

B.A.T Vietnam Limited

Registered Number 341981

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 principal activity of the Company was the sale and marketing of tobacco products by its branch in Vietnam. On 31 December 2010, the Company ceased operations in Vietnam.

Review for the year ended 31 December 2012

The loss for the financial year attributable to B A T Vietnam Limited shareholders after deduction of all charges and the provision of taxation amounted to £4,330,000 (2011: £6,855,000).

Upon expiry of the business licence of the Company's trading branch on 31 December 2010, Branch management decided to initiate proceedings to dissolve and liquidate the branch. The Representative Office of British-American Tobacco Marketing (Singapore) Private Limited has been extended to support the British American Tobacco Group's business in Vietnam.

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

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company, British American Tobacco (Investments) Limited. This support is expected to continue for the foreseeable future. The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 British American Tobacco Group (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 plc, 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 plc, and do not form part of this report.

Dividends

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

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

	Appointed	Resigned
Richard Cordeschi		3 May 2013
Steven Glyn Dale		
Emma Catherine Franklin		
Andrew O'Regan		31 December 2012
Nicola Snook		
Charl Erasmus Steyn		
Geoffrey Charles William Cunningham	27 August 2013	

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

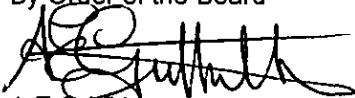
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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' 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 or her knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he or she has taken all steps that a Director might reasonably be expected to have taken in order to make himself or herself aware of relevant audit information and to establish that the Company's auditors are aware of that information

By Order of the Board



A E Griffiths
Secretary

25 September 2013

Independent auditors' report to the members of B.A.T Vietnam Limited

We have audited the financial statements of B A T Vietnam Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, 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 loss 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 B.A.T Vietnam 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

25 September —

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Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Discontinued operations			
Other operating income	2	-	248
Other operating charges	3	(4,333)	(7,123)
Operating loss		(4,333)	(6,875)
Interest receivable and similar income	4	3	20
Loss on ordinary activities before taxation		(4,330)	(6,855)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	10	(4,330)	(6,855)

The branch ceased trading on 31 December 2010. Accordingly, all the activities are in respect of discontinued operations.

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

Statement of total recognised gains and losses for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Loss for the financial year		(4,330)	(6,855)
Differences on exchange arising on the retranslation to sterling of the loss for the financial year from average to closing rates	11	(17)	(87)
Differences on exchange arising on the retranslation to sterling (using closing rates of exchange) of net liabilities at the beginning of the year	11	3,759	7,142
Total recognised (losses)/gains relating to the financial year		(588)	200

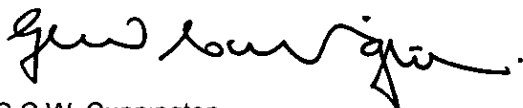
The accompanying notes are an integral part of the financial statements.

Balance sheet at 31 December 2012

	Note	2012 £'000	Restated 2011 £'000
Current assets			
Debtors amounts falling due within one year	6	2,614	1,015
Cash at bank and in hand		98	122
Creditors amounts falling due within one year	7	(134,253)	(132,025)
Net current liabilities		(131,541)	(130,888)
Provisions for liabilities	8	(1,613)	(1,678)
Net liabilities		(133,154)	(132,566)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(133,154)	(132,566)
Total shareholders' deficit	11	(133,154)	(132,566)

For details of restatement please refer to note 1

The financial statements on pages 6 to 13 were approved by the Directors on 25 September 2013 and signed on behalf of the Board



G C W Cunningham
Director

Registered number
341981

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

Restatement

The prior year has been restated to be consistent with the current year presentation. The impact on the financial statement is to reallocate £1,678,000 from Creditors' amounts due within one year to provisions for liabilities. There has been no impact on the reported loss and total shareholders' deficit for the financial year in 2011.

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

Turnover and profits expressed in currencies other than sterling are translated into sterling at average rates of exchange. Assets and liabilities are translated at closing rates of exchange. The difference between the retained loss of the overseas branch translated at the average and closing rates of exchange is taken to reserves, as are differences on exchange arising on the retranslation to sterling of foreign currency net liabilities at the beginning of the year. Exchange differences arising on the retranslation of monetary assets and liabilities between the Company and its branch, which are translated at the exchange rate ruling at the end of the year, are also taken to reserves. Other exchange differences, including those on remittances, are reflected in the profit and loss account.

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.

