

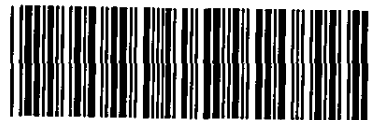
British American Tobacco International Holdings (UK) Limited

Registered Number 00086661

Directors' report and financial statements

For the year ended 31 December 2012

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Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2012

Principal activities

The Company's principal activity is the holding of investments in companies operating in the tobacco industry as members of the British American Tobacco p l c Group (the "Group")

Review of the year ended 31 December 2012

The profit for the financial year attributable to British American Tobacco International Holdings (UK) Limited shareholders after deduction of all charges and the provision of taxation amounted to £26,318,000 (2011 £85,430,000)

Profit for the financial year is shown after deduction of £53,001,000 (2011 £27,791,000) of amounts written off investments resulting from an impairment exercise assessing the carrying value of investments against their recoverable amount

During 2012, the Company subscribed for 162,018,272 ordinary shares, series "B", in British American Tobacco Mexico, S A de C V amounting to MXN 1,620,000,000 (equivalent of £75,411,000)

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

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed under the Business Review section in the Annual Report of British American Tobacco p l c and do not form part of this report

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the Annual Report of British American Tobacco p l c and do not form part of this report

Dividends

The Directors do not recommend the payment of a dividend for the year (2011 £nil)

Post balance sheet events

In January 2013, the Company subscribed for 1 ordinary £20,000 share in British American Tobacco Financial Holdings Cooperatief W A , a newly incorporated Dutch-resident Co-operative

Directors' report

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2012 to the date of this report are as follows

Robert James Casey
John Patrick Daly
Kenneth John Hardman
John Benedict Stevens
Neil Robert Withington

Directors' indemnities

Throughout the period 1 January 2012 to the date of this report, a qualifying third party indemnity has been in force under which Messrs J P Daly and J B Stevens , as directors of the Company, were, to the extent permitted by law, indemnified by British American Tobacco p l c , the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which they may have incurred in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' report

Directors' declaration in relation to relevant audit information

Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that

- (a) to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all steps that a Director might reasonably be expected to have taken in order to make himself aware of relevant audit information and to establish that the Company's auditors are aware of that information

By Order of the Board



S Neech
Secretary

20 September 2013

Independent auditors' report to the members of British American Tobacco International Holdings (UK) Limited

We have audited the financial statements of British American Tobacco International Holdings (UK) Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of British American Tobacco International Holdings (UK) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



James Parker

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

20 September - 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Continuing operations			
Other operating charges	2	(79)	-
Operating (loss)/result		(79)	-
Income from shares in Group undertakings		102,575	124,577
Profit on sale of investments	6	-	9,734
Interest receivable and similar income	3	421	1,197
Interest payable and similar charges	4	(22,994)	(20,919)
Amounts written off investments	6	(53,001)	(27,791)
Profit on ordinary activities before taxation		26,922	86,798
Tax on profit on ordinary activities	5	(604)	(1,368)
Profit for the financial year	11	26,318	85,430

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

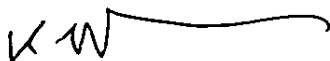
There are no recognised gains or losses other than the profit for the financial year and therefore no Statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of the financial statements

Balance sheet at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	6	654,504	632,655
		654,504	632,655
Current assets			
Debtors amounts falling due within one year	7	112,637	133,225
Creditors amounts falling due within one year	8	(83,357)	(183,825)
Net current assets/(liabilities)		29,280	(50,600)
Total assets less current liabilities		683,784	582,055
Creditors: amounts falling due after more than one year	9	(554,808)	(479,397)
Net assets		128,976	102,658
Capital and reserves			
Called up share capital	10	7	7
Other reserves	11	461	461
Profit and loss account	11	128,508	102,190
Total shareholders' funds	12	128,976	102,658

The financial statements on pages 7 to 16 were approved by the Directors on 20 September 2013 and signed on behalf of the Board



K.J. Hardman
Director

Registered number
00086661

The accompanying notes are an integral part of the financial statements

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Company is included in the consolidated financial statements of British American Tobacco p l c which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

The principal accounting policies have been applied consistently throughout the year and a summary is set out below

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 has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) 'Cash flow statements'

Foreign currencies

Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year.

Accounting for income

Income is included in the profit and loss account when all contractual or other applicable conditions for recognition have been met. Provisions are made for bad and doubtful debts where there is an expectation that all or a portion of the amount due will not be recovered.

Taxation

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

The current income taxation charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date.

