



Progress



06

annual report
laporan tahunan



through synergy

British American Tobacco Malaysia is defined by the quality, commitment and passion of our people. Guided by our strategic focus on growth, productivity and responsibility, we will continue to synergise our strengths in building a winning organisation - all with the aim of achieving sustainable progress and creating long-term value for our stakeholders.

Highlights06

		Year ended 31.12.06 RM million	Year ended 31.12.05 RM million	Increase/ (Decrease) %
Revenue		3,612	3,564	1
Profit Before Taxation		1,002	833	20
Profit for the Financial Year		720	593	21
Shareholders' Funds		552	618	(11)
Net Returns on Shareholders' Funds	(%)	130.4	95.9	36
Net Earnings Per Share	(sen)	252.0	207.6	21
Net Interim, Special and Final Dividend Per Share	(sen)	254.0	250.1	2

- Excellent performance in 2006 amidst the challenges.
- Impressive growth by drive brands.
- Productivity programmes provide significant savings.
- Strong talent pipeline.
- The Board of Directors recommends a final net dividend of 124.10 sen per share and a special final net dividend of 21.90 sen per share for the financial year ended 31 December 2006.

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Awards & Achievements



KPMG Shareholder Value Awards 2005

- **Sectoral Winner (Consumer Markets)**
- **Overall Winner**

Recognition for having the highest Economic Profit over its Invested Capital among all public listed companies in Malaysia.

Best Managed Company, Best Corporate Governance, Best Commitment To Strong Dividend Payment, Third Place For Best Investor Relations 2006

- **FinanceAsia**

Recognition for being one of Malaysia's best managed companies.

Best Social Report 2005

- **ACCA Malaysia Environmental And Social Reporting Awards**

Recognition for the comprehensiveness and credibility of British American Tobacco Malaysia's Social Report with adherence to international reporting standards – AA1000AS and the Global Reporting Initiative.

National Annual Corporate Report Awards (NACRA) 2006

- **Industry Excellence Award: Main Board, Consumer Products**

Recognition for excellence in corporate accountability and effective communication via annual report as well as disclosure of financial and business information and high standards of corporate governance.

Inclusion Into The 2006/2007 Dow Jones Sustainability Indexes World

Recognition for British American Tobacco Malaysia's practice in corporate sustainability, which includes Environmental, Health and Safety Management, Corporate Governance, Codes of Conduct and Stakeholder Engagement.



Chairman's Review



The Group's turnover amounted to RM3.6 billion for the year under review, up by 1.3% from the year before. Net profit for the financial year amounted to RM720 million, an increase of 21% from 2005.

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 31 December 2006.

British American Tobacco Malaysia's Group has once again produced creditable result. The Group's turnover amounted to RM3.6 billion for the year under review, up by 1.3% from the year before. Net profit for the financial year amounted to RM720 million, an increase of 21% from 2005, largely attributed to the absence of one-off costs evident in the previous year, such as costs incurred to ensure compliance to the requirements stipulated by the Control of Tobacco Product Regulations 2004, from intensified price discounting activities and as a contribution to the local tobacco industry restructuring plan.

The Board of Directors has recommended a final net dividend of 124.10 sen per share and special final net dividend of 21.90 sen per share. Taken together with an interim net dividend of 108.00 sen per share which was paid on 21 September 2006, this would make a total net dividend of 254.00 sen per share for the year – an increase over last year's total by 2%.

To remain a market leader in an increasingly competitive environment, the Group will continue to upgrade its facilities to enhance operational efficiency and cost competitiveness.

2006 EXTERNAL ENVIRONMENT

Increase in excise taxation will continue. This coupled with the increase in illicit tobacco trade, which resurged to the pre-2004 levels of 20%, the emergence and rapid growth of exceptionally low priced cigarettes and removal of sale of cigarette packs containing less than 14 sticks will further cause a decline in the sales volume of the members of the Confederation of Malaysian Tobacco Manufacturers.

The contraction in legal cigarette volumes in 2006 has inevitably resulted in approximately 10% decline in local leaf demand from 2005. This further intensifies the challenges faced by the Group and other relevant stakeholders which are working together to ensure the competitiveness and sustainability of the local tobacco farming sector as Malaysia opens its market to ASEAN competition due to the implementation of the ASEAN Free Trade Agreement post-2010.

To meet the challenges, the Group will continue to work closely with the relevant authorities in addressing illicit tobacco trade and in ensuring a level playing field for the industry. Further, the Group is devoted to developing experienced managers and ensuring that employees are well-trained and motivated.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Throughout the year, the Group continued to carry out its CSR through programmes which included social reporting, scholarships and social welfare activities. In recognition for our CSR efforts, the Company had been awarded the ACCA Social Reporting Award and was included in the Dow Jones Sustainability Indexes World.

PROSPECTS FOR 2007

To remain a market leader in an increasingly competitive environment, the Group will continue to upgrade its facilities to enhance operational efficiency and cost competitiveness and be fully committed to addressing those issues that affect its business.

