

## BRITISH AMERICAN TOBACCO

The Directors of British American Tobacco Kenya Limited are pleased to announce the unaudited group results for the six months ended 30 June 2011 as shown below:

### Key highlights:

- Revenue Up by Shs 3.1b
- Profit before tax Up by 14%
- Contribution to government revenues Up by 6%
- Interim dividend Shs 3.50 per share

The extracts of the financial statements are as follows:

### Condensed Income Statement for the six months ended 30 June:

	2011 Shs' m	2010 Shs' m
<b>Revenue</b>	<b>9,096</b>	<b>6,006</b>
<b>Operating profit</b>	1,715	1,525
Finance costs	(52)	(64)
<b>Profit before tax</b>	<b>1,663</b>	<b>1,461</b>
Income tax expense	(498)	(438)
<b>Profit after tax</b>	<b>1,165</b>	<b>1,023</b>
Dividend	350	-
Basic and diluted earnings per share (Shs)	11.65	10.23

### Condensed Balance Sheet as at:

	30 June 2011 Shs' m	30 June 2010 Shs' m
<b>Capital and reserves</b>		
Share capital	1,000	1,000
Revaluation surplus	1,108	1,153
Retained earnings	2,721	2,517
<b>Shareholders' funds</b>	<b>4,829</b>	<b>4,670</b>
<b>Non-current liabilities</b>	<b>924</b>	<b>1,271</b>
	<b>5,753</b>	<b>5,941</b>
<b>Assets</b>		
<b>Non-current assets</b>	<b>6,372</b>	<b>6,192</b>
<b>Working capital</b>		
Current assets	7,416	5,911
Current liabilities	8,035	6,162
Net working capital	(619)	(251)
	<b>5,753</b>	<b>5,941</b>

### Condensed Cash Flow Statement for the six months ended 30 June:

	2011 Shs' m	2010 Shs' m
Cash generated from operations	470	434
Net interest paid	(52)	(85)
Tax paid	(674)	(379)
<b>Net cash from operating activities</b>	<b>(256)</b>	<b>(30)</b>
Net cash used in investing activities	(313)	(164)
Net cash used in financing activities	(1,362)	(1,025)
<b>Decrease in cash &amp; cash equivalents</b>	<b>(1,931)</b>	<b>(1,219)</b>
At start of period	(415)	(1,122)
<b>At end of period</b>	<b>(2,346)</b>	<b>(2,341)</b>

### Condensed Statement of Changes in Equity for the six months ended 30 June 2011

	Share capital Shs' m	Revaluation Shs' m	Retained earnings Shs' m	Total Shs' m
<b>At 1 January 2010</b>	<b>1,000</b>	<b>1,153</b>	<b>2,519</b>	<b>4,672</b>
Net profit	-	-	1,023	1,023
Final dividend for 2009	-	-	(1,025)	(1,025)
<b>At 30 June 2010</b>	<b>1,000</b>	<b>1,153</b>	<b>2,517</b>	<b>4,670</b>
<b>At 1 January 2011</b>	<b>1,000</b>	<b>1,108</b>	<b>3,006</b>	<b>5,114</b>
Net profit	-	-	1,165	1,165
Final dividend for 2010	-	-	(1,450)	(1,450)
<b>At 30 June 2011</b>	<b>1,000</b>	<b>1,108</b>	<b>2,721</b>	<b>4,829</b>

## **BRITISH AMERICAN TOBACCO**

### **Overview:**

Notwithstanding a challenging operating environment, underlying revenue on domestic and export cigarettes grew 15% reflecting higher total volumes coupled with an exchange rate benefit on exports revenue. Total revenue also benefited from the commencement in September 2010 of the contract manufacture business stream for cut rag (Semi -processed leaf) contributing to the total increase in revenues of Shs 3.1b. Contribution to government revenue from excise, VAT and corporation tax was Shs 4.6b, an increase of 6% compared to the same period last year driven by higher corporation tax payments.

Profit before tax improved by 14% reflecting higher domestic and export volumes, the impact of cut rag exports offset by lower domestic pricing and resultant margins arising from the need to protect our competitive position.

The June budget announced changes to the excise regime introducing a mixed system under which excise is computed on the higher of 35% of Retail Selling Price or Shs 1,200 per mille. This replaces the previous system of using the Retail Selling Price as the primary basis of computing excise on cigarettes. We acknowledge the progress by government in reforming the excise regime as this forms an essential basis for safeguarding sustainability of industry and government revenues.

### **Dividend**

The Directors have recommended an interim dividend of Shs 3.50 per Shs 10 ordinary share. The interim dividend shall be paid on 9 September 2011 to shareholders on the register at the close of business on 12 August 2011 subject to withholding tax.

Nairobi  
7 July 2011

By Order of the Board  
RT Ngobi  
Company Secretary