

BRITISH AMERICAN TOBACCO

The Directors of British American Tobacco Kenya Limited are pleased to announce the results for the year ended 31 December 2011 as shown below:

Key highlights in 2011 compared to 2010 are:

- Revenue Up by Shs 6.6 billion
- Contribution to government revenues Increased to a record Shs 10.5 billion
- Operating profit Up by 59%
- Cash generated from operations Up by Shs 2.3 billion
- Dividend per share Up by Shs 13.00 per share

The results below are extracted from the consolidated accounts of British American Tobacco Kenya Limited for the year ended 31 December 2011. The accounts were audited by PricewaterhouseCoopers and have received an unqualified opinion.

Condensed statement of comprehensive income for the year ended 31 December 2011:

	2011 Shs' m	2010 Shs' m
Revenue	20,138	13,539
Operating profit	4,662	2,939
Finance cost	(178)	(217)
Profit before tax	4,484	2,722
Income tax expense	(1,386)	(955)
Profit after tax	3,098	1,767
Dividend	3,050	1,750
Basic and diluted earnings per share (Shs)	30.98	17.67

Condensed statement of financial position as at 31 December 2011

	2011 Shs' m	2010 Shs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	1,064	1,108
Retained earnings	4,348	3,006
Shareholders' funds	6,412	5,114
Non-current liabilities	1,998	1,901
	8,410	7,015
Assets		
Non-current assets	6,771	6,317
Working capital		
Current assets	6,980	4,804
Current liabilities	(5,341)	(4,106)
Net working capital	1,639	698
	8,410	7,015

Condensed cash flow statement for the year ended 31 December 2011

	2011 Shs' m	2010 Shs' m
Cash generated from operations	5,392	3,134
Net interest paid	(172)	(170)
Tax paid	(1,351)	(751)
Net cash from operating activities	3,869	2,213
Net cash used in investing activities	(993)	(552)
Net cash used in financing activities	(1,762)	(955)
Increase in cash & cash equivalents	1,114	706
At start of period	(415)	(1,121)
At end of period	699	(415)

Condensed statement of changes in equity for the year ended 31 December 2011

	Share capital Shs' m	Revaluation Shs' m	Retained earnings Shs' m	Total Shs' m
At 1 January 2010	1,000	1,153	2,519	4,672
Net profit	-	(45)	1,812	1,767
Dividends	-	-	(1,325)	(1,325)
At 31 December 2010	1,000	1,108	3,006	5,114
At 1 January 2011	1,000	1,108	3,006	5,114
Net profit	-	(44)	3,142	3,098
Dividends	-	-	(1,800)	(1,800)
At 31 December 2011	1,000	1,064	4,348	6,412

Overview

Revenue growth of Shs 6.6 billion benefited significantly from the cumulative investment in the Nairobi factory with the first full year of cut rag (semi-processed tobacco) exports revenue amounting to Shs 4.8 billion being made in 2011. The exchange rate benefit on export revenues also contributed to overall revenue growth. Total domestic and export volumes grew by 14% over the previous year driven by higher contract manufacture volumes as well as a good performance in the Kenya domestic market. The 59% improvement in operating profit reflects the impact of the growth in revenue as well as the focused efforts by management on achieving productivity cost savings. Contribution to government revenue grew to a record Shs 10.5 billion during the year.

Cash generated from operations improved by Shs 2.3 billion principally reflecting the improved profitability in 2011 as well as the positive impact of working capital initiatives. The Nairobi factory continues to play a key role as a regional centre of manufacturing and supply chain excellence and the company invested Shs 1 billion in 2011 to further increase capacity and enhance quality standards.

Dividend

The Directors have resolved to recommend a final dividend of Shs 27.00 per Shs 10 ordinary share at the Annual General Meeting to be held on 26 April, 2012. The final dividend when added to the interim dividend already paid brings the total dividend for the year to Shs 30.50 per share. This dividend, which is subject to withholding tax, will be paid on 26 April 2012 to the shareholders on the register at the close of business on 23 March, 2012.

Nairobi
23 February 2012

By Order of the Board
RT Ngobi
Company Secretary