We will continue to defend our market leadership position with the Group's strong brand portfolio, particularly its drive brands, Dunhill, Pall Mall and Kent as well as initiatives planned at delivering continuous productivity and a winning organisation.

British American Tobacco Malaysia believes that it is well placed to remain a major competitor in the tobacco industry. It is cautiously optimistic on the outlook for 2007 and remains committed to protecting and enhancing its leadership position as well as delivering shareholder value over the long term.

**CHANGES IN KEY POSITIONS**

Mr Bart Alkemade took office from Mr Andrew Gray as Managing Director in March 2006. Mr Alkemade brings with him vast experience and sound understanding of the cigarette business. With his foresight and expertise, I have no doubt he would be able to further strengthen the Group, enhance performance and shareholder value.

On behalf of the Group, I would like to take this opportunity to thank Mr Andrew Gray for his contribution and wish him all the best in his new appointment.

Mr James Blakelock, Corporate and Regulatory Affairs Director has been transferred to the Group's headquarters to assume a new role. I wish to express our appreciation to Mr Blakelock for his contribution during the period he was with the Group. Ms Christine Lee has been appointed to cover his position with effect from September 2006. Mr Allen Lim has been appointed as the new Business Development Director with effect from September 2006. I look forward to working closely with them.

ACKNOWLEDGEMENT

Amidst various challenges to the industry, the Group has remained strong and resilient. This is attributable mainly to the skills and commitment shown by the Board of Directors, the management team and staff. I would like to thank you all for your dedication and contribution.

To our valued customers, distributors, investors and business partners, on behalf of my fellow Directors, we wish to extend our sincerest appreciation for your continued trust and confidence in us.

Last but not least, to our shareholders, we thank you for your support and for your continuous faith in us. We will continue to strive for growth and profit.

Tan Sri Abu Talib bin Othman
Chairman

Managing Director's Review

Our strategic imperatives which centre on Growth, Productivity, Responsibility underpinned by Winning Organisation, have generated the synergy necessary for us to achieve progress. Throughout 2006, we continued to build on our No. 1 position in the Malaysian tobacco industry.

LEADERSHIP

2006 was not an easy year for British American Tobacco Malaysia and the tobacco industry primarily due to changes in the industry landscape. Despite the challenging external environment, I am pleased to report that our strategic imperatives which centre on 'Growth', 'Productivity', 'Responsibility' underpinned by 'Winning Organisation', have been successful in addressing some of these adversities.

Throughout 2006, we continued to build on our No. 1 position in the Malaysian tobacco industry. I hope this annual report which presents our milestones and developments under each of the strategic imperatives, will provide you with a clear and comprehensive understanding of our initiatives, events and challenges that transpired during the year.





By revolutionising our trade marketing and distribution model coupled with speedy implementation of best practices, we have harnessed greater levels of efficiency in our route-to-market approach.

GROWTH

While total industry volumes for 2006 as measured by the Confederation of Malaysian Tobacco Manufacturers contracted by 10.4%, British American Tobacco Malaysia's volumes tapered by 8.8% as a result of strong brand building initiatives which were focused on our key drive brands - Dunhill, Pall Mall and Kent.

Against a backdrop where consumers downtrading to the value for money and illegal cigarette segments was acute, Dunhill had, for the first time in four years, grown market share, accelerating premium share growth. At as 31 December 2006, Dunhill continued to be the brand leader with 40% market share, and approximately 58% share of the premium segment, up 2% from the year before.

Dunhill will be crossing its 100th year mark in 2007 globally. We are proud of the achievements of this prestigious

brand and will continue to invest our resources in fortifying its brand equity and its No. 1 position in the country, examples are the recently launched Dunhill D360 and Dunhill Fine Cut.

Pall Mall ends 2006 with 30.4% share of the value for money segment, a commendable increase of more than 5% from the year before. Amongst the leading value for money brands in the market, Pall Mall is the only brand growing market share in the face of the onslaught from the exceptionally low priced cigarette segment. Pall Mall leads in the Lights and Menthol categories and has achieved leadership in the hotel, restaurant and cafe channels.

Since the launch of our Trade Marketing and Distribution Centre of Excellence (CoE) in November 2005, we have seen great progress in bringing to fore best practices. Revolutionising our trade marketing and distribution model coupled with speedy implementation

of best practices, we have harnessed greater levels of efficiencies in our route-to-market approach, with lower out of stock levels, enhanced effectiveness of call rates and lower market returns.

PRODUCTIVITY

In Operations, the blueprint to improve productivity throughout the end-to-end supply chain by achieving leadership in Quality, Delivery and Cost Effectiveness was implemented full swing in 2006. Under the dedicated Breakthrough2 programme, the team managed to reap total savings of RM40 million, amongst many other notable achievements.

