MEDIA INFORMATION

FOR IMMEDIATE RELEASE

Illicit Cigarettes Trade Continues To Impact JTI's Growth

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

Kuala Lumpur (Tuesday, 16th August 2011)

Second Quarter Results For Period Under Review

JT International Berhad (JTI Malaysia) registered consolidated revenue of RM306.6 million for the second quarter ended 30th June 2011, an increase of 2.7% compared with RM298.5 million in the same quarter last year. JTI Malaysia registered a decline in profit before tax by 9.2% at RM40.9 million compared to RM45.1 million in the same quarter last year. While the marginal increase in revenue was attributed to higher cigarette prices offset partially by lower sales volume, profits before tax was lower primarily driven by higher marketing and operating expenditures.

First Half Results For Period Under Review

JTI Malaysia registered revenues of RM597.4 million for the first half-year ended 30th June 2011, a drop of 2.3% compared with RM611.7 million recorded in the same period last year. Profit before tax was RM87.2 million, a decline of 8.9% compared to RM95.7 million for the corresponding period in 2010. The decrease in revenue and profit before tax was attributed to lower sales volume offset partially by higher cigarette prices.

Tobacco Industry Outlook

In the first half-year of 2011, the tobacco industry volume as measured by the Confederation of Malaysian Tobacco Manufacturers, recorded a contraction of 4.8%, compared with the previous year's moderate decline of 1.1%. This accelerated reduction further highlights the increasing pressures facing legitimate tobacco industry volume due to illicit cigarettes, which accounted for a massive incidence of 36.3% (*Source: Illicit Cigarettes Study 2010 by TNS-RI)*) of the total volume in 2010.

JTI Malaysia strongly believes that excessive taxation remains the main factor in spearheading the intense growth of illicit cigarettes. JTI Malaysia is extremely concerned that the incidence of illicit cigarettes will severely worsen if the Government imposes yet another large tax increase, similar to the rate imposed in October 2010. As such, JTI Malaysia continues to appeal to the Government for a more balanced and comprehensive approach in battling the illicit trade of cigarettes including the imposition of a moderate tax increase policy.

Amidst this challenging environment, JTI Malaysia is committed to maintain its longer term competitiveness through continued effective investment behind its key brands: Winston, Mild Seven and Camel. However, it is very likely that JTI Malaysia will not be able to maintain last year's performance.

–End –

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 operations in 120 countries and about 25,000 employees.. For more information, visit www.jti.com

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