumes of Winfield and Lucky Strike. In Spain, profit grew and market share was significantly higher with stable volumes in a declining total market, driven by Pall Mall and Lucky Strike. Profit in Switzerland decreased as volumes and market share were impacted by increased price discounting activities by competitors, partially offset by favourable exchange rates.

In Belgium, volumes were down marginally driven by a weaker total market although market share grew as Pall Mall and Kent performed strongly. Profit was higher due to improved pricing. In the Netherlands, volumes were lower due to loss of market share as the decline in tail brands was not fully compensated by growth in Global Drive Brands. Profit grew strongly benefiting from improved margins driven by higher industry pricing.

In Poland, industry volumes continued to fall. The decline of the tail brands acquired with ST, resulted in a decrease in market share despite Viceroy performing strongly with a significant increase in volumes. The impact of lower volumes on profit was only partially offset by an increase in prices. In May 2010 the Group announced that agreement had been reached with employee representatives regarding the closure of the Jawornick factory in Poland and that the last month of production will be, at the latest, January 2011.

Business review cont...

Volumes in Denmark were lower due to the discontinuation of various tail brands and down-trading following a significant excise-driven price increase. Profit was higher as a result of price increases and a reduction in overheads, partially offset by lower volumes. The closure of the Soeborg factory in Denmark was announced in October 2009 and is progressing well.

Profit in the **Eastern Europe** region decreased by £59 million to £124 million. This was principally due to lower volumes and the adverse impact of exchange rates. At constant rates of exchange, profit would have decreased by £14 million or 8 per cent. Volumes at 58 billion were 3 per cent lower than last year, mainly in Romania, due to industry decline.

In Russia, volumes were in line with last year although market share was slightly lower. The success of Kent resulted in the continued growth of market share in the premium segment, as well as sequential growth in overall share for the last two quarters. Profit was down as a result of increased marketing investment.

In Romania, a significant increase in illicit trade and lower industry volumes were the result of numerous and large excise-driven price increases. The impressive performance by premium priced Kent drove the strong increase in market share. The impact of the substantial reduction in volumes, only partially offset by price increases, led to significantly lower profit.

In Ukraine, Kent and Dunhill performed strongly and led to an increased market share. Higher volumes were driven by loading by the trade in advance of an excise rises and, together with higher margins, resulted in an increase in profit.

In Uzbekistan, an excise increase resulted in lower volumes despite a strong growth in market share. Improved pricing and an improved product mix were more than offset by lower volumes and an adverse exchange rate impact, resulting in significantly reduced profit.

Profit from the **Africa and Middle East** region grew by £107 million to £443 million. At constant rates of exchange, profit would have improved by £76 million or 23 per cent, mainly driven by Nigeria, South Africa and GCC. Volumes were 2 per cent lower at 63 billion, following declines in Turkey, Iran and South Africa, partially offset by increases in the GCC, Egypt and Nigeria.

In South Africa, a substantial increase in illicit trade resulted in a significant decline in volumes. Despite the increased competition in the low price segment, market share was only slightly down. Profit was higher due to increased pricing, cost reduction initiatives and a favourable exchange rate.

In Nigeria, profit grew, reflecting higher volumes and an improved product mix, supported by productivity improvements. A strong growth in volumes was achieved, driven by improved premium volume performance and by the growth of Pall Mall. In addition, the progress arising from efforts by government enforcement agencies to reduce the levels of illicit trade continued to contribute positively to volume growth.

Volumes in the Middle East were higher due to strong performance in the GCC and the Levant partially offset by the challenging trading environment in Iran. Dunhill is performing especially well in the GCC. Profit was higher with the volume increase being offset by the issues in Iran.

In Turkey, there has been significant volume reduction following a swingeing excise increase in January 2010, leading to an increase in illicit trade. The negative impact of lower volumes was partially offset by price increases and the benefit of exchange movements but led to lower profit.

In Egypt, Rothmans continues to be the fastest growing brand leading to excellent volume and share growth versus last year.

Business review cont...

Results of associates

Associates principally comprise Reynolds American and ITC.

The Group's share of the post-tax results of associates increased by £8 million, or 3 per cent, to £239 million. Excluding the adjusting items in 2009 and in 2010, explained on pages 26 and 27, the Group's share of the post-tax results of associates increased by 10 per cent to £306 million, with a rise of 9 per cent at constant rates of exchange.

The segmental analyses of the Group's share of the adjusted* post-tax results of associates and joint ventures at constant rates of exchange are as follows:

	30.6.10		30.6.09
	Adjusted share of post-tax results*		Adjusted share of post-tax results*
	Constant rates	Current rates	
	£m	£m	£m
Asia-Pacific	98	103	79
Americas	206	202	199
Western Europe			
Eastern Europe			
Africa and Middle East	1	1	1
Total	305	306	279

* Adjusted share of post-tax results of associates and joint ventures (page 12) is after adjusting for trademark impairments, Canadian settlements and restructuring costs as explained on pages 26 and 27.

The contribution from Reynolds American was down 11 per cent at £133 million. Excluding the impairment of brands and restructuring costs, as well as the the Canadian settlement in 2010, the contribution was 1 per cent higher at £200 million. At constant rates of exchange the increase was 3 per cent.

The Group's associate in India, ITC, continued its strong profit growth and its contribution to the Group rose by £26 million to £103 million. At constant rates of exchange, the contribution would have been 27 per cent higher than last year.

CIGARETTE VOLUMES

The segmental analysis of the volumes of subsidiaries is as follows:

3 months to			6 months to		Year to
30.06.10	30.06.09		30.06.10	30.06.09	31.12.09
bns	bns		bns	bns	bns
50	45	Asia-Pacific	95	88	185
35	36	Americas	73	74	151
30	33	Western Europe	59	63	130
33	33	Eastern Europe	58	60	131
32	32	Africa and Middle East	63	64	127
180	179		348	349	724

DIVIDENDS

The Board has declared an interim dividend of 33.2 pence per ordinary share of 25p for the six months ended 30 June 2010. The interim dividend will be payable on 29 September 2010 to shareholders registered on either the UK main register or the South African branch register on 20 August 2010 (the record date).

In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited (JSE), the following salient dates for the payment of the interim dividend are applicable:

Last date to trade cum dividend (JSE):	13 August 2010
Shares commence trading ex dividend (JSE):	16 August 2010
Shares commence trading ex dividend (LSE):	18 August 2010
Record date (JSE and LSE):	20 August 2010
Payment date:	29 September 2010

As the Group reports in sterling, dividends are declared and payable in sterling except for shareholders on the branch register in South Africa whose dividends are payable in rand. A rate of exchange of £:R = 11.39130 as at 26 July 2010 (the closing rate on that date as quoted by Bloomberg), results in an equivalent interim dividend of 378,19116 SA cents per ordinary share. From the close of business on 13 August 2010 until the close of business on 20 August 2010, no transfers between the UK main register and the South African branch register will be permitted and no shares may be dematerialised or rematerialised between 16 August 2010 and 20 August 2010, both days inclusive.

This interim dividend amounts to £658 million. The comparative dividend for the six months to 30 June 2009 of 27.9 pence per ordinary share amounted to £557 million.

In accordance with IFRS, the interim dividend will be charged in the Group results for the third quarter. The condensed consolidated financial information for the six months to 30 June 2010 includes the final dividend paid in respect of the year ended 31 December 2009 of 71.6p per share amounting to £1,431 million (30 June 2009: 61.6p amounting to £1,241 million).

RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the business activities of the Group were identified under the heading 'Key Group risk factors', set out on pages 32 to 39 of the Annual Report for the year ended 31 December 2009, a copy of which is available on the Group's website www.bat.com. The key Group risks were summarised under the headings of:

- Illicit trade;
- Excise and tax;
- Financial;
- Marketplace;
- Regulation;
- Litigation; and
- Data risks.

In the view of the Board the key risks and uncertainties for the remaining six months of the financial year continue to be those set out in the above section of the 2009 Annual Report. These should be read in the context of the cautionary statement regarding forward looking statements on page 37.

GOING CONCERN

A full description of the Group's business activities, its financial position, cash flows, liquidity position, facilities and borrowings position together with the factors likely to affect its future development, performance and position, are set out in the Business Review and Financial Review and in the notes to the accounts, all of which are included in the 2009 Annual Report that is available on the Group's website, www.bat.com. This Half-Yearly Report provides updated information regarding the business activities for the six months to 30 June 2010 and of the financial position, cash flow and liquidity position at 30 June 2010.

The Group has, at the date of this report, sufficient financing available for its estimated existing requirements for at least the next twelve months. This, together with the proven ability to generate cash from trading activities, the performance of the Group's Global Drive Brands, its leading market positions in a number of countries and its broad geographical spread, as well as numerous contracts with established customers and suppliers across different geographic areas and industries, provides the Directors with the confidence that the Group is well placed to manage its business risks successfully in the context of current financial conditions and the general outlook in the general global economy.

After reviewing the Group's annual budgets, plans, current forecasts and financing arrangements, as well as the current trading activities of the Group, the Directors consider that the Group has adequate resources to continue operating for the foreseeable future. The Annual Report and this Half-Yearly Report have been prepared on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors confirm that this condensed consolidated financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that this Half-Yearly Report includes a fair review of the information required by the Disclosure and Transparency Rules of the Financial Services Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The current Directors of British American Tobacco p.l.c. are as listed on page 62 in the British American Tobacco Annual Report for the year ended 31 December 2009, with the exception of Kieran Poynter who was appointed a Non-Executive Director on 1 July 2010. Details of all the current Directors of British American Tobacco p.l.c. are maintained on www.bat.com.

For and on behalf of the Board of Directors:

Paul Adams
Chief Executive

Ben Stevens
Finance Director

27 July 2010

INDEPENDENT REVIEW REPORT TO BRITISH AMERICAN TOBACCO p.l.c.

Introduction

We have been engaged by the Company to review the condensed consolidated financial information in the Half-Yearly Report for the six months ended 30 June 2010, which comprises the Group income statement, the Group statement of comprehensive income, the Group statement of changes in equity, the Group balance sheet, the Group cash flow statement, the accounting policies and basis of preparation and the related notes. We have read the other information contained in the Half-Yearly Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial information.

Directors' responsibilities

The Half-Yearly Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed on page 19, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial information in the Half-Yearly Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial information in the Half-Yearly Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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 review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the Half-Yearly Report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
27 July 2010

GROUP INCOME STATEMENT - unaudited

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Gross turnover (including duty, excise and other taxes of £13,879 million (30.6.09: £12,295 million; 31.12.09: £26,505 million))	21,177	19,075	40,713
Revenue	7,298	6,780	14,208
Raw materials and consumables used	(1,964)	(1,899)	(3,983)
Changes in inventories of finished goods and work in progress	86	104	35
Employee benefit costs	(1,213)	(1,079)	(2,317)
Depreciation and amortisation costs	(323)	(285)	(611)
Other operating income	103	85	196
Other operating expenses	(1,716)	(1,595)	(3,427)
Profit from operations	2,271	2,111	4,101
Analysed as:			
- adjusted profit from operations	2,460	2,164	4,461
- restructuring and integration costs	(158)	(29)	(304)
- amortisation of trademarks	(31)	(26)	(58)
- gains on disposal of businesses and trademarks		2	2
	2,271	2,111	4,101
Finance income	9	5	77
Finance costs	(240)	(224)	(581)
Net finance costs	(231)	(219)	(504)
Share of post-tax results of associates and joint ventures	239	231	483
Analysed as:			
- adjusted share of post-tax results of associates and joint ventures	306	279	541
- trademark impairments		(48)	(65)
- health plan credit			16
- Canadian settlements	(60)		
- restructuring costs	(7)		(9)
	239	231	483
Profit before taxation	2,279	2,123	4,080
Taxation on ordinary activities	(624)	(534)	(1,124)
Profit for the period	1,655	1,589	2,956
Attributable to:			
Shareholders' equity	1,525	1,450	2,713
Non-controlling interests	130	139	243
	1,655	1,589	2,956
Earnings per share			
Basic	76.9p	73.2p	137.0p
Diluted	76.5p	72.8p	136.3p

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP STATEMENT OF COMPREHENSIVE INCOME - unaudited

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Profit for the period <i>page 12</i>	1,655	1,589	2,956
Other comprehensive income:			
Differences on exchange			
- subsidiaries	327	(270)	166
- associates	194	(336)	(258)
Difference on exchange reclassified and reported in profit for the period	(1)		
Cash flow hedges			
- net fair value (losses)/gains	(36)	121	(72)
- reclassified and reported in profit for the period	55	(98)	67
- reclassified and reported in net assets	(3)	(7)	(1)
Available-for-sale investments			
- net fair value gains		1	3
- reclassified and reported in profit for the period		(1)	(3)
Net investment hedges			
- net fair value (losses)/gains	(6)	307	238
- differences on exchange on borrowings	79	8	12
Retirement benefit schemes			
- actuarial gains/(losses) in respect of subsidiaries	69	(103)	(295)
- surplus recognition and minimum funding obligations in respect of subsidiaries	54	(48)	(76)
- actuarial (losses)/gains in respect of associate companies	(89)	28	61
Tax on items recognised directly in other comprehensive income	17	(38)	(71)
Total other comprehensive income	660	(436)	(229)
Total comprehensive income for the period	2,315	1,153	2,727
Total comprehensive income attributable to:			
- shareholders' equity	2,169	1,029	2,476
- non-controlling interests	146	124	251
	2,315	1,153	2,727

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP STATEMENT OF CHANGES IN EQUITY - unaudited

At 30 June 2010

	Share capital £m	Share premium, capital redemption and merger reserves £m	Other reserves £m	Retained earnings £m	Shareholders' funds £m	Non- controlling interests £m	Total equity £m
Total comprehensive income for the period (page 13)			599	1,570	2,169	146	2,315
Employee share options							
- value of employee services				34	34		34
- proceeds from shares issued		3		3	6		6
Dividends and other appropriations							
- ordinary shares				(1,431)	(1,431)		(1,431)
- to non-controlling interests						(107)	(107)
Purchase of own shares							
- held in employee share ownership trusts				(62)	(62)		(62)
Non-controlling interests in Bentoel				(3)	(3)		(3)
Other movements				40	40		40
Total changes in equity for the period		3	599	151	753	39	792
Balance at 1 January	506	3,907	1,032	2,168	7,613	299	7,912
Balance at 30 June	506	3,910	1,631	2,319	8,366	338	8,704

At 30 June 2009

	Share capital £m	Share premium, capital redemption and merger reserves £m	Other reserves £m	Retained earnings £m	Shareholders' funds £m	Non- controlling interests £m	Total equity £m
Total comprehensive income for the period (page 13)			(308)	1,337	1,029	124	1,153
Employee share options							
- value of employee services				27	27		27
- proceeds from shares issued		2		2	4		4
Dividends and other appropriations							
- ordinary shares				(1,241)	(1,241)		(1,241)
- to non-controlling interests						(108)	(108)
Purchase of own shares							
- held in employee share ownership trusts				(92)	(92)		(92)
Non-controlling interests in Bentoel						24	24
Other movements				11	11		11
Total changes in equity for the period		2	(308)	44	(262)	40	(222)
Balance at 1 January	506	3,905	955	1,578	6,944	271	7,215
Balance at 30 June	506	3,907	647	1,622	6,682	311	6,993

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP STATEMENT OF CHANGES IN EQUITY - unaudited

Cont...