Through the various projects and initiatives, the Operations team successfully reduced total product cost per mille by 5%. Product quality measurements also climbed steadily with a Quality Map introduced to ensure sustainable improvement.

To further spark the emphasis on productivity and efficiency, the Operations department launched a Continuous Improvement campaign which anchors on the Japanese methodology, 'Kai-Zen' (loosely translates as 'evolution for progress'). Since its launch in June, I am pleased to report that the Continuous Improvement Project Committee has received and implemented more than 260 innovative Continuous Improvement ideas contributed by factory floor employees.

In other areas, the British American Tobacco Aspac Service Centre Sdn Bhd, a 100% owned subsidiary of British American Tobacco plc was established in Malaysia as a regional product centre for research and development as well as a key shared services and outsourcing centre for transaction-oriented financial processing. British American Tobacco Malaysia is a pioneer operating company to migrate its product research and development work and back-office accounting functions to this centre.

During the year, British American Tobacco Malaysia also launched Project Symphony, which is part of a regional SAP migration project and global IT consolidation programme. Project Symphony went live on schedule in January 2007 and plays a vital role in reducing 62 primary back-end systems to a maximum of eight systems globally, taking the efficiency of administrative processes to the next level.

RESPONSIBILITY

Our fortitude is founded on our commitment to conducting our business responsibly. As such, British American Tobacco Malaysia continues to be guided by values which we deem sacrosanct - transparency, accountability, integrity and good corporate governance.

It is heartening to note that our emphasis on Corporate Social Responsibility has been affirmed by the Government's recent drive for corporations to adopt a greater sense of

Corporate Social Responsibility through the 2007 Federal Budget announcement. We are encouraged to note the alignment between British American Tobacco Malaysia's Corporate Social Responsibility charter and the Corporate Social Responsibility framework recently launched by the Bursa Malaysia Securities Berhad as a guideline for public listed companies in Malaysia.

Throughout the years, we have provided succinct highlights of our Corporate Social Responsibility efforts through our Annual Reports. This year, we have made a conscious decision, to share further our involvement in Corporate Social Responsibility through this report. Additionally, a CD ROM of our 2005-06 Social Report which details our efforts in the various aspects of Corporate Social Responsibility, is also enclosed. You may also download a copy of our externally audited Social Report via our corporate website www.batmalaysia.com.



MANAGING DIRECTOR'S REVIEW

At British American Tobacco Malaysia, stakeholder dialogues remain at the heart of our Corporate Social Responsibility practice. In 2006, we engaged our internal and external stakeholders in open dialogues on issues which were both important to them and relevant to the business - combating illicit tobacco trade and addressing employees' concerns.

In our efforts to allow consumers and public health groups access to more product information, British American Tobacco Malaysia has also led the local tobacco industry in becoming the first to voluntarily publish the list of ingredients of its products on the British American Tobacco's global ingredients website on 29 September 2006.

In this Report, you will also read about our efforts in providing financial assistance to talented Malaysian students pursuing their higher education. Established in 1983, the British American Tobacco Malaysia Foundation today offers scholarships with no bond attached to employees' children and for the first time this year, to the Company's permanent employees pursuing their first degree or diploma.

I am proud to announce that over the years, more than 500 students have benefited from these scholarships with well over RM13 million invested in the programme. Many of these scholars have gone on to accomplish great successes both in academia and in the corporate world meeting the challenges of Malaysia's future, both in the local and international arena.

WINNING ORGANISATION

As we have always said – our people are our greatest asset. Our organisation is defined by the quality, commitment and passion of our people.

In 2006, British American Tobacco Malaysia actively participated in international and regional career fairs to attract talent into our organisation. Additionally, we have introduced the Employee Referral Programme. Our efforts resulted in an 8% improvement on speed to hire from the previous year, filling the talent pipeline with both management trainees and mid-career recruits.

Talent development is paramount to the Company. Great emphasis is placed on mentoring, coaching and mapping of career paths for our employees.

With over 90 years of industry experience behind us and the agility and drive to power the organisation forward, I am confident, British American Tobacco Malaysia will continue to chart frontiers and make headways into the future.

Throughout the year, the Company continued to engage employees through channels such as quarterly briefings with both management and non-management employees, and the sharing of news and information through our intranet, newsletters, focus groups and surveys.

The Kelab Sukan British American Tobacco Malaysia continued to play a big part in ensuring work-life balance for our employees. Run by an independent committee, the Kelab Sukan successfully churned out a series of sporting activities, excursions and entertaining events throughout the year aimed at encouraging a sense of camaraderie amongst employees.

CONCLUSION

2006 has been a challenging year for British American Tobacco Malaysia, given the change in an industry landscape with resurging illicit trade and growing of exceptionally low priced cigarettes, especially since the withdrawal of cigarette packs less than 14 sticks in June 2006. However, it is encouraging to note the authorities are stepping up efforts to address illicit trade, though the issue remains significant. Meanwhile, the underlying health of our drive brands and organisation are stronger than ever as indicated by various performance measures. In that sense, 2006 has also been a very rewarding year.

