BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
(Company No : 4372-M)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the 3 months ended 31 March 2009

	Note	3 months ended 31.3.2009	3 months ended 31.3.2008	Financial period ended 31.3.2009	Financial period ended 31.3.2008
		RM'000	RM'000	RM'000	RM'000
Revenue		1,005,626	1,021,410	1,005,626	1,021,410
Cost of sales		(600,990)	(611,009)	(600,990)	(611,009)
Gross profit		404,636	410,401	404,636	410,401
Other operating income		1,014	3,281	1,014	3,281
Operating expenses		(126,228)	(121,563)	(126,228)	(121,563)
Profit from operations		279,422	292,119	279,422	292,119
Finance cost		(6,639)	(6,977)	(6,639)	(6,977)
Profit before tax		272,783	285,142	272,783	285,142
Tax expense	5	(66,842)	(73,738)	(66,842)	(73,738)
Profit for the financial period		205,941	211,404	205,941	211,404
Earnings per share - basic (sen)	23	72.1	74.0	72.1	74.0
Earnings per share - diluted (sen)	23	72.1	74.0	72.1	74.0

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008.

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
(Company No : 4372-M)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Note	As at 31.3.2009	As at 31.12.2008
		RM'000	RM'000
Non-current assets			
Property, plant and equipment	6	426,461	438,624
Leasehold land	1	19,216	20,455
Goodwill		411,618	411,618
Computer software		13,203	15,232
Deferred tax assets		4,978	4,978
		875,476	890,907
Current assets			
Assets held for sale		-	20,638
Inventories		288,341	224,958
Receivables		218,980	257,818
Tax recoverable		19,982	33,604
Deposits, cash and bank balances		303,711	59,387
		831,014	596,405
Current liabilities			
Borrowings	12	250,000	250,000
Payables		291,210	285,737
Current tax liabilities		103,453	96,512
		644,663	632,249
Net current assets/(liabilities)		186,351	(35,844)
		1,061,827	855,063
Capital and reserves			
Share capital	11	142,765	142,765
Retained earnings		469,980	264,009
Shareholders' funds		612,745	406,774
Non-current liabilities			
Borrowings (interest bearing)	12	400,000	400,000
Post employment benefit obligations		5,041	5,002
Deferred tax liabilities		44,041	43,287
		1,061,827	855,063
Net Assets per share (RM)		2.15	1.42

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008.

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
(Company No : 4372-M)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2009

	Issued and fully paid ordinary shares of 50 sen each		Distributable	
	Number of shares	Nominal value	Retained earnings	Total
	'000	RM'000	RM'000	RM'000
At 1 January 2009	285,530	142,765	264,009	406,774
Profit for the financial period	-	-	205,941	205,941
Deferred tax on revalued land and buildings	-	-	30	30
At 31 March 2009	285,530	142,765	469,980	612,745
At 1 January 2008	285,530	142,765	203,147	345,912
Profit for the financial period	-	-	211,404	211,404
Deferred tax on revalued land and buildings	-	-	30	30
At 31 March 2008	285,530	142,765	414,581	557,346

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
(Company No : 4372-M)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31 March 2009

	Note	3 months ended 31.3.2009	3 months ended 31.3.2008
		RM'000	RM'000
Operating activities			
Cash receipts from customers		1,034,776	983,812
Cash paid to suppliers and employees		(755,432)	(662,027)
Cash from operations		279,344	321,785
Income taxes paid		(45,496)	(33,046)
Net cash flow from operating activities		233,848	288,739
Investing activities			
Property, plant and equipment			
- additions		(5,859)	(4,543)
- disposals		23,819	2,308
Additions of computer software		(243)	(751)
Interest income received		837	521
Net cash flow from/(used in) investing activities		18,554	(2,465)
Financing activities			
Repayment of commercial papers		-	(100,000)
Interest expense paid		(8,078)	(8,077)
Net cash flow used in financing activities		(8,078)	(108,077)
Increase in cash and cash equivalents		244,324	178,197
Cash and cash equivalents as at 1 January		59,387	70,666
Cash and cash equivalents as at 31 March		303,711	248,863

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2008

Notes:

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2008.

