

BAT Malaysia maintains a solid First Half performance

- First half 2012 also sees encouraging progress on combatting illicit trade

Petaling Jaya, 19 July 2012 - British American Tobacco (Malaysia) Berhad (BAT Malaysia) today announced the financial results for the first half ended 30 June 2012.

“We have had a positive performance in the first half with an increase in domestic volume and total revenues by 1.6% and 3.7% respectively when compared to the same period last year,” said William Toh, Managing Director. “Our first half corporate market share has also grown by 1.3 percentage point to 62.3% when compared to the full year of 2011.”

Toh added, “We are also encouraged by the latest results (1st wave - March to May 2012) of the Illegal Cigarettes Study (ICS) commissioned by the Confederation of Malaysian Tobacco Manufacturers which have shown a 2.6 percentage point reduction in illicit cigarette trade incidence to 34.7% when compared to the same period last year.”

“This is the third successive wave where illicit cigarettes share has fallen, a clear indication that the Government's decision not to increase cigarette excise in the 2012 budget together with the continuous efforts by its various enforcement agencies to combat illicit trade are starting to have an impact on illicit trade,” Toh said.

He added however that the Group remains concerned with the current level of illicit cigarettes which is still high at 34.7%.

First Half 2012 Financial Summary

- Revenue grew by 3.7% compared to the corresponding period in 2011 attributed to both higher domestic volume and higher contract manufacturing revenue.
- Gross profit grew a modest 1.0% due to a strong 2011 comparator that included machine impairment reversal and partly due to higher production overheads incurred in this period.
- Profit before tax increased by 14.4% predominantly owing to operating expenses being 25% lower than the previous year. The lower operating expenses are partly permanent (lower incentives cost, lower distribution cost following outsourcing and absence of merchandising depreciation) and partly timing (predominantly brand and trade related activities).
- Profit after tax increased by 14.5%, in line with profit before tax.

Arising from the Group's performance, the Board of Directors of BAT Malaysia have declared a second interim dividend of 65.00 sen per share.

For more information on British American Tobacco Malaysia's financial results, please visit www.batmalaysia.com

About British American Tobacco (Malaysia) Berhad

British American Tobacco (Malaysia) Berhad (British American Tobacco Malaysia) emerged on 3rd November 1999 from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad. These two long-established tobacco companies brought with the merger, experience and an unrivalled portfolio of highly successful international brands to create the largest tobacco company in the country.

British American Tobacco Malaysia manufactures and markets high quality tobacco products designed to meet diverse consumer preferences. Its brand portfolio includes well-established international names like Dunhill, Kent, Pall Mall and Peter Stuyvesant. British American Tobacco Malaysia has about 1,200 employees who are involved in the full spectrum of the tobacco industry, from leaf buying and processing to manufacturing, marketing and distribution. British American Tobacco Malaysia is part of the British American Tobacco Group, which is the world's most international tobacco group and the second largest stock market listed tobacco group by global market share.

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