

HALF YEAR UNAUDITED RESULTS FOR SIX MONTHS TO 30 JUNE 2016

The Directors of British American Tobacco Uganda Limited are pleased to announce the unaudited results for six months period ended 30 June 2016.

The extracts of the financial statements are as follows:

	2016 Shs' m	2015 Shs' m
Gross Cigarette Revenue	73,165	72,563
Excise duty and Value added tax	(39,003)	(37,301)
Net Cigarette Revenue	34,162	35,262
Leaf Revenue	-	82,138
Net revenue	34,162	117,400
Cost of operations	(24,387)	(94,490)
Profit from operations	9,775	22,910
Net finance costs	(812)	(1,129)
Profit before tax	8,963	21,781
Income tax expense	(1,641)	(6,534)
Profit after tax	7,322	15,247
Earnings per share (Shs)	149	311

	2016 Shs' m	2015 Shs' m
Shareholders' equity	34,160	28,420
Non-current liabilities	2,837	-
Equity and non-current liabilities	36,997	28,420
Non-current assets	33,754	20,980
Current assets	42,686	99,977
Current liabilities	(39,443)	(92,537)
Net assets	36,997	28,420

	2016 Shs' m	2015 Shs' m
Cash generated from operating activities	6,605	60,318
Net cash used in investing activities	(13)	(35)
Net cash used in financing activities	(22,186)	(64,058)
Net decrease in cash and cash equivalents	(15,594)	(3,775)
At the start of the period	17,956	21,730
At the end of the period	2,362	17,955

Condensed Statement of Changes in Equity for the period. (Shs' millions)

	Share Capital	Revaluation Surplus	Retained Earnings	Proposed Dividend	Total
At 1 January 2015	61	13,644	13,112	36,712	63,529
Profit for the period	-	-	15,247	-	15,247
Write-off of revaluation reserve due to change in accounting policy	-	(13,644)	-	-	(13,644)
Dividends:					
Final for 2014	-	-	-	(36,712)	(36,712)
Interim for 2015	-	-	-	-	-
Balance at 30 June 2015	61	-	28,359	-	28,420
At 1 January 2016	61	13,376	13,401	20,270	47,108
Profit for the period	-	-	7,322	-	7,322
Dividends:					
Final for 2015	-	-	-	(20,270)	(20,270)
Balance at 30 June 2016	61	13,376	20,723	-	34,160

Business Overview

Cigarette revenues increased marginally by 1% mainly driven by the impact of higher prices taken in the second half of 2015 offset by a reduction in cigarette sales volumes. There are no leaf revenues in 2016 as a result of the discontinuation of the leaf business in 2015. Total Operating margin improved significantly by 9.1 percentage points to 28.6% reflecting the change in business model and the resultant improved margins.

Net finance costs reduced by 28% principally due to lower borrowings. Profit before tax decreased by 59% reflecting the discontinuation of the leaf business.

BAT Uganda remains a significant contributor to Government revenues. Contribution to Government revenues in the form of Excise Duty and Value Added Tax increased from Shs. 37 billion to Shs. 39 billion relative to the same period last year.

Regulatory Outlook

The Tobacco Control Act was passed by parliament and we are now in a transition period with compliance by the tobacco industry expected from 19th May 2017. We are not opposed to regulations on our industry provided they are balanced, evidence based and do not lead to unintended consequences such as stimulating illicit trade as well as having a negative impact on sustainable Government and industry revenues.

Profit Outlook

Pursuant to rule 1 (1) under Appendix 4 of the Uganda Securities Exchange Listing Rules, 2003, the Board of British American Tobacco Uganda Limited ("the Company") informs its shareholders and potential investors that the Company's financial results for the year ended 31st December 2016 are expected to be significantly lower as a result of the discontinuation of the leaf business in 2015. Profit outlook in 2016 is expected to be more than 20% lower than in 2015.

Details

Enquiries may be addressed to the Company Secretary on P. O. Box 7100, Kampala; Telephone No. +256 31 2200100; Fax No. +256 41 230964.

By Order of the Board
KAMPALA
26 July 2016



Company Secretary
Nicholas Eciimu