At 31 December 2009

	Share capital £m	Share premium, capital redemption and merger reserves £m	Other reserves £m	Retained earnings £m	Shareholders' funds £m	Non- controlling interests £m	Total equity £m
Total comprehensive income for the period (page 13)			77	2,399	2,476	251	2,727
Employee share options							
- value of employee services				61	61		61
- proceeds from shares issued		2		5	7		7
Dividends and other appropriations							
- ordinary shares				(1,798)	(1,798)		(1,798)
- to non-controlling interests						(240)	(240)
Purchase of own shares							
- held in employee share ownership trusts				(94)	(94)		(94)
Non-controlling interests in Bentoel						1	1
Non-controlling interests – capital injection						16	16
Other movements				17	17		17
		2	77	590	669	28	697
Balance at 1 January	506	3,905	955	1,578	6,944	271	7,215
Balance at 31 December	506	3,907	1,032	2,168	7,613	299	7,912

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP BALANCE SHEET – unaudited

	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Assets			
Non-current assets			
Intangible assets	12,209	11,437	12,232
Property, plant and equipment	2,939	2,796	3,010
Investments in associates and joint ventures	2,742	2,364	2,521
Retirement benefit assets	105	64	105
Deferred tax assets	358	353	350
Trade and other receivables	193	197	171
Available-for-sale investments	23	23	26
Derivative financial instruments	149	118	93
Total non-current assets	<u>18,718</u>	<u>17,352</u>	<u>18,508</u>
Current assets			
Inventories	3,522	3,451	3,261
Income tax receivable	89	114	97
Trade and other receivables	2,465	2,237	2,344
Available-for-sale investments	58	80	57
Derivative financial instruments	312	270	156
Cash and cash equivalents	1,497	1,304	2,161
	7,943	7,456	8,076
Assets classified as held-for-sale	16	17	30
Total current assets	<u>7,959</u>	<u>7,473</u>	<u>8,106</u>
Total assets	<u>26,677</u>	<u>24,825</u>	<u>26,614</u>

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP BALANCE SHEET – unaudited cont...

	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Equity			
Capital and Reserves			
Share capital	506	506	506
Share premium, capital redemption and merger reserves	3,910	3,907	3,907
Other reserves	1,631	647	1,032
Retained earnings	2,319	1,622	2,168
Shareholders' funds	<u>8,366</u>	<u>6,682</u>	<u>7,613</u>
after deducting			
- cost of treasury shares	(760)	(788)	(772)
Non-controlling interests	<u>338</u>	<u>311</u>	<u>299</u>
Total equity	<u>8,704</u>	<u>6,993</u>	<u>7,912</u>
Liabilities			
Non-current liabilities			
Borrowings	8,656	8,369	9,712
Retirement benefit liabilities	886	885	1,129
Deferred tax liabilities	494	543	527
Other provisions for liabilities and charges	146	152	144
Trade and other payables	184	145	180
Derivative financial instruments	48	109	94
Total non-current liabilities	<u>10,414</u>	<u>10,203</u>	<u>11,786</u>
Current liabilities			
Borrowings	2,138	2,522	1,370
Income tax payable	434	323	364
Other provisions for liabilities and charges	282	277	312
Trade and other payables	4,572	4,377	4,727
Derivative financial instruments	133	130	127
	<u>7,559</u>	<u>7,629</u>	<u>6,900</u>
Liabilities directly associated with assets classified as held-for-sale			16
Total current liabilities	<u>7,559</u>	<u>7,629</u>	<u>6,916</u>
Total equity and liabilities	<u>26,677</u>	<u>24,825</u>	<u>26,614</u>

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

GROUP CASH FLOW STATEMENT – unaudited

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations <i>page 31</i>	1,956	1,806	4,645
Dividends received from associates	150	143	328
Tax paid	(546)	(517)	(1,095)
Net cash from operating activities	1,560	1,432	3,878
Cash flows from investing activities			
Interest received	30	55	83
Dividends received from investments	2	2	2
Purchases of property, plant and equipment	(140)	(160)	(450)
Proceeds on disposal of property, plant and equipment	9	28	39
Purchases of intangibles	(32)	(33)	(104)
Purchases and proceeds on disposals of investments	1	13	37
Purchase of Bentoel and acquisition of non-controlling interests	(3)	(300)	(370)
Purchase of Tekel cigarette assets		(12)	(12)
Proceeds from ST trademark disposals		190	187
Purchases of other subsidiaries, associates and non-controlling interests			(1)
Proceeds on disposal of subsidiaries	12		
Net cash from investing activities	(121)	(217)	(589)
Cash flows from financing activities			
Interest paid	(334)	(351)	(576)
Interest element of finance lease rental payments	(1)	(1)	(2)
Capital element of finance lease rental payments	(10)	(18)	(35)
Proceeds from issue of shares to Group shareholders	3	2	2
Proceeds from exercise of options over own shares held in employee share ownership trusts	3	2	5
Proceeds from increases in and new borrowings	820	696	1,447
Movements relating to derivative financial instruments	(200)	(87)	(267)
Purchase of own shares held in employee share ownership trusts	(62)	(92)	(94)
Reductions in and repayments of borrowings	(704)	(948)	(1,853)
Dividends paid to shareholders	(1,431)	(1,241)	(1,798)
Dividends paid to non-controlling interests	(107)	(112)	(234)
Net cash from financing activities	(2,023)	(2,150)	(3,405)
Net cash flows from operating, investing and financing activities	(584)	(935)	(116)
Differences on exchange	(23)	(246)	(125)
Decrease in net cash and cash equivalents in the period	(607)	(1,181)	(241)
Net cash and cash equivalents at 1 January	1,979	2,220	2,220
Net cash and cash equivalents at period end	1,372	1,039	1,979

The accompanying notes on pages 19 to 34 form an integral part of this condensed consolidated financial information.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated financial information comprises the unaudited interim financial information for the six months to 30 June 2010 and 30 June 2009, together with the audited results for the year ended 31 December 2009. This condensed consolidated financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules issued by the Financial Services Authority. The condensed consolidated financial information is unaudited but has been reviewed by the auditors and their review report is set out on page 11.

The condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the UK Companies Act 2006 and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009, which were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and implemented in the UK. The annual consolidated financial statements for 2009 represent the statutory accounts for that year and have been filed with the Registrar of Companies. The auditors' report on those statements was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated financial information has been prepared under the historical cost convention, except in respect of certain financial instruments, and on a basis consistent with the IFRS accounting policies as set out in the Annual Report for the year ended 31 December 2009, with the following amendments due to certain changes in IFRS, as endorsed by the EU, affecting the Group. These changes are effective from 1 January 2010:

- IFRS 3 Revised (Business Combinations) and IAS 27 Revised (Consolidated and Separate Financial Statements). These standards have been endorsed by the EU and change the accounting for business combinations and transactions with non-controlling interests. While these revised standards are applicable for periods beginning on or after 1 July 2009, with early adoption permitted on or after 30 June 2007, they are only to be applied prospectively and so there is no restatement of transactions prior to the effective date and no material impact in the six months to 30 June 2010.
- The Annual Improvements to IFRS (issued in April 2009), have been endorsed by the EU, and have varying application dates commencing with annual periods beginning on or after 1 July 2009. The main effect of these amendments has been to revise certain disclosures in relation to segment assets under IFRS 8.