There is no doubt that 2007 will continue to serve the tobacco industry with more challenges. At British American Tobacco Malaysia, we will continue to be guided by our strategic focus on generating Growth, enhancing Productivity, running our business Responsibly and building a Winning Organisation.

With over 90 years of industry experience behind us and the agility and drive to power the organisation forward, I am confident, British American Tobacco Malaysia will continue to chart frontiers and make headways into the future.



Bart Alkemade
Managing Director

Finance Director's Review

After a difficult 2005, the Group has emerged stronger, delivering impressive profit growth in 2006. Despite the increasing challenges of rising illicit trade, the Group remains firmly committed to enhancing further its market leadership position and maintains its commitment to maximising long term shareholder value.

2006 has seen a return to growth for British American Tobacco Malaysia, the Group delivering a 20% growth in profit before taxation compared to 2005. This demonstrates the value of the significant expenditure incurred in 2005 to protect the Group's long term market leadership position. Among the 3 major cigarette manufacturers, the Group extended its leadership position as its volume decline was lower at 8.8% than its nearest competitors. This is primarily attributable to the commendable performance of our key brands. Dunhill grew market share despite a shrinking premium segment, an excellent performance, and Pall Mall continued its market share growth, further strengthening its position within the value-for-money segment. This pleasing growth in market share of our key brands was offset, however, by the decline of our tail brands; which

has resulted in corporate share decline versus 2005. In a move to strengthen our long-term capabilities, the Group has commenced direct store delivery operations in the Klang Valley in 2006 and this has contributed significant improvements on the Group's field force capability and enhanced our competitive edge.

However, the challenging landscape in which the local tobacco industry operated in 2005 continued into 2006, where lower consumption, rapid growth of exceptionally low priced cigarettes (ELPC) and resurgence of illicit trade was more evident. As a result, total industry volume as measured by sales of the 'Big Three' tobacco companies for 2006 declined by 10.4% compared to 2005. A downtrading trend was observed throughout 2006; as a result of excise

led price increases over the years and the ban on the manufacture and sale of packs containing less than 14 sticks from June 2006. These factors, together with inflationary pressures have contributed to the growth in both the ELPC segment and illicit trade.

Our strategies remain robust, focusing on the growth of our key brands, productivity in all areas, acting responsibly in a controversial industry and ensuring we maintain and grow a winning organisation of talented and energised employees.

Through dedicated commitment to these strategies and adapting their application in the light of evolving realities, the Group is in a strong position to face the challenges ahead, and reaffirms its commitment to maximising long term shareholder value.



NET PROFIT UP BY 21% IN 2006

CONSOLIDATED INCOME STATEMENT

	12 months 2006 RM million	12 months 2005 RM million	Increase/ (Decrease) %
Revenue	3,612	3,564	1
Cost of sales	(2,082)	(2,112)	(1)
Gross profit	1,530	1,452	(5)
Other operating income	9	14	(35)
Operating expenses	(490)	(585)	(16)
Profit from operations	1,049	881	19
Finance cost	(47)	(48)	(2)
Profit before tax	1,002	833	20
Tax expense	(282)	(240)	18
Profit for the financial year	720	593	21
Net earnings per share - basic and diluted (sen)	252.0	207.6	21
Net interim, final and special dividend per share (sen)	254.0	250.1	2
Operating Profit Margin	29%	25%	4%
Profit Before Tax/Revenue	28%	23%	5%
Profit After Tax/Revenue	20%	17%	3%

FINANCE DIRECTOR'S REVIEW

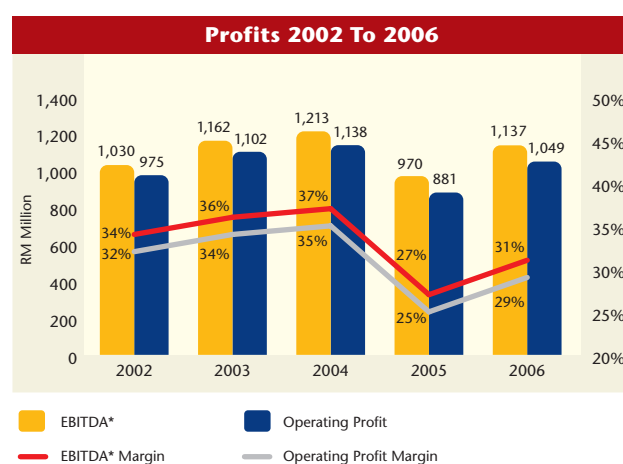
The financial results in 2006 are in compliance with the new Financial Reporting Standards (FRS) as adopted by the Malaysian Accounting Standards Board from 1 January 2006 onwards. The new FRS have resulted in some changes to the presentation of the accounts and disclosures.