As at the date of this report, the Group has not applied the following new standards which have been issued by the Malaysian Accounting Standards Board, but are not yet effective:

(a) FRS 8 Operating Segments (effective for annual periods beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial periods beginning on 1 January 2010.

(b) IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply this standard from financial periods beginning on 1 January 2010.

(c) IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard from financial periods beginning on 1 January 2010.

(d) FRS 139 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). This new standard establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard from financial periods beginning on 1 January 2010. As allowed under the transitional provisions of FRS 139, the Group is exempted from having to disclose the possible impact on the application of this standard on the financial statements of the Group in the year of initial application.

(e) FRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2010). This standard only impacts the extent of disclosures in the financial statements, hence it is expected that there will be no material impact on the financial statements when the Group applies this standard. The Group will apply this standard from financial periods beginning on 1 January 2010.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2008 was not qualified.

3. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

4. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

5. Taxation

Taxation comprises:

	3 months ended		Financial period ended	
	31.3.2009 RM'000	**31.3.2008 RM'000**	**31.3.2009 RM'000**	**31.3.2008 RM'000**
In respect of current year				
Current tax				
- Malaysian income tax	66,088	73,176	66,088	73,176
Deferred tax	754	562	754	562
	66,842	73,738	66,842	73,738

The average effective tax rate of the Group for the financial period ended 31 March 2009 approximated the statutory tax rate of 25%.

The average effective tax rate of the Group for the financial year ended 31 December 2008 approximated the statutory tax rate of 26%.

6. Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment, from the most recent annual audited financial statements for the year ended 31 December 2008. The carrying value is based on a valuation carried out in 1983 by independent qualified valuers less depreciation.

7. Sale of Unquoted Investments and/or Properties

   On 8 October 2007, the Group entered into a sale and purchase agreement for the disposal of the final part of its property at Sungai Besi, Kuala Lumpur for a consideration of RM21,000,000. This disposal was completed on 23 January 2009 with no material gains or losses arising.

   Except for the above property disposal, there were no other sales of unquoted investments or properties during the financial period under review.

8. Quoted Securities

   a) There were no purchases or sales of quoted securities during the financial period under review.

   b) There were no investments in quoted securities as at the end of the financial period under review.

9. Changes in Composition of the Group

   There were no changes in the composition of the Group during the financial period under review.

10. Corporate Proposals

    There were no new corporate proposals announced as at 16 April 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

11. Changes in Share Capital and Debt

    There were no issuances, cancellations, repurchases, resale and repayment of either debt or equity securities for the period under review.

12. Borrowings

The Group's borrowings as at 31 March 2009 are as follows:

	RM'000
Current	
4½-year medium-term notes 2004/2009 with a coupon rate of 4.95% per annum, maturing on 4 May 2009	100,000
5-year medium-term notes 2004/2009 with a coupon rate of 4.58% per annum, maturing on 2 November 2009	150,000
Non-current	
5-year medium-term notes 2007/2012 with a coupon rate of 4.05% per annum, maturing on 21 September 2012	400,000
	650,000

All borrowings are denominated in Ringgit Malaysia.

13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 16 April 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

14. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2008 are as follows:

	RM'000
Property, plant and equipment:	
Authorised by the Directors and contracted for	79,884
Authorised by the Directors but not contracted for	3,645
	83,529

15. Financial Instruments

Forward Foreign Currency Contracts

As at 16 April 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report), the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases are as follows:

Currency	Contract amount in foreign currency '000	Date of contract	Value date of contract	Equivalent amount in RM'000
Pound Sterling	7,016	29/10/2008 – 5/3/2009	5/5/2009 – 18/5/2010	37,894
Euro	18,250	30/9/2008 – 13/11/2008	1/7/2009 – 1/9/2009	83,583

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

There are no cash requirement risks as the Group uses fixed forward foreign currency contracts as its hedging instrument.