The preparation of the condensed consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the condensed consolidated financial information. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the period in which the circumstances change.

NON-GAAP MEASURES

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles (GAAP) under which the Group reports. The Group believes that these additional measures, which are used internally by the Group, are useful to users of the financial information in helping them understand the underlying business performance.

The principal non-GAAP measure which the Group uses is adjusted diluted earnings per share, which is reconciled to diluted earnings per share. The adjusting items that mainly drive the reconciling items are separately disclosed, as memorandum information, on the face of the Income Statement and are used to calculate the additional non-GAAP measures of adjusted profit from operations and adjusted share of post-tax results of associates and joint ventures. All adjustments to profit from operations and diluted earnings per share are explained in this Report.

The chief operating decision maker reviews the current and prior year segmental income statement information of subsidiaries and associates at constant rates of exchange which provides an approximate guide to performance in the current year had they been translated at last years rate of exchange. The constant rate comparison provided for reporting segment information is based on a retranslation, at prior year exchange rates, of the current year results of the Group's overseas entities but, other than in exceptional circumstances, does not adjust for transactional gains and losses in operations which are generated by movements in exchange rates.

The Group also prepares an alternative cash flow statement, which includes a measure of 'free cash flow', to illustrate the cash flows before transactions relating to borrowings. The Group also provides gross turnover as an additional disclosure to indicate the impact of duty, excise and other taxes.

Due to the secondary listing of the ordinary shares of British American Tobacco p.l.c. on the main board of the JSE Limited (JSE) in South Africa, the Group is required to present headline earnings per share and diluted headline earnings per share, which are additional alternative measures of earnings per share, calculated in accordance with Circular 8/2007 'Headline Earnings' issued by the South African Institute of Chartered Accountants. These are shown on pages 27 to 29.

FOREIGN CURRENCIES

The income and cash flow statements of overseas subsidiaries and associates have been translated at the average rates for the respective periods. Assets and liabilities have been translated at the relevant period end rates. For high inflation countries, the local currency results are adjusted for the impact of inflation prior to translation to sterling at closing exchange rates.

The principal exchange rates used were as follows:

	30.6.10	Average		30.6.10	Closing	
		30.6.09	31.12.09		30.6.09	31.12.09
US dollar	1.525	1.493	1.566	1.496	1.647	1.615
Canadian dollar	1.578	1.797	1.779	1.590	1.913	1.693
Euro	1.150	1.119	1.123	1.221	1.174	1.126
South African rand	11.481	13.676	13.091	11.469	12.718	11.891
Brazilian real	2.741	3.267	3.108	2.697	3.228	2.815
Australian dollar	1.708	2.099	1.990	1.771	2.037	1.796
Russian rouble	45.876	49.304	49.535	46.729	51.336	48.952

SEGMENTAL ANALYSES OF REVENUE AND PROFIT - unaudited

The five geographic regions are the reportable segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the chief operating decision maker, identified as the Management Board, for assessing performance and allocating resources. The Management Board reviews external net revenue and adjusted profit from operations, to evaluate segment performance and allocate resources.

The Management Board reviews current and prior year segmental revenue, adjusted profit from operations of subsidiaries and adjusted post-tax results of associates and joint ventures at constant rates of exchange. As a result, the 2010 segmental results were translated using the average rates of exchange for the six months to 30 June 2009. The 2009 comparative figures are stated at the 2009 actual average rates of exchange for the relevant period.

The analyses of **revenue** for the six months to 30 June 2010, 30 June 2009 and the year to 31 December 2009, based on location of sales, are as follows:

	30.6.10			30.6.09	31.12.09
	Revenue Constant £m	Translation exchange £m	Revenue Current £m	Revenue £m	Revenue £m
Asia-Pacific	1,689	122	1,811	1,547	3,270
Americas	1,502	144	1,646	1,496	3,156
Western Europe	1,847	(22)	1,825	1,884	3,884
Eastern Europe	776	(18)	758	741	1,628
Africa and Middle East	1,204	54	1,258	1,112	2,270
Revenue	7,018	280	7,298	6,780	14,208

Western Europe includes revenue in respect of Lyfra NV (see page 25) of £215 million for the six months ended 30 June 2010 (£220 million at constant rates) and £237 million and £473 million respectively for the six months to 30 June 2009 and the twelve months to 31 December 2009.

Segmental analyses of revenue and profit – unaudited cont...

The analyses of profit from operations and the Group's share of the post-tax results of associates and joint ventures for the six months to 30 June 2010, reconciled to profit before tax, are as follows:

	30.6.10				
	Adjusted* segment result Constant rates £m	Translation exchange £m	Adjusted* segment result Current rates £m	Adjusting items £m	Segment result Current rates £m
Asia-Pacific	591	60	651	(39)	612
Americas	625	69	694	(16)	678
Western Europe	560	(12)	548	(90)	458
Eastern Europe	169	(45)	124	(2)	122
Africa and Middle East	412	31	443	(42)	401
Profit from operations	<u>2,357</u>	<u>103</u>	<u>2,460</u>	<u>(189)</u>	<u>2,271</u>
Net finance costs					<u>(231)</u>
Asia-Pacific	98	5	103		103
Americas	206	(4)	202	(67)	135
Western Europe					
Eastern Europe					
Africa and Middle East	<u>1</u>	<u></u>	<u>1</u>	<u></u>	<u>1</u>
Share of post-tax results of associates and joint ventures	<u>305</u>	<u>1</u>	<u>306</u>	<u>(67)</u>	<u>239</u>
Profit before taxation					<u><u>2,279</u></u>

*The adjustments to profit from operations and the Group's share of the post-tax results of associates and joint ventures are explained on pages 24 and 25 and pages 26 and 27, respectively.

Segmental analyses of revenue and profit – unaudited cont...

The analyses of profit from operations and the Group's share of the **post-tax results of associates and joint ventures** for the six months to 30 June 2009 and the year to 31 December 2009 are as follows:

	30.6.09			31.12.09		
	Adjusted* Segment result Current rates £m	Adjusting items £m	Segment result Current rates £m	Adjusted* Segment result Current rates £m	Adjusting items £m	Segment result Current rates £m
Asia-Pacific	557		557	1,148	(59)	1,089
Americas	579	(5)	574	1,186	(51)	1,135
Western Europe	509	(36)	473	994	(188)	806
Eastern Europe	183		183	409	(16)	393
Africa and Middle East	336	(12)	324	724	(46)	678
Profit from operations	<u>2,164</u>	<u>(53)</u>	<u>2,111</u>	<u>4,461</u>	<u>(360)</u>	<u>4,101</u>
Net finance costs			(219)			(504)
Asia-Pacific	79		79	148		148
Americas	199	(48)	151	391	(58)	333
Western Europe						
Eastern Europe						
Africa and Middle East	<u>1</u>	<u></u>	<u>1</u>	<u>2</u>	<u></u>	<u>2</u>
Share of post-tax results of associates and joint ventures	<u>279</u>	<u>(48)</u>	<u>231</u>	<u>541</u>	<u>(58)</u>	<u>483</u>
Profit before taxation			<u>2,123</u>			<u>4,080</u>

*The adjustments to profit from operations and the Group's share of the post-tax results of associates and joint ventures are explained on pages 24 and 25 and pages 26 and 27, respectively.