As per the new FRS, there is a change in the treatment of goodwill as explained in more detail below. The full impact of the adoption of FRS is disclosed in the summary of significant accounting policies in the financial statements. In terms of FRS 139 (Financial Instruments: Recognition and Measurement), the Group will be considering the possibility of an early adoption (as the Malaysian Accounting Standards Board has not determined the effective date of adoption) together with the potential amendments to FRS 132 (Financial Instruments: Disclosure and Presentation) in light of developments in International Financial Reporting Standards 7.

In addition, although the financial impact to the Group is not significant, in the spirit of transparency and good corporate governance, an extensive disclosure note on share-based payments has been included in the notes to the accounts in line with FRS 2.

2006 was a year of strong headline profit growth after a difficult 2005. Gross profit was higher as a result of higher net pricing and productivity gains; partially offset by lower volumes. Profit from operations was 19% higher compared to 2005 due to the absence of the one-off costs evident in 2005 such as our contribution to the restructuring of the local tobacco growing industry, regulatory compliance costs, impairment losses and price discounting activities. In addition, the Group ceased amortisation of goodwill from 1 January 2006 in line with FRS 3. The Group also incurred reorganisation costs of RM18.7 million, the benefits from which will flow through in 2007. Excluding these one-off impacts, to provide a clearer picture of underlying performance, profit from operations grew by 8% compared to 2005. The higher taxation was in line with higher profits and the effective tax rate approximated the statutory tax rate of 28%.

Operating profit and margin trended higher in 2006, delivering a 19% and 4% growth respectively; the key drivers being higher net pricing, cessation of goodwill amortisation and the absence of the significant one-off costs incurred in 2005. Together with on-going productivity savings, these factors more than offset the increase in indirect taxes and the impact of lower volumes, resulting in higher margins.



* EBITDA is operating profit before interest, depreciation, amortisation and exceptional items

HIGHER CASH FROM OPERATIONS IN LINE WITH HIGHER PROFITS

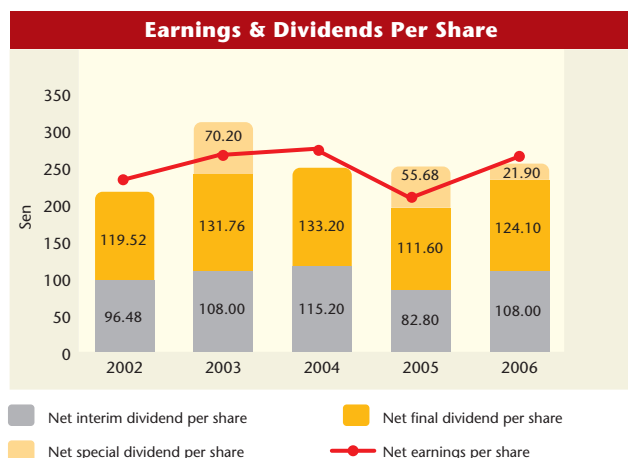
CONSOLIDATED CASH FLOW STATEMENT

	12 months 2006 RM million	12 months 2005 RM million	Favourable/ (Adverse) %
Profit from operations	1,049	881	19
Adjustments for:			
Interest income	(8)	(9)	(15)
Property, plant and equipment:			
– Depreciation	78	76	(2)
– Loss/(Gain) on disposal	1	(2)	162
– (Write back of Impairment)/Impairment	(4)	11	(136)
Amortisation of goodwill	-	22	(100)
Write off of trademarks	-	2	(100)
Allowance/(Write back) for doubtful debts	1	(1)	200
Bad debts written off	-	1	100
Inventories written off	1	1	-
Changes in working capital	(11)	(37)	70
Cash from operations	1,107	945	17
Income taxes paid	(272)	(211)	(29)
Net capital expenditure	(56)	(78)	27
Net finance costs	(40)	(40)	-
Dividends paid	(786)	(617)	(27)
Decrease in cash and cash equivalents	(47)	(1)	(4,628)

Cash generated from operations improved by 17% compared to 2005; in line with higher profits and as a result of a continuous improvement in working capital, in particular effective management of stocks and debtors balances. Higher income taxes paid were in line with higher profits; whilst there was a decline in net capital expenditure as a result of lower capital expenditure and higher proceeds from disposal of surplus assets. Dividends paid were higher in 2006 due to the payment of special and final dividends for 2005 and interim dividends for 2006.

