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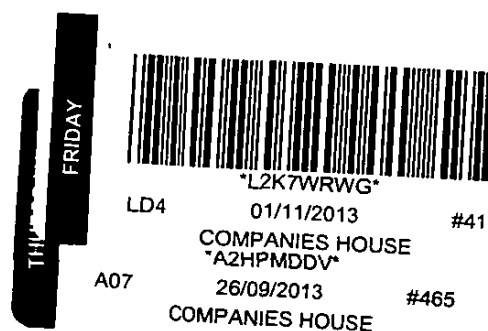
Abbey Investment Company Limited

Registered Number UK FC002780

Registered Number Isle of Man 537

Directors' report and financial statements

For the year ended 31 December 2012



Abbey Investment Company Limited

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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 an investment in a company operating in the tobacco industry as a member 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 Abbey Investment Company Limited shareholders after deduction of all charges and the provision of taxation amounted to £6,254,000 (2011 £6,213,000)

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 £11,000,000)

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
Kenneth John Hardman
Neil Robert Withington

Directors' report

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards. The financial statements are required by law to 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 year.

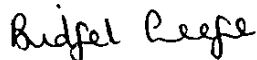
In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent, 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 proper 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 to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. 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.

By order of the Board



B M Creegan
Secretary

13 August 2013

Independent auditor's report to the members of Abbey Investment Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Abbey Investment Company Limited which comprise the Balance sheet as at 31 December 2012 and the Profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory notes

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of its financial performance for the year then ended in accordance with United Kingdom Accounting Standards, and
- The financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

Abbey Investment Company Limited

Independent auditor's report to the members of Abbey Investment Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 require us to report to you if, in our opinion .

- Proper books of account have not been kept by the company or, proper returns adequate for our audit have not been received from branches not visited by us, or
- The company's balance sheet and profit and loss account are not in agreement with the books of account and returns, or
- We have not received all the information and explanations necessary for the purposes of our audit, and
- Certain disclosures of directors' loans and remuneration specified by law have not been complied with



PricewaterhouseCoopers LLC

Chartered Accountants

Douglas, Isle of Man

13 August 2013

Profit and loss account for the year ended 31 December 2012

Continuing operations	Note	2012 £'000	2011 £'000
Other operating charges	2	-	(163)
Operating result/(loss)		-	(163)
Income from shares in Group undertakings		7,868	8,184
Interest receivable and similar income	3	22	49
Profit on ordinary activities before taxation		7,890	8,070
Tax on profit on ordinary activities	4	(1,636)	(1,857)
Profit for the financial year	8	6,254	6,213

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

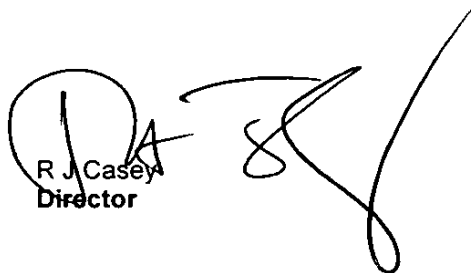
The accompanying notes are an integral part of the financial statements

Abbey Investment Company Limited

Balance sheet at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	5	292	292
		292	292
Current assets			
Debtors amounts falling due within one year	6	9,670	3,416
Net current assets		9,670	3,416
Total assets less current liabilities		9,962	3,708
Capital and reserves			
Called up share capital	7	1,500	1,500
Profit and loss account	8	8,462	2,208
Total shareholders' funds	9	9,962	3,708

The financial statements on pages 6 to 12 were approved and authorised for issue by the Board of Directors on 13 August 2013 and signed on behalf of the Board by


R J Casey
Director


K J Hardman
Director

Registered number
UK FC002780
Isle of Man 537

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 Isle of Man Companies Acts 1931 to 2004 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

Consolidated financial statements

In accordance with FRS 2 "Accounting for subsidiary undertakings", group financial statements have not been prepared as the Company is itself a wholly owned subsidiary. These financial statements therefore present financial information about the Company as an individual entity, and not about its group. Furthermore, the Company is permitted not to prepare group accounts by the provisions of the Isle of Man Companies Act 1982 as the Directors consider it would involve expense or delay out of proportion to the value to the members of the Company

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.

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

1 Accounting policies (continued)

Taxation (continued)

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.

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
Exchange losses	-	163

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

3 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from Group undertakings	22	49

4 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		
- current taxation at 24.5% (2011: 26.5%)	-	-
Overseas taxation	1,636	1,857
Total current taxation note 4(b)	1,636	1,857

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

4 Tax on profit on ordinary activities (continued)

(b) Factors affecting the taxation charge

The Company is resident in the Isle of Man and is subject to the standard rate of taxation at 0% on the profits. However the Company's profits are subject to taxation in the United Kingdom.

The standard rate of corporation taxation in the UK changed from 26.5% to 24.5% 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	7,890	8,070
UK Corporation taxation at 24.5% (2011: 26.5%) on profit on ordinary activities	1,933	2,139
Factors affecting the taxation rate:		
Permanent differences	-	43
Group loss relief claimed at less than full consideration	(6)	(13)
Overseas taxation	1,636	1,857
Corporate income taxation relief on intra-group dividends	(1,927)	(2,169)
Total current taxation charge note 4(a)	1,636	1,857

5 Investments

(1) Shares in Group undertakings

Listed - registered in Chile

% equity shares held

British American Tobacco Chile Operaciones S A 13.361
(formerly known as Compania Chilena de Tabacos S A)
9,352,393 ordinary shares of no par value each
Principal activity: Operates in the tobacco industry

Market valuation of the Company's relative holding at 31 December 2012 was £79,310,000 (2011: £81,096,000).

The total holding by the British American Tobacco plc Group in British American Tobacco Chile Operaciones S A is 98%.

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

5 Investments (continued)

(2) Shareholdings at cost less provisions

	Shareholdings at cost less provisions £'000
Cost	
1 January 2012	292
31 December 2012	292
Impairment provisions	
1 January 2012	-
31 December 2012	-
Net book value	
1 January 2012	292
31 December 2012	292

(3) The Directors are of the opinion that the individual investment in the Group undertakings has a value not less than the amount at which it is shown in the balance sheet

6 Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	9,670	3,416

Amounts owed by Group undertakings are unsecured, interest bearing and repayable on demand. The interest rate is based on LIBOR.

7 Called up share capital

Ordinary shares of £1 each	2012	2011
Authorised		
- value	£1,500,000	£1,500,000
- number	1,500,000	1,500,000
Allotted, called up and fully paid		
- value	£1,500,000	£1,500,000
- number	1,500,000	1,500,000

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

8 Reserves

	Profit and loss account £'000
1 January 2012	2,208
Profit for the financial year	6,254
31 December 2012	8,462

9 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	6,254	6,213
Dividends - interim paid	-	(11,000)
Net movement in shareholders' funds	6,254	(4,787)
Opening shareholders' funds	3,708	8,495
Closing shareholders' funds	9,962	3,708

10 Dividends

	2012 £'000	2011 £'000
Equity - ordinary		
Interim paid	-	11,000

11 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 p l c Group

12 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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