A net deferred taxation asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward taxation losses and from which the future reversal of underlying timing differences can be deducted.

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on an undiscounted basis.

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost less provisions for any impairment in value. Any impairment is recognised in the profit and loss account in the period in which it arises.

Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly, dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

2 Other operating charges

	2012 £'000	2011 £'000
Other operating charges comprise:		
Exchange losses	79	-

Auditors' fees of £2,500 were borne by a fellow Group undertaking (2011: £2,500).

There were no employees (2011: none) and no staff costs during the year (2011: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the year (2011: £nil).

3 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from Group undertakings	421	1,197

4 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to Group undertakings	22,994	20,919

5 Tax on profit on ordinary activities

(a) Summary of taxation on profit on ordinary activities

	2012 £'000	2011 £'000
Current taxation.		
UK corporation taxation on profit of the year		
Comprising		
Overseas taxation	604	1,368
Total current taxation note 5(b)	604	1,368

Notes to the financial statements for the year ended 31 December 2012

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting the taxation charge

The standard rate of corporation taxation in the UK changed from 26.0% to 24.0% with effect from 1 April 2012. Accordingly the Company's profit for this accounting period is taxed at an effective rate of 24.5%.

The current taxation charge differs from the standard 24.5% (2011: 26.5%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	26,922	86,798
Corporation taxation at 24.5% (2011: 26.5%) on profit on ordinary activities	6,596	23,001
Factors affecting the taxation rate:		
Permanent differences	10,754	1,520
Group loss relief claimed at less than full consideration	7,781	8,492
Overseas taxation	604	1,368
Corporate income taxation relief on intra-group dividends	(25,131)	(33,013)
Total current taxation charge note 5(a)	604	1,368

An amount of £9,107,000 (2011: £12,322,000) (taxation amount of £2,231,000 (2011: £3,265,000)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

6 Investments

(1) Shares in Group undertakings

<u>Unlisted - registered in Malaysia</u>	% equity shares held
BAT Aspac Service Centre Sdn Bhd 18,468,100 ordinary shares of RM1.00	100
<u>Unlisted - registered in New Zealand</u>	
New Zealand (UK Finance) Limited 1,400,000 ordinary shares of NZD 2.00 each 513,661 non-participating preference shares of NZD 2.00 each	100
<u>Unlisted - registered in Mexico</u>	
British American Tobacco Mexico, S.A. de C.V.* 735 ordinary shares, series "A" of MXN10.00 each 235,114,761 ordinary shares, series "B", of MXN10.00 each	12.18
British American Tobacco Servicios S.A. de C.V. ** 3,654 shares of MXN1.00 each	4.57

Notes to the financial statements for the year ended 31 December 2012

6 Investments (continued)

Unlisted - registered in Indonesia

PT Export Leaf Indonesia♦	99
9,900,000 ordinary shares of US\$1 each	

Unlisted - registered in England & Wales

British American Tobacco (AME) Limited	100
5,000,000 ordinary shares of £1 each	

British American Tobacco (AME) Exports Limited	100
1,000,000 ordinary shares of £1 each	

British American Tobacco Taiwan Logistics Limited	100
2 ordinary shares of £1 each	

British American Tobacco (GLP) Limited	100
100,000,001 ordinary shares of US\$1 each	

British American Tobacco Italy Investments Limited	100
479,396,546 ordinary shares of £1 00 each	

Big Ben Tobacco Company Limited	100
1,000 ordinary shares of £1 00 each	

British American Tobacco (2009 PCA) Limited	100
2 ordinary shares of £1 00 each	

Unlisted - registered in Panama

BAT Caribbean, S A	100
2 ordinary shares of PAB 1 each	

Unlisted - registered in Democratic Republic of Congo

BAT Distribution SPRL	100
990 ordinary shares of CDF20,000 00 each	

Unlisted – registered in Angola

British American Tobacco - B A T Angola, Limitada	99 98
1 share of AOK49,900 00	

Unlisted - registered in Singapore

British American Tobacco Asia Pacific Treasury Private Limited	100
10,000 ordinary shares of SGD1 00 each	

Notes to the financial statements for the year ended 31 December 2012

6 Investments (continued)

Unlisted - registered in Hong Kong

British American Tobacco Asia-Pacific Region Limited	100
999 ordinary shares of HK\$1 each	

Unlisted - registered in United Arab Emirates

British American Tobacco FZ-LLC	100
59,000 ordinary shares of AED1,000 00 each	

Unlisted - registered in Jordan

British American Tobacco - Jordan Private Shareholding Company Limited	100
10,000 ordinary shares of JOD100 each	