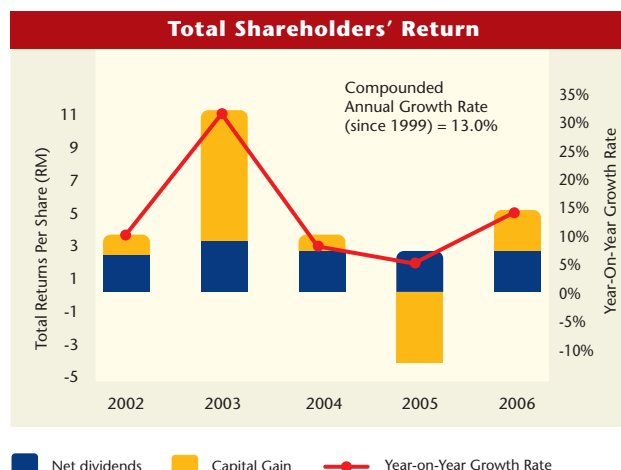
FINANCE DIRECTOR'S REVIEW

TOTAL DIVIDEND PAYOUT INCREASED AGAIN

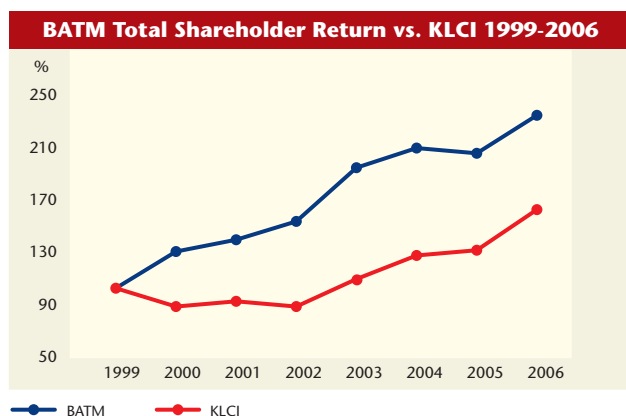


Our dividend policy is to distribute dividends to shareholders from cash in excess of our operating requirements. Therefore, subject to the shareholders' approval at the forthcoming Annual General Meeting, the directors are pleased to recommend a special final net dividend of 21.9 sen per share and a final net dividend of 124.1 sen per share for the financial year ended 31 December 2006. This results in an increase in total net dividends payout for 2006 of 1.5% over 2005. The dividend payout in 2006 represents 100.8% of 2006 profit after tax.

OVERALL GROWTH IN RETURN TO SHAREHOLDERS



The total return to shareholders, as measured by the movement in share price during the financial year and the total net dividends proposed for the year, was a gain of RM5.54 per share. Net dividends have increased again and this, together with the increase in share price during 2006 have resulted in an overall positive return of 25%. Since the merger of MTC and Rothmans to form British American Tobacco Malaysia, total shareholder return has recorded a compound annual growth rate of 13.0% and in comparison to the Kuala Lumpur Composite Index (KLCI), the Group's total shareholder return has outperformed the KLCI since 1999. These results clearly demonstrate the success of our business strategy and the Group's commitment to delivering value to shareholders for the long term.



Note: Total shareholder return is based on movement in share price and gross dividends or dividends reinvested

The Group has continuously refined its long term strategy to better position itself in protecting and enhancing the Group's leadership position in the local tobacco industry. Clear strategic imperatives for success have been developed and resources are being invested in growth, productivity, responsibility and people leadership to achieve the strategic imperatives. These imperatives, together with a comprehensive risk management framework play a key role in achieving long term sustainable profit growth and maximising long term shareholder value.

TREASURY OPERATIONS AND EFFICIENT CAPITAL STRUCTURE

The primary responsibility of the Treasury function is to manage financial risks through proactive management of cash flow, interest rates and currency exposures. There has been no requirement for Commercial Papers in 2006; as a result of efficient working capital and cash flow management.

In June 2006, the Rating Agency Malaysia reaffirmed the Group's AAA rating for the existing bonds and short and long term ratings of P1 and AAA, respectively, for the CPs/MTNs. The Group is currently reviewing options in meeting the repayment of its bonds maturing in November 2007 and at the same time ensuring the optimisation of capital structure and maximisation of shareholder value.

FIRM COMMITMENT TO MAXIMISING LONG TERM SHAREHOLDER VALUE

After a difficult 2005, the Group has emerged stronger and has delivered impressive profit growth in 2006. Maintaining this growth momentum going forward will remain challenging amidst the pressing issues of illicit trade and the rapid emergence of the ELPCs. However, the Group is fully focused on addressing these challenges and will maintain its firm commitment to protecting and enhancing its market leadership position, and to maximising long term shareholder value.