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

1 Accounting policies (continued)

Taxation (continued)

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

Employee share schemes

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow group company, for the cost of share schemes to which its employees belong. This recharge is expensed in the year incurred. The fellow Group company, which administers the share schemes on behalf of other group companies calculates and reflects the charge for the share schemes and provides the relevant disclosures required under FRS 20.

Retirement benefits

The Company operates a defined contribution scheme. Payments in respect of defined contribution schemes are charged as an expense as they fall due.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 Other operating income

	2012	2011
	£'000	£'000
Other	-	248

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

3 Other operating charges

	2012 £'000	2011 £'000
Operating charges comprise:		
Staff costs/(recoveries)	505	(135)
Exchange losses	3,719	6,887
Loss on disposal of assets held for disposal	-	23
Auditors' remuneration		
- For the audit of the financial statements	-	2
Other	109	346
	4,333	7,123

Auditors' fees of £2,500 were borne by a fellow Group undertaking

	2012 £'000	2011 £'000
Staff costs/(recoveries):		
Wages and salaries	-	(642)
Other pension costs (note 12)	-	32
Share based payments	505	475
	505	(135)

During 2012, no one was employed by the Company following the expiry of the business license. However, the Company is recharged for share based payments to employees employed by other Group undertakings. In 2011 recoveries of wages and salaries were due to over-accruals of wages and salaries in the 2010 financial year.

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

4 Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest	3	20

5 Tax on loss on ordinary activities

(a) Summary of taxation on loss on ordinary activities

	2012 £'000	2011 £'000
Current taxation:		
UK corporation taxation on loss of the year		
Comprising		
- current taxation at 24.5% (2011 26.5%)	-	-
Total current taxation note 5(b)	-	-

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

5 Tax on loss 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 loss for this accounting period is taxed at an effective rate of 24.5%.

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

	2012 £'000	2011 £'000
Loss on ordinary activities before taxation	(4,330)	(6,855)
Corporation taxation at 24.5% (2011: 26.5%) on loss on ordinary activities	(1,061)	(1,817)
Factors affecting the taxation rate:		
Permanent differences	(619)	(1,167)
Other timing differences	-	6
Group loss relief surrendered at less than full consideration	1,680	2,978
Total current taxation note 5(a)	-	-

An amount of £2,463,000 (2011: £4,399,000) (taxation amount of £603,000 (2011: £1,166,000)) included in permanent differences above represents imputed taxation adjustments in respect of UK to UK transfer pricing.

At the balance sheet date, the Company has not recognised a deferred taxation asset in respect of deductible temporary differences of £1,608,000 (2011: £1,739,000), which relates to accelerated capital allowances and unused taxation credits of £2,996,000 (2011: £2,996,000). These unrecognised deductible temporary differences and unused taxation credits have no expiry date. No recognition has been made for deferred taxation in respect of these items as their future recoverability remains uncertain.

6 Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	1,725	-
Other debtors	889	1,015
	2,614	1,015

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

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

7 Creditors: amounts falling due within one year

	2012 £'000	Restated 2011 £'000
Amounts owed to Group undertakings	134,253	132,025
	134,253	132,025

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand. For details of the restatement please refer to note 1.

8 Provisions for liabilities

	Total £'000
1 January 2012 (restated)	1,678
Released in the year	(65)
31 December 2012	1,613

The provision relates to additional tax on the manufacture of brands in the Vietnam market prior to trade cessation in December 2010.

For details of restatement refer to note 1.

9 Called up share capital

Ordinary shares of £1 each	2012	2011
Allotted, called up and fully paid		
- value	£2	£2
- number	2	2

10 Reserves

	Profit and loss account £'000
1 January 2012	(132,566)
Loss for the financial year	(4,330)
Unrealised exchange differences on translation of branch activities	3,742
31 December 2012	(133,154)

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

11 Reconciliation of movements in shareholders' deficit

	2012 £'000	2011 £'000
Loss for the financial year	(4,330)	(6,855)
Unrealised exchange differences on translation of branch activities	3,742	7,055
Net movement in shareholders' deficit	(588)	200
Opening shareholders' deficit	(132,566)	(132,766)
Closing shareholders' deficit	(133,154)	(132,566)

12 Pensions

Defined contribution schemes

The total operating pension cost to the Company in respect of defined contribution scheme pensions was £nil (2011 £32,000)

Payments in respect of defined contribution schemes are charged as an expense as they fall due

There are no amounts prepaid or outstanding in respect of defined contribution schemes in the current or prior financial year

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 Group

14 Parent company support

The immediate parent undertaking British American Tobacco (Investments) Limited has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future

15 Parent undertakings

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

The Company Secretary
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