BRITISH AMERICAN TOBACCO
KENYA

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11 July 2013

The Chief Executive
Nairobi Stock Exchange
Nation Centre
Kimathi Street
NAIROBI

Dear Sirs,

RE: RE: HALF YEAR UN-AUDITED FINANCIAL RESULTS

We enclose herewith copies of the company's half year un-audited financial results for the six months ended 30 June 2013 together with the interim dividend as declared by the Board of Directors of British American Tobacco Kenya Limited on 11th July 2013.

Yours faithfully,
BRITISH AMERICAN TOBACCO KENYA LIMITED

RUTH NGOBI
COMPANY SECRETARY

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12 JUL 2013
NAIROBI SECURITIES EXCHANGE LTD
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Enc.
c.c. The Chief Executive
Custody & Registrars Services Limited
Bruce House
6th Floor
NAIROBI

The Chief Executive
Capital Markets Authority
Reinsurance Plaza,
Taifa Road
NAIROBI

BRITISH AMERICAN TOBACCO

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Directors of British American Tobacco Kenya Limited are pleased to announce the unaudited results for the six months ended 30 June 2013 as shown below:

Key highlights:

• Gross turnover	Up by 4% to Shs 15.2 billion
• Contribution to government revenues	Up by 10% to Shs 6.5 billion
• Net Revenue	At Shs. 9 billion
• Profit before tax	Up by 11% to Shs 2.2 billion
• Interim dividend	At Shs 3.50 per share

The extracts of the financial statements are as follows:

Condensed Statement of Comprehensive Income for the six months ended 30 June 2013

	2013 Shs' m	2012 Shs' m
Gross turnover	15,154	14,549
Excise duty and VAT	(6,115)	(5,496)
Net Revenue	**9,039**	**9,053**
Operating profit	**2,315**	**2,127**
Finance costs	(78)	(120)
Profit before tax	**2,237**	**2,007**
Income tax expense	(671)	(602)
Profit after tax	**1,566**	**1,405**
Dividend	350	350
Basic and diluted earnings per share (Shs)	15.66	14.05

Condensed Statement of Financial Position as at 30 June 2013

	2013 Shs' m	2012 Shs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	1,529	1,064
Retained earnings	3,235	3,053
Shareholders' funds	**5,764**	**5,117**
Non-current liabilities	2,024	1,970
	7,788	**7,087**
Assets		
Non-current assets	**7,985**	**6,813**
Working capital		
Current assets	8,095	8,093
Current liabilities	(8,292)	(7,819)
Net working capital	**(197)**	**274**
	7,788	**7,087**

Condensed Cash Flow Statement for the six months ended 30 June 2013

	2013 Shs' m	2012 Shs' m
Cash generated from operations	674	797
Net interest paid	(78)	(120)
Tax paid	(691)	(797)
Net cash from operating activities	**(95)**	**(120)**
Net cash used in investing activities	(235)	(366)
Net cash used in financing activities	(2,900)	(2,700)
Decrease in cash & cash equivalents	**(3,230)**	**(3,186)**
At start of period	156	699
At end of period	**(3,074)**	**(2,487)**

Condensed Statement of Changes in Equity for the six months ended 30 June 2013

	Share capital Shs' m	Revaluation Shs' m	Retained earnings Shs' m	Total Shs' m
At 1 January 2012	**1,000**	**1,064**	**4,348**	**6,412**
Net profit	-	-	1,405	1,405
Dividends	-	-	(2,700)	(2,700)
At 30 June 2012	**1,000**	**1,064**	**3,053**	**5,117**
At 1 January 2013	**1,000**	**1,529**	**4,569**	**7,098**
Net profit	-	-	1,566	1,566
Dividends	-	-	(2,900)	(2,900)
At 30 June 2013	**1,000**	**1,529**	**3,235**	**5,764**

Overview

Gross turnover increased by 4% during the six months to 30 June 2013. This increase reflects a 7% growth in domestic and export volumes over the prior period as well as the impact of improved mix and pricing on domestic sales. These increases compensated for lower cut rag(semi-processed leaf) exports over the period. Net Revenue remained stable at Shs 9 billion reflecting the higher turnover offset by higher Excise and VAT.

Contribution to Government revenues in the form of Excise Duty, VAT and Corporation tax grew by 10% over the prior period to stand at Shs 6.5 billion principally due to higher Excise Duty and VAT payments.

Profit before tax grew by 11% reflecting the impact of improved sales mix on domestic turnover as well as higher export sales. Profits continue to be positively impacted by the underlying benefits of productivity savings on the cost of operations. Finance costs decreased by 35% reflecting lower interest rates relative to the prior period.

We remain focussed on engaging the enforcement authorities and other relevant stakeholders in efforts to reduce the impact of illicit trade in tobacco products and hence level the playing field in the Industry. These efforts coupled with a stable and optimal excise regime will safeguard Government and Industry revenues on a sustainable basis.

The factory continues to serve as a regional manufacturing hub and we continue to commit substantial resources to enhance its capabilities. The company remains vigilant on mitigating incremental costs of manufacture in order to sustain the cost competitiveness of the Nairobi factory.

Dividend

The Board of Directors have recommended an interim dividend in respect of the period ended 30 June 2013 of Shs 3.50 per Shs 10 ordinary share. The interim dividend shall be paid on 16 September 2013 to shareholders registered at the close of business on 14 August 2013, subject to withholding tax.

Nairobi
11 July 2013

By Order of the Board
RT Ngobi
Company Secretary