Robert James Clark
Finance Director

Five Year Financial Highlights

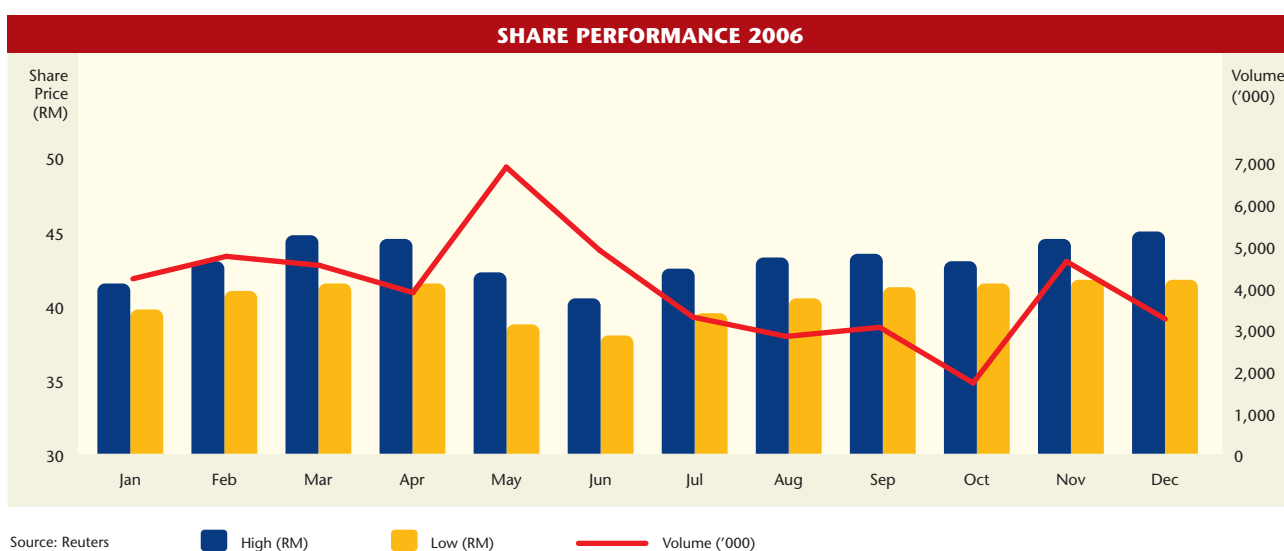
	Financial year from 1.1.06 to 31.12.06 RM'000	Financial year from 1.1.05 to 31.12.05 *	Financial year from 1.1.04 to 31.12.04 *	Financial year from 1.1.03 to 31.12.03 *	Financial year from 1.1.02 to 31.12.02 *
Revenue	3,612,482	3,564,215	3,263,725	3,199,734	3,072,952
Profit from operations	1,049,414	881,440	1,138,262	1,101,821	974,597
Finance cost	(47,467)	(48,471)	(55,447)	(56,850)	(56,850)
Share of results of an associated company	-	-	-	1,654	2,591
Profit before tax	1,001,947	832,969	1,082,815	1,046,625	920,338
Profit for the financial year	719,678	592,802	782,084	758,154	662,877
Net annual dividends	662,715	555,070	709,257	684,586	616,744
Net special dividends	62,531	158,983	-	200,442	-
Share capital	142,765	142,765	142,765	142,765	142,765
Shareholders' funds	551,824	618,029	641,849	564,678	656,478
Property, plant and equipment	501,288	540,545	544,186	542,353	499,554
Investment property	20,010	44,771	45,660	53,384	56,075
Trademarks	-	-	2,067	2,067	2,067
Computer Software	14,100	616	-	-	-
Goodwill	411,618	411,618	433,474	455,330	477,186
Associated company & unquoted investments	-	-	-	-	25,357
Deferred tax assets	4,020	3,300	1,713	2,552	4,776
Current assets	669,175	718,142	720,367	679,862	703,779
Total assets	1,620,211	1,718,992	1,747,467	1,735,548	1,768,794
Non current liabilities	310,690	755,086	760,392	499,749	792,619
Current liabilities	757,697	345,877	345,226	671,121	319,697
Total liabilities	1,068,387	1,100,963	1,105,618	1,170,870	1,112,316
Net earnings per share (sen)	252.0	207.6	273.9	265.5	232.2
Net dividends per share (sen)	254.0	250.1	248.4	310.0	216.0
Net returns on shareholders' funds (%)	130.4	95.9	121.8	134.3	101.0
Net tangible asset backing per share (RM)	0.44	0.72	0.72	0.38	0.62
Number of employees	1,044	1,040	1,066	1,209	1,237

* Certain comparative figures have been reclassified to conform with current year's presentation, where the effects of the changes are detailed in the Summary of Significant Accounting Policies.

Financial Calendar & Share Performance

First Quarter Results	27 April 2006
2005 Final Dividend Paid	19 May 2006
Second Quarter Results	13 July 2006
2006 Interim Dividend Paid	21 September 2006
Third Quarter Results	20 October 2006
Financial Year End	31 December 2006
Release of Financial Year Results	15 February 2007
Issue of 2006 Annual Report	28 March 2007
Forty Sixth Annual General Meeting	19 April 2007
Proposed Date for Payment of 2006 Final and Special Final Dividend	18 May 2007

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
High (RM)	41.50	43.00	44.75	44.50	42.25	40.50	42.50	43.25	43.50	43.00	44.50	45.00
Low (RM)	39.75	41.00	41.50	41.50	38.75	38.00	39.50	40.50	41.25	41.50	41.75	41.75
Volume ('000)	4,211	4,749	4,532	3,880	6,888	4,893	3,292	2,828	3,046	1,713	4,626	3,308



Quantitative and qualitative leadership go hand in hand - Attaining volume leadership is as important to us as continuing to demonstrate that we are a responsible company with a sustainable business, outstanding people and superior products.