ADJUSTING ITEMS INCLUDED IN PROFIT FROM OPERATIONS

Adjusting items are significant items in the profit from operations which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance. These items are separately disclosed either as memorandum information on the face of the income statement and in the segmental analyses, or in the notes, as appropriate and are used to derive the Group's principal non-GAAP measure which is adjusted diluted earnings per share.

(a) Restructuring and integration costs

Restructuring costs reflect the costs incurred as a result of initiatives to improve the effectiveness and the efficiency of the Group as a globally integrated enterprise. These initiatives include a review of the Group's manufacturing operations, overheads and indirect costs, organisational structure and systems and software used. The costs of these initiatives together with the costs of integrating acquired businesses into existing operations are included in profit from operations under the following headings:

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Employee benefit costs	67	10	143
Impairment			
Property, plant and equipment	68	1	54
Computer software	7		53
Other operating expenses	16	18	61
Other operating income			(7)
Total	<u>158</u>	<u>29</u>	<u>304</u>

Restructuring and integration costs in 2010 principally relate to: the continuation of factory closure and downsizing activities in Denmark and Australia respectively; the planned closure of the Jawornik factory in Poland and the Tire factory in Turkey; a voluntary separation scheme and closure of the printing unit in Argentina and the continued integration of Skandinavisk Tobakskompagni (ST), Tekel and Bentoel into existing operations; as well as other restructuring initiatives directly related to improving the efficiency and effectiveness of the Group as a globally integrated enterprise.

Restructuring and integration costs in 2010 also include a payment of US\$21 million to Reynolds American relating to the early termination and settlement of all disputes at issue in respect of the Contract Manufacturing Agreement dated 30 July 2004, as explained on page 33.

Restructuring and integration costs in the six months to 30 June 2009 principally reflect the integration of ST and Tekel, the restructuring of the Group's IT shared services and further costs related to restructurings announced in prior years.

The £304 million charge for restructuring and integration costs in the year to 31 December 2009, arose principally in respect of the closure of the Soeborg factory in Denmark, the downsizing of the manufacturing plant in Australia, the continued integration of ST and Tekel and the integration of Bentoel into existing operations, as well as other restructuring initiatives directly related to improving the efficiency and effectiveness of the Group. The costs of these other initiatives include redundancies, principally in respect of restructuring activities in the Group's subsidiary in Canada and impairment charges for certain software assets where the development of global software solutions has resulted in these assets having minimal or limited future economic benefits.

Other operating income in 2009 includes a gain on disposal of a property related to a restructuring announced in prior years and the release of deferred income from a disposal in 2007.

Adjusting items included in profit from operations cont...

(b) Amortisation of trademarks

The acquisitions of Bentoel, Tekel and ST resulted in the capitalisation of trademarks which are amortised over their expected useful lives, which do not exceed 20 years. The amortisation charge of £31 million was included in depreciation and amortisation costs in the profit from operations for the six months to 30 June 2010 (six months to 30 June 2009: £26 million). For the year ended 31 December 2009, the amortisation charge was £58 million.

(c) Gains on disposal of businesses and trademarks

The acquisition of the cigarette and snus businesses of ST in 2008 was subject to regulatory approval which was received on the condition that the Group divest a small number of local trademarks, primarily in Norway. The disposal of the trademarks was dealt with in two packages, with the first package sold and completed in February 2009. In March 2009, contracts were exchanged in respect of the second package and it was completed in May 2009. The total proceeds from the two packages resulted in a gain of £2 million which was included in other operating income in the profit from operations for the six months to 30 June 2009 and for the year to 31 December 2009.

OTHER CHANGES IN THE GROUP

(a) Lyfra NV

On 7 April 2010, the Group announced that it had agreed to sell its Belgium distribution business, Lyfra NV, to Landewyck Group S.a.r.l. The transaction was completed on 25 June 2010 for a consideration of €16 million and resulted in a gain of £5 million. Lyfra contributed £215 million to revenue (£237 million for the six months to 30 June 2009 and £437 million for the year to 31 December 2009) and £1 million to profit from operations to 25 June 2010 (£nil million for the six months to 30 June 2009, £1 million for the year to 31 December 2009) in the Western Europe Region.

(b) PT Bentoel Internasional Investama Tbk

On 17 June 2009, the Group acquired an 85 per cent stake in Indonesia's fourth largest cigarette maker PT Bentoel Internasional Investama Tbk (Bentoel). A public tender offer for the remaining shares was completed by 26 August 2009, resulting in the acquisition of a further 14 per cent share in the company, bringing the total shareholding in the Bentoel Group to 99.7 per cent. The transaction resulted in goodwill of £188 million.

On 20 October 2009, it was announced that Bentoel and BAT Indonesia had decided to enter into a merger plan whereby BAT Indonesia would merge into Bentoel. The merger was completed in 2010 under the Bentoel name and the company remains listed on the Indonesian Stock Exchange. As part of the merger, certain non-controlling interests were acquired for £3 million.

(c) Tekel

On 22 February 2008, the Group announced that it had won the public tender to acquire the cigarette assets of Tekel, the Turkish state-owned tobacco company, with a bid of US\$1,720 million. The acquisition only related to the cigarette assets of Tekel, which principally comprised trademarks, factories and tobacco leaf stocks. The acquisition did not include employees and the Group had directly employed the required workforce by the effective date of the transaction. The transaction was completed on 24 June 2008 and finalised in the first six months of 2009 with a £12 million adjustment to the purchase price of £873 million and therefore an increase in goodwill to £578 million.

NET FINANCE COSTS

Net finance costs comprise:

	6 months to		
	30.6.10		30.6.09
	£m		£m
Finance costs	(240)		(224)
Finance income	9		5
	<u>(231)</u>		<u>(219)</u>
Comprising:			
Interest payable	(286)		(260)
Interest and dividend income	31		55
Fair value changes	(53)	198	
Exchange differences	<u>77</u>	<u>(212)</u>	(14)
	<u>(231)</u>		<u>(219)</u>

Net finance costs at £231 million were £12 million higher than last year, principally reflecting the higher interest cost as a result of increased borrowings and lower interest and dividend income, partially offset by the net impact of derivatives and exchange differences.

The net £24 million gain (2009: £14 million loss) of fair value changes and exchange differences reflects a gain of £4 million (2009: loss of £10 million) from the net impact of exchange rate movements and a gain of £20 million (2009: loss of £4 million) principally due to interest related changes in the fair value of derivatives.

ASSOCIATES AND JOINT VENTURES

The Group's share of the post-tax results of its associates and joint ventures was £239 million (2009: £231 million) after tax of £144 million (2009: £133 million). For the year to 31 December 2009, the share of the post-tax results was £483 million after tax of £291 million. The Group's share is after the following adjusting items which are excluded from the calculation of adjusted diluted earnings per share (pages 27 to 29).

In the six months to 30 June 2010, a subsidiary of Reynolds American, R.J. Reynolds Tobacco Company Inc. (RJRTC), entered into a comprehensive settlement agreement with the Canadian federal, provincial and territorial governments to resolve all the governments' civil claims related to smuggling in Canada during the 1980s and 1990s. As part of the civil settlement, RJRTC agreed to pay the governments CA\$325 million. In a separate matter, a subsidiary of R.J. Reynolds Tobacco Holdings Inc. Northern Brands International Inc., entered into a plea agreement with the Ministry of the Attorney General of Ontario. As a result of its plea to one count of conspiracy to aid others in the sale and possession of contraband cigarettes in the early 1990s, Northern Brands paid a fine of CA\$75 million. The Group's share of these charges amounted to £60 million (net of tax).