Credit Risks

The above financial instruments were executed with creditworthy financial institutions in Malaysia in line with the Group's policy.

16. Material Litigation

There was no material litigation as at 16 April 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

17. Segment Reporting

No segmental analysis is prepared as the Group is primarily engaged in the manufacture and sale of cigarettes and other tobacco products in Malaysia.

18. Material Changes in the Quarterly Results as Compared with the Preceding Quarter

Industry volumes, as measured by the Confederation of Malaysian Tobacco Manufacturers' members' declined by 0.5% as compared to the previous quarter volumes driven mainly by the large tax led price increase and global economic crisis impacting consumer spending power. BAT Malaysia's volumes registered a decline in the current quarter as compared to the last quarter in line with the industry decline.

Consequently, the Group's Turnover in the current period was lower by 0.3% versus the previous period.

Profit before taxation in the current quarter was higher at RM272.8 million compared to the preceding quarter of RM215.8 million, the increase is primarily driven by the absence of price competitive activities and brand migration activities.

19. Review of Performance

The overall industry volumes in 2009, as measured by the Confederation of Malaysian Tobacco Manufacturers members' sales, declined by 9% versus the same period last year due primarily to the increasing levels of illicit trade and impact of global economic crisis affecting consumer spending power.

The Group's volume was similarly impacted by the external pressures to the industry and one-off impact of tail end brand migration. The Group's portfolio of products, driven by the Global Drive Brands, have however performed exceptionally well, especially in the premium segment of the market with both Dunhill and Kent gaining market share of 1.8pp and 1.9pp respectively as compared to the same period last year.

For the financial period under review, the Group's turnover was 1.5% lower at RM1,005.6 million compared to RM1,021.4 million in 2008, as lower sales volumes had eroded gains from the higher net pricing and improved product mix. The impact of lower turnover flowed through to profit before taxation tempered by various measures implemented to improve productivity.

20. Events Subsequent to the End of the Period

There are no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

21. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the financial period under review.

22. Current Financial Year's Prospects

The combination of the significant tax led price increase in September 2008 and global economic crisis impacting consumers spending power has led legal industry volumes to decline by 8.8% versus the same period last year. The growth of illicit trade however has continued unabated as evidenced by the survey of contraband and unauthorised incidence in Malaysia by the Confederation of Malaysian Tobacco Manufacturers, where illicit trade incidence for 2008 has grown by +1.9pp to a high of 25.7% for the year 2008.

Given the challenges posed by the illicit trade and continued pressures from the global economic crisis impacting consumer spending, it is anticipated that some consumers wishing to smoke may down trade to illegal cigarettes and consequently this may further impact legal industry volumes. In light of this, we hope that excise increases will be moderate and gradual complemented by strong continuous enforcement efforts and higher penalties to counter the high level of illicit trade incidence.

For 2009, the Group is committed to protecting its long term leadership position within the tobacco industry and activities will continue to be rolled out to deliver shareholder value. Our strategic imperatives on Growth, Productivity, Responsibility and Winning Organisation have laid a strong foundation for the Group to leverage on during these challenging times and we remain cautiously optimistic on the outlook for 2009.

23. Earnings Per Share

	3 months ended		**Financial period ended**	
	31.3.2009	**31.3.2008**	**31.3.2009**	**31.3.2008**
Basic earnings per share				
Profit for the financial period (RM'000)	205,941	211,404	205,941	211,404
Weighted average number of ordinary shares in issue ('000)	285,530	285,530	285,530	285,530
Basic earnings per share (sen)	72.1	74.0	72.1	74.0

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

24. Dividends

The Board of Directors does not recommend any payment of dividends in respect of the three months ended 31 March 2009.

By Order of the Board

NG PEI LING
Secretary
23 April 2009