MEDIA INFORMATION

FOR IMMEDIATE RELEASE

BLATANT VIOLATIONS OF MINIMUM CIGARETTE PRICE HURT JT INTERNATIONAL BERHAD

- Serious Concerns Further Confirmed By Continued Significance Of Illicit Cigarettes

JT International Berhad's First Quarter Financial Results
For The Year Ending 31st December, 2011

Kuala Lumpur (Thursday, May 12, 2011)

First Quarter Results For Period Under Review

JT International Berhad (JTI Malaysia) registered a drop in consolidated revenue of RM290.7 million for the first quarter ended 31st March 2011, compared with RM313.2 million in the same quarter last year. The decrease in revenue was attributed to lower sales volume, offset partially by higher cigarette prices. Profit before tax for the current quarter was also lower at RM46.3 million compared with RM50.7 million for the same period in 2010. Lower profit before tax was primarily driven by lower sales volume.

Tobacco Industry Operating Environment

Following the large increase in excise taxes in October 2010 which led to the steep increase in cigarette prices, several brands belonging to small manufacturers were sold in the market at a price that blatantly violated the RM7.00 Minimum Cigarette Price (MCP). These brands, priced as low as RM3.50, which is in breach of the Government-mandated MCP, gained strong momentum in the first quarter and to this day, still continues. This illegal practice, which has continued for six months todate, has made the prices of these brands attractive to smokers and accelerated down trading. JTI Malaysia has continuously appealed to the highest levels in the Government to take strong action against this practice.

These blatant violations have resulted in a severely negative effect on the volumes of JTI Malaysia. While the overall tobacco industry volume, as measured by the Confederation of Malaysian Tobacco Manufacturers (CMTM) reduced by 7.2% compared with the same period last year, JTI Malaysia's volume contracted 10.3% resulting in its market share declining to 21.9% from 22.7% in the previous year *(source: Nielsen Retail Audit Report).*

The industry is already grappling with a significantly massive illicit cigarettes problem at 36.3% in 2010. The addition of these blatant MCP violations only adds further pressure on volumes for compliant manufacturers, who are operating on a severely non-level playing field.

Amidst these challenges, JTI Malaysia is committed to maintain its competitiveness through continued effective investment behind its global flagship brands: Winston, Mild Seven and Camel. In parallel, Government must intensify its enforcement to address the issues of MCP violations and the massive illicit cigarettes problem.

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JTI is a member of the Japan Tobacco Group of Companies (JT), a leading international tobacco product manufacturer. It markets world-renowned brands such as Winston, Mild Seven and Camel. Other international brands include Silk Cut, Sobranie, Glamour and LD. With headquarters in Geneva, Switzerland, and net sales of USD 10.2 billion in the fiscal year ended December 31, 2010, JTI has more than 25,000 employees and operations in 120 countries. For more information, visit www.jti.com

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