In the six months to 30 June 2010, Reynolds American also recognised restructuring charges in respect of the planned closure of two cigarette factories in order to maximise cigarette manufacturing efficiency in light of the declining U.S. cigarette industry and to facilitate cost-effective compliance with new regulatory requirements. The Group's share of these charges amounted to £10 million (net of tax) and is presented as part of the post-tax results of associates and joint ventures in the Group income statement.

Associates and joint ventures continued

In the six months to 30 June 2010, RJRTC received a payment of US\$21m as a result of the agreement to terminate early the Contract Manufacturing Agreement dated 30 July 2004 between RJRTC and BATUS Japan Inc., a wholly owned Group subsidiary, and settle all disputes at issue between the parties as explained on page 34. The Group's share of this receipt amounted to £3 million (net of tax) and is treated as an adjusting item. The receipt (net of tax) is presented as part of restructuring costs in the post-tax results of associates and joint ventures in the Group income statement.

In the six months to 30 June 2009, Reynolds American recognised a trademark impairment charge of US\$280 million, triggered by the increase in federal excise taxes on tobacco products and changes in pricing. The Group's share of this charge amounted to £48 million (net of tax).

For the year ended 31 December 2009, trademark impairment charges increased to US\$394 million. There was also an amortisation charge of US\$5 million in respect of brands. The Group's share of these charges for the year to 31 December 2009 amounted to £65 million (net of tax).

In the second half of 2009, Reynolds American reviewed its post-retirement medical plans, resulting in a past service credit which is amortised under US GAAP. However, under IFRS it must be recognised in full in the income statement. The Group's share of this credit amounted to £16 million (net of tax).

Reynolds American also recognised a charge of US\$56 million in the second half of 2009 in connection with severance and related costs of around 400 employees in order to better align staffing levels with business requirements and enable Reynolds American's manufacturing operations to phase in new productivity programs over time. The Group's share of this charge amounted to £9 million (net of tax).

TAXATION

The tax rate in the income statement of 27.4 per cent for the six months to 30 June 2010 (30 June 2009: 25.2 per cent) is affected by the inclusion of the share of associates' post-tax profit in the Group's pre-tax results and by adjusting items. The underlying rate for subsidiaries reflected in the adjusted earnings per share below was 30.0 per cent in 2010 and 28.0 per cent for the six months to 30 June 2009. The increase arises primarily from a change in the mix of profits. The charge relates to taxes payable overseas.

EARNINGS PER SHARE

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	pence	pence	pence
Earnings per share			
- basic	76.9	73.2	137.0
- diluted	76.5	72.8	136.3
Adjusted earnings per share			
- basic	87.6	77.8	153.8
- diluted	87.1	77.3	153.0
Headline earnings per share			
- basic	80.2	76.7	144.1
- diluted	79.7	76.2	143.3

Basic earnings per share are based on the profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year (excluding treasury shares).

For the calculation of the diluted earnings per share, the weighted average number of shares reflects the potential dilutive effect of employee share schemes.

Earnings per share cont...

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under the JSE Listing Requirements. It is calculated in accordance with Circular 8/2007 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Earnings have been affected by a number of adjusting items which impact profit from operations (see pages 24 and 25) and share of post-tax results of associates and joint ventures (see pages 26 and 27). In order to illustrate the impact of these items, the adjusted diluted earnings per share are shown below:

	Adjusted diluted earnings per share		
	6 months to	Year to	
	30.6.10	30.6.09	31.12.09
	Pence	pence	pence
Unadjusted diluted earnings per share	76.5	72.8	136.3
Effect of restructuring and integration costs	6.0	1.1	11.7
Effect of amortisation of trademarks	1.2	1.0	2.1
Effect of associates' adjusting items (see pages 26 and 27)	3.4	2.4	2.9
Adjusted diluted earnings per share	87.1	77.3	153.0

Similar types of adjustments would apply to basic earnings per share.

The earnings per share are based on:

	30.6.10		30.6.09		31.12.09	
	Earnings	Shares	Earnings	Shares	Earnings	Shares
	£m	m	£m	m	£m	m
Earnings per share						
- basic	1,525	1,982	1,450	1,980	2,713	1,980
- diluted	1,525	1,993	1,450	1,993	2,713	1,991
Adjusted earnings per share						
- basic	1,736	1,982	1,540	1,980	3,046	1,980
- diluted	1,736	1,993	1,540	1,993	3,046	1,991
Headline earnings per share						
- basic	1,589	1,982	1,518	1,980	2,853	1,980
- diluted	1,589	1,993	1,518	1,993	2,853	1,991

Earnings per share cont...

Headline earnings per share are calculated by taking the following adjustments into account:

	Diluted headline earnings per share		
	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	Pence	pence	Pence
Unadjusted earnings per share	76.5	72.8	136.3
Effect of impairment of intangibles and property, plant and equipment	3.0	1.1	4.3
Effect of gains on disposal of property, plant and equipment			(0.2)
Effect of gains on disposal of businesses and trademarks	(0.3)		(0.2)
Effect of gains reclassified from the available-for-sale reserve		(0.1)	(0.2)
Effect of share of associates' asset impairments and termination of joint venture	0.5	2.4	3.3
Headline earnings per share	<u>79.7</u>	<u>76.2</u>	<u>143.3</u>

CASH FLOW AND NET DEBT MOVEMENTS

a) The IFRS cash flow on page 18 includes all transactions affecting cash and cash equivalents, including financing. The alternative cash flow statement below is presented to illustrate the cash flows before transactions relating to borrowings.

	6 months to		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Net cash from operating activities before restructuring costs and taxation	2,215	2,031	5,160
Restructuring costs	(109)	(82)	(187)
Taxation	(546)	(517)	(1,095)
Net cash from operating activities (page 18)	1,560	1,432	3,878
Net interest	(297)	(307)	(499)
Net capital expenditure	(163)	(165)	(515)
Dividends paid to non-controlling interests	(107)	(112)	(234)
Free cash flow	993	848	2,630
Dividends paid to shareholders	(1,431)	(1,241)	(1,798)
Purchase of Bentoel and acquisition of non-controlling interests (page 25)	(3)	(300)	(370)
Purchase of Tekel cigarette assets (page 25)		(12)	(12)
Proceeds from ST trademark disposals (page 25)		190	187
Purchases of other subsidiaries, associates and non-controlling interests			(1)
Proceeds from disposal of subsidiaries	12		
Other net flows	(80)	(151)	(203)
Net cash flows	(509)	(666)	433
Net debt at 1 January	(8,842)	(9,891)	(9,891)
Exchange rate effects*	311	1,173	672
Debt disposed/(acquired)	11	(97)	(84)
Accrued interest and other	58	105	28
Net debt at period end	<u>(8,971)</u>	<u>(9,376)</u>	<u>(8,842)</u>

*Including movements in respect of debt related derivatives

Cash flow cont...

Net cash from operating activities before restructuring costs and taxation increased by £184 million or 9 per cent, reflecting growth in underlying operating performance, partly offset by adverse working capital movements. Taking into account outflows relating to taxation and restructuring costs, which were £56 million higher than last year due to higher taxable profits, the timing of payments and an increase in restructuring activities, the Group's net cash flow from operating activities was £128 million or 9 per cent higher at £1,560 million.

Free cash flow is the Group's cash flow before dividends and investing activities. Free cash flow was £145 million or 17 per cent higher at £993 million due to the higher net cash from operating activities, as well as lower net interest, capital expenditure and dividends paid to non-controlling interests.