Unlisted - registered in Egypt

British American Tobacco North Africa LLC	100
499 ordinary shares of EGP1 00 each	

Unlisted - registered in Pakistan

British American Tobacco SAA Services (Private) Ltd	100
999,996 ordinary shares of PKR10 00 each	

Unlisted - registered in Guyana

Demerara Tobacco Company Limited	70 25
16,439,420 ordinary shares of GYD1 00 each	

Unlisted - registered in Ireland

Hamburg Investment & Trading Company♦♦	100
1 ordinary share of €0 50	

Unlisted - registered in Zimbabwe

Rothmans Limited	100
250,000 ordinary shares of ZWD2 00 each	

Listed - registered in Zambia

British American Tobacco (Zambia) plc	78
165,885,883 ordinary shares of 0 20 Zambian Shillings each	
Market valuation £31,014,834 (2011 £33,115,694)	

Notes to the financial statements for the year ended 31 December 2012

6 Investments (continued)

Listed - registered in Zimbabwe

British American Tobacco Zimbabwe (Holdings) Limited 48
 9,898,948 ordinary shares of ZWD1 00 each
 Market valuation £21,314,253 (2011 £9,822,964)

* The total holdings by the British American Tobacco p l c Group in British American Tobacco Mexico, S A de C V is 100% and therefore the Company's interests are included in investments in Group undertakings

** The total holdings by the British American Tobacco p l c Group in British American Tobacco Servicios S A de C V is 100% and therefore the Company's interests are included in investments in Group undertakings

♦ Beneficial ownership 100,000 shares in PT Export Leaf Indonesia are held by a fellow Group subsidiary as nominee for the Company

♦♦ Beneficial ownership 1 share in Hamburg Investment & Trading Company is held by a fellow Group subsidiary as nominee for the Company

Rothman's of Pall Mall Limited and American-Cigarette Company (Overseas) Limited, both registered in Liechtenstein, were liquidated on 22 March 2012

The subsidiary undertakings that principally affect the Company's financial position are British American Tobacco Italy Investments Limited, an investment holding company, New Zealand (UK Finance) Limited, a head office company and British American Tobacco (GLP) Limited which operates in the tobacco industry

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2012	709,688
Additions	75,411
Return of investment	(561)
Disposals	(22,512)
31 December 2012	762,026
Impairment provisions	
1 January 2012	(77,033)
Charge in the year	(53,001)
Disposals	22,512
31 December 2012	(107,522)
Net book value	
1 January 2012	632,655
31 December 2012	654,504

Notes to the financial statements for the year ended 31 December 2012

6 Investments (continued)

The additions relate to a subscription for 162,018,272 ordinary shares, series "B", in British American Tobacco Mexico, S A de C V amounting to MXN 1,620,000,000 (equivalent of £75,411,000). The return of investment and disposal relate to the liquidation of Rothmans of Pall Mall Limited. As a result, the associated provision against the carrying value of this investment was released.

The charge in the year resulted from an impairment exercise assessing the carrying value of investments against their recoverable amount.

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

7 Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	112,637	133,225

Amounts owed by Group undertakings of £102,138,000 (2011: £122,152,000) are unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR. All other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to Group undertakings	83,357	183,825

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

9 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Amounts owed to Group undertakings	554,808	479,397

Amounts owed to Group undertakings are unsecured, interest bearing and repayable in 2015. The interest rate is based on LIBOR.

Maturity of financial liabilities	2012 £'000	2011 £'000
Within one year	83,357	183,825
Between 2 and 5 years	554,808	479,397
	638,165	663,222

10 Called up share capital

Ordinary shares of £1 each	2012	2011
Allotted, called up and fully paid		
- value	£7,500	£7,500
- number	7,500	7,500

Notes to the financial statements for the year ended 31 December 2012

11 Reserves

	Profit and loss account	Other reserves
	£'000	£'000
1 January 2012	102,190	461
Profit for the financial year	26,318	-
31 December 2012	128,508	461

Other reserves consist of un-distributable funds

12 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	26,318	85,430
Net movement in shareholders' funds	26,318	85,430
Opening shareholders' funds	102,658	17,228
Closing shareholders' funds	128,976	102,658

13 Related party disclosures

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

14 Post balance sheet events

In January 2013, the Company subscribed for 1 ordinary £20,000 share in British American Tobacco Financial Holdings Cooperatief W A , a newly incorporated Dutch-resident Co-operative

15 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco plc being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is Weston Investment Company Limited. Group financial statements are prepared only at the British American Tobacco plc level and may be obtained from

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