Below free cash flow, the principal cash outflows comprise the payment of the prior year final dividend which was £190 million higher at £1,431 million primarily due to higher distributable profits in 2009. Also reflected below free cash flow are proceeds on disposal of subsidiaries of £12 million which arose from the sale of the Group's Belgian distribution business, Lyfra NV as explained on page 25. The six months to 30 June 2009 included a net outflow of £122 million in respect of the purchase of Bentoel and Tekel, the proceeds from the ST trademark disposals and £2 million refunded from the original purchase consideration paid in the previous year, as explained on page 25.

The other net flows principally reflect the impact of the level of shares purchased by the employee share ownership trusts, together with the impact of cash flows in respect of certain derivative financial instruments.

The above flows resulted in net cash outflows of £509 million compared to an outflow of £666 million in the six months ended 30 June 2009. After taking account of exchange rate movements, debt acquired and disposed and the change in accrued interest and other, total net debt was £8,971 million at 30 June 2010 (30 June 2009: £9,376 million).

After taking account of cash flows related to borrowings, the above flows resulted in a net decrease of cash and cash equivalents of £584 million (30 June 2009: £935 million decrease) as shown in the IFRS cash flow on page 18.

b) The Group defines net debt as borrowings, including related derivatives, less cash and cash equivalents and current available-for-sale investments. The maturity profile of net debt is as follows:

	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Net debt due within one year:			
Borrowings	(2,138)	(2,522)	(1,370)
Related derivatives	179	127	33
Cash and cash equivalents	1,497	1,304	2,161
Current available-for-sale investments	58	80	57
	(404)	(1,011)	881
Net debt due beyond one year:			
Borrowings	(8,656)	(8,369)	(9,712)
Related derivatives	89	4	(11)
	(8,567)	(8,365)	(9,723)
Total net debt	(8,971)	(9,376)	(8,842)

The Group remains confident in its ability to access successfully the debt capital markets and reviews its options on an ongoing basis.

Cash flow cont...

c) Cash generated from operations (page 18)

	<u>6 months to</u>		Year to
	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Profit from operations	2,271	2,111	4,101
Adjustments for:			
Amortisation of trademarks	31	26	58
Gains on disposal of businesses and trademarks	(5)	(2)	(2)
Depreciation and impairment of property, plant and equipment	253	205	433
Amortisation and write-off of intangible assets	39	54	120
Increase in inventories	(269)	(527)	(125)
(Increase)/decrease in trade and other receivables	(205)	(35)	30
(Decrease)/increase in trade and other payables	(14)	84	174
Decrease in net retirement benefit liabilities, excluding amounts taken directly to equity	(148)	(78)	(127)
Decrease in provisions for liabilities and charges	(20)	(23)	(38)
Other non-cash items	23	(9)	21
Cash generated from operations	<u>1,956</u>	<u>1,806</u>	<u>4,645</u>

d) IFRS investing and financing activities

The investing and financing activities in the IFRS cash flow statement on page 18 include the following items:

The purchases and proceeds on disposals of investments (which comprise available-for-sale investments and loans and receivables) comprises a net cash inflow in respect of current investments of £1 million for the six months ended 30 June 2010 (30 June 2009: £13 million inflow and 31 December 2009: £37 million inflow).

In the six months ended 30 June 2009 and the year ended 31 December 2009, the net cash outflows of £300 million and £370 million from the purchase of Bentoel reflected the purchase price paid for an initial 85 per cent stake which was followed by the acquisition of a further 14 per cent, together with related acquisition costs and the acquired net cash and cash equivalents and overdrafts. In the six months ended 30 June 2010, the cash outflow of £3 million arises from the acquisition of the non-controlling interests of shareholders who did not wish to participate in the merger of Bentoel and BAT Indonesia (see page 25).

In the six months ended 30 June 2009 and the year ended 31 December 2009, the £12 million outflow in respect of the acquisition of Tekel cigarette assets reflected the final payment made at the conclusion of the acquisition, as explained on page 25.

In the six months ended 30 June 2009, the £190 million from the ST transaction reflected proceeds of £188 million from the disposal of ST trademarks in Norway (see page 25) and £2 million refunded from the original purchase consideration paid in the previous year. These cash inflows are partly offset by a £3 million outflow in the second half of the year, resulting from the payment of the related disposal costs.

In the year ended 31 December 2009, the purchase of other subsidiaries, associates and non-controlling interests principally arose from equity investments in associate companies.

The proceeds on disposal of subsidiaries reflects the consideration received, less cash and cash equivalents disposed of, from the sale of the Group's Belgian distribution business, Lyfra NV as explained on page 25.

Cash flow cont...

The movement relating to derivative financial instruments is in respect of derivatives taken out to hedge cash and cash equivalents and external borrowings, derivatives taken out to hedge inter company loans and derivatives treated as net investment hedges. Derivatives taken out as cash flow hedges in respect of financing activities are also included in the movement relating to derivative financial instruments, while other such derivatives in respect of operating and investing activities are reflected along with the underlying transactions.

e) Net cash and cash equivalents in the Group cash flow statement comprise:

	30.6.10	30.6.09	31.12.09
	£m	£m	£m
Cash and cash equivalents per balance sheet	1,497	1,304	2,161
Accrued interest			(1)
Overdrafts	(125)	(265)	(181)
Net cash and cash equivalents	<u>1,372</u>	<u>1,039</u>	<u>1,979</u>

f) Liquidity

The Central Treasury Department is responsible for managing, within an overall policy framework, the Group's exposure to funding and liquidity, interest rate, foreign exchange and counterparty risk arising from the Group's underlying operations.

In May 2010, the Group repaid a maturing €525 million bond. The repayment was financed from debt issued in November 2009. In addition, several markets have increased or obtained short-term borrowings in 2010 and these are included in the £820 million proceeds from increases in and new borrowings in the IFRS cash flow statement on page 18.

In the year ended 31 December 2009, the Group entered into a number of transactions in the capital markets. The first was the repayment of the €900 million maturing debt at the end of February 2009. This was financed from bond issues during 2008 and from cash generated from operations. In May 2009, there was the repayment of a MYR100 million bond, which was subsequently replaced in August by a new MYR250 million bond, due 2014. The additional proceeds were used for the repayment of a MYR150 million bond which matured in November 2009.

In June 2009, the Group issued a £250 million bond with maturity of June 2022. In November 2009, the terms of €481 million of the €1.0 billion bond maturing in 2013 were modified by extending the maturity to 2021. At the same time the Group issued an additional €169 million bond with a maturity of 2021. In addition, £199 million of the £350 million bond maturing in 2013 was purchased and cancelled; at the same time the Group issued a new £500 million bond with a maturity of 2034.

At 30 June 2010, the Group's £1.75 billion revolving credit facility was undrawn. The revolving credit facility acts as a backstop for the euro commercial paper (ECP) programme and £380 million (30 June 2009: £259 million and 31 December 2009: £187 million) of ECP was outstanding at 30 June 2010.

FRANKED INVESTMENT INCOME GROUP LITIGATION ORDER

British American Tobacco is the principal test claimant in an action in the United Kingdom against HM Revenue and Customs in the Franked Investment Income Group Litigation Order (FII GLO). There are 27 corporate groups in the FII GLO. The case concerns the treatment for UK corporate tax purposes of profits earned overseas and distributed to the UK. The claim was filed in 2003 and the case was heard in the European Court of Justice (ECJ) in 2005 and a decision of the ECJ was received in December 2006. In July 2008, the case reverted to a trial in the UK High Court for the UK Court to determine how the principles of the ECJ decision should be applied in a UK context.

The High Court judgment in November 2008 concluded, amongst many other things, that dividends received from EU subsidiaries should be, and should have been, exempt from UK taxation. It also concluded that certain dividends received before 5 April 1999 from the EU and, in some limited circumstances after 1993 from outside the EU, should have been treated as franked investment income with the consequence that advance corporation tax need not have been paid. Claims for the repayment of UK tax incurred where the dividends were from the EU can be made back to 1973. The tentative conclusion reached by the High Court would, if upheld, produce an estimated receivable of about £1.2 billion for British American Tobacco.

The case was heard by the Court of Appeal in October 2009 and the judgment handed down on 23 February 2010. The Court of Appeal has determined that various questions should be referred back to the European Court of Justice for further clarification. In addition, the Court determined that the claim should be restricted to six years and not cover claims dating back to 1973. This time restriction would, if upheld, reduce the value of the claim to between zero and £10 million. Based on advice received the Company believes it has realistic prospects of success on further appeal and the Company has accordingly sought leave to appeal.

No potential receipt has been recognised in prior years, nor in the current year, in the results of the Group due to the uncertainty of the amounts and eventual outcome.

CONTINGENT LIABILITIES

As noted in the 2009 Annual Report for the year ended 31 December 2009, there are contingent liabilities in respect of litigation, overseas taxes and guarantees in various countries.

Group companies, as well as other leading cigarette manufacturers, are defendants in a number of product liability cases. In a number of these cases, the amounts of compensatory and punitive damages sought are significant. At least in the aggregate and despite the quality of defences available to the Group, it is not impossible that the results of operations or cash flows of the Group in particular quarterly or annual periods could be materially affected by this.

Having regard to these matters, the Directors (i) do not consider it appropriate to make any provision in respect of any pending litigation and (ii) do not believe that the ultimate outcome of this litigation will significantly impair the financial condition of the Group.

RELATED PARTY DISCLOSURES

On 26 May 2010, a wholly owned subsidiary of the Group, BATUS Japan Inc., entered into an American-blend Cigarette Manufacturing Agreement (referred to as the 2010 Agreement) with a wholly owned subsidiary of Reynolds American, R.J. Reynolds Tobacco Company (referred to as RJRTC), with an effective date of 1 January 2010. Under this Agreement, RJRTC has been appointed BATUS Japan's exclusive manufacturer of all BATUS Japan's requirements for certain American-blend cigarettes intended to be distributed and sold in Japan for the five year period expiring on 31 December 2014, subject to the early termination and extension provisions set out in the agreement. The 2010 Agreement is based on arm's length terms and conditions.

Related party disclosures cont...

On the same date, RJRTC and BATUS Japan entered into a letter agreement terminating the existing Contact Manufacturing Agreement dated 30 July 2004 (referred to as the 2004 Agreement), as amended between the parties, with effect from midnight on 31 December 2009. The 2004 Agreement was scheduled to expire on 31 December 2014, subject to early termination and extension provisions. Under the terms of the letter agreement, certain sections and sub-sections of the 2004 Agreement will survive the termination, and, in consideration for RJRTC agreeing to terminate the agreement and in settlement of all disputes at issue between the parties, BATUS Japan agreed to pay RJRTC US\$21 million.

The payment has been presented as an adjusting item and is included within the Group's restructuring and integration costs (see page 24). The Group's share of the income net of tax included within the post-tax results of Reynolds American is also presented as an adjusting item and is credited against restructuring costs (see page 27).

In the six months to 30 June 2010, there were no other material changes in related parties or related party transactions. The Group's related party transactions and relationships for 2009 were disclosed in the British American Tobacco Annual Report for the year ended 31 December 2009.

SHARE BUY-BACK PROGRAMME

At the beginning of 2009, the Board suspended the Group's on-market share buy-back programme for the time being, in order to preserve the Group's financial flexibility during the period of economic uncertainty. Consequently, in the six months to 30 June 2010, no shares were bought back (six months to 30 June and year to 31 December 2009: none).

POST BALANCE SHEET EVENTS

On 15 July 2010, the Group announced that it had entered into a cooperation agreement with the European Commission and the Member States of the European Union ("EU") to collectively tackle the problem of illicit trade in tobacco. Under the agreement, British American Tobacco will be joining forces and working alongside the European Commission and the law enforcement authorities of the Member States. The agreement sees cooperation in a number of areas for the purpose of tackling illicit trade in tobacco and includes the funding by British American Tobacco of US\$200 million over the next 20 years.

On 25 June 2010, the Group announced that the terms of €470 million of the €1 billion bond maturing in 2011 had been modified by extending the maturity to 2020. At the same time the Group announced the issue of an additional €130 million bond with a maturity of 2020. These transactions were settled on 7 July 2010 and have been recognised from this date.

On 25 June 2010, the Group announced the purchase and cancellation of €413 million of its €750 million bond maturing in 2012. At the same time the Group announced the issue of a new £275 million bond with a maturity of 2040. These transactions were settled on 5 July 2010 and have been recognised from this date.

FINANCIAL CALENDAR

27 October 2010 Interim Management Statement

24 February 2011 Preliminary Statement

CALENDAR FOR THE INTERIM DIVIDEND 2010

2010

28 July	Dividend announced (including amount of dividend per share in both sterling and rand; applicable exchange rate and conversion date – 26 July 2010)
13 August	Last Day to Trade (JSE)
16 August to 20 August	No transfers between UK main register and South African branch register; no shares may be dematerialised or rematerialised
16 August	Ex-dividend date (JSE)
18 August	Ex-dividend date (LSE)
20 August	Record date (LSE and JSE)
29 September	Payment date (sterling and rand)

Details of the applicable exchange rate can be found under the heading 'Dividends' above.

For holders of American Depositary Receipts (ADRs), the record date for ADRs is also 20 August 2010 with an ADR payment date of 4 October 2010.

CORPORATE INFORMATION

Premium listing

London Stock Exchange (Share Code: BATS; ISIN: GB0002875804)

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, UK
tel: 0800 408 0094; +44 870 889 3159
share dealing tel: 0870 703 889 0084 (UK only)
your account: www.computershare.com/uk/investor/bri
share dealing: www.computershare.com/dealing/uk
web-based enquiries: www.investorcentre.co.uk/contactus

Secondary listing

JSE (Share Code: BTI)

Shares are traded in electronic form only and transactions settled electronically through Strate.

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown 2107, South Africa
tel: 0861 100 925; +27 11 870 8222
email enquiries: web.queries@computershare.co.za

American Depositary Receipts (ADRs)

NYSE Amex Equities (Share Code: BTI; CUSIP Number: 110448107;
Sponsored ADR programme; each ADR represents two ordinary shares of British American Tobacco p.l.c.

Citibank Shareholder Services
PO Box 43077
Providence, Rhode Island 02940-3077, USA
tel: 1-888-985-2055 (toll-free) or +1 781 575 4555
email enquiries: Citibank@shareholders-online.com
website: www.citi.com/dr

Corporate information cont...

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email enquiries: bat@team365.co.uk or
Computershare Investor Services (Pty) Ltd in South Africa using the contact details above.

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British American Tobacco p.l.c. is a public limited company which is listed on the London Stock Exchange and the JSE Limited in South Africa. British American Tobacco p.l.c. is incorporated in England and Wales (No. 3407696) and is domiciled in the UK.

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DISCLAIMERS

This announcement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any British American Tobacco p.l.c. shares or other securities.

This announcement contains certain forward looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

DISTRIBUTION OF REPORT

This Half-Yearly Report is released to the London Stock Exchange and the JSE Limited. It may be viewed and downloaded from our website www.bat.com.

Copies of the Half-Yearly Report may also be obtained during normal business hours from: (1) the Company's registered office; (2) the Company's representative office in South Africa; and (3) British American Tobacco Publications, as above.

Nicola Snook
Secretary
27 July 2010