Leadership

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BRITISH AMERICAN
TOBACCO
MALAYSIA

Corporate Profile

British American Tobacco Malaysia arose from the merger of Rothmans of Pall Mall (Malaysia) Berhad and Malaysian Tobacco Company Berhad on 3 November 1999. The merger pooled talent, experience and an unrivalled portfolio of highly successful international brands to create the country's largest tobacco company.

Today, we are the clear market leader of the Malaysian cigarette industry, with more than 60% market share, and currently rank amongst the top 15 companies on Bursa Malaysia Securities Berhad in terms of market capitalisation.

British American Tobacco Malaysia manufactures and markets high quality tobacco products designed to meet diverse consumer preferences. Our portfolio includes well-established international names such as Dunhill, Kent, Pall Mall, Peter Stuyvesant, Benson & Hedges and Perilly's.

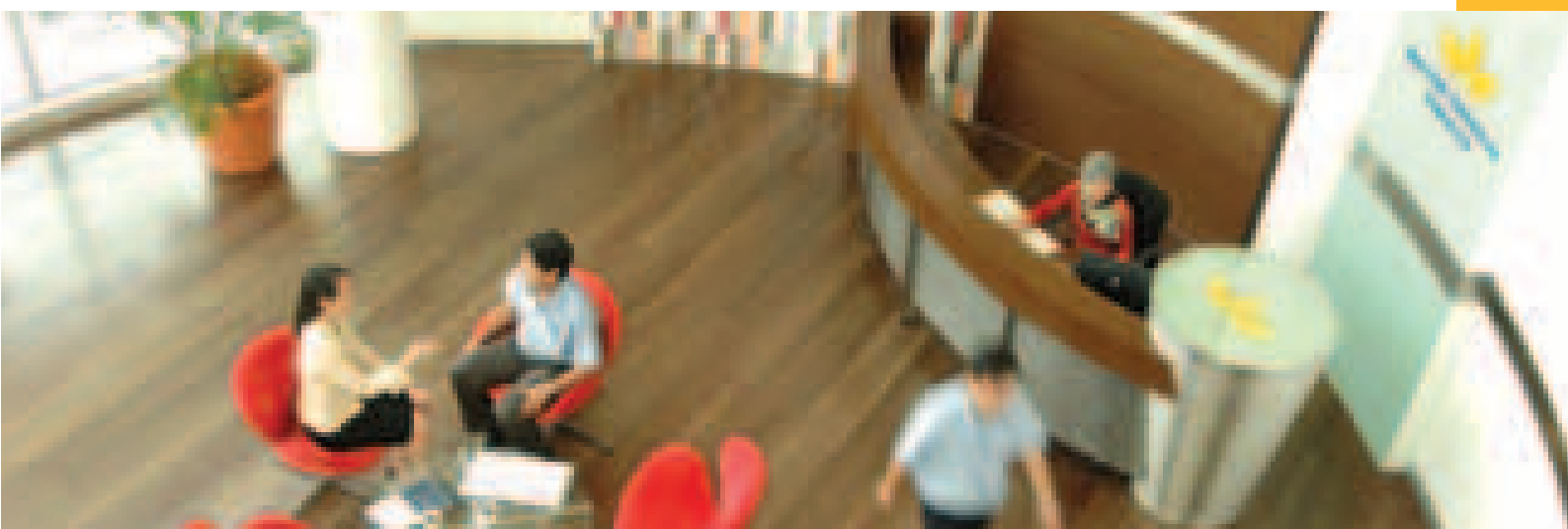
We have a combined history of over 90 years in Malaysia going back to 1912. The wealth of expertise, coupled with leading edge technology and efficient systems and processes employed in all aspects of our business activities, position us well to meet the challenges of the future.

Currently we employ about 1,100 people who are involved in the full spectrum of the tobacco industry, from leaf buying and processing to manufacturing, marketing and distribution. Our comprehensive distribution network spans the length and breadth of the country, ensuring that our brands are available everywhere in Malaysia.

We aim to maintain our leadership in the industry through increasing our share of the tobacco business and satisfying consumer demands better and more profitably than our competitors. In meeting these goals, we ensure that we market responsibly, and in a manner sensitive to our environment. For us, leadership goes beyond just market share, it has to be about qualitative leadership – in our eyes, and in the eyes of our stakeholders. While the tobacco industry can be seen by some as controversial, it is also an important industry which has a role to play in contributing to the growth and development of the community in which it operates. We are committed to fulfilling that role.

www.batmalaysia.com

Corporate Information



BOARD OF DIRECTORS

Tan Sri Abu Talib bin Othman
PMN, PSM, SIMP, SSSA, DGSM, DPMS,
DMPN, DCSM, JSM, KMN, PPT
Independent Non-Executive Director
(Chairman)

Bartholomeus Franciscus

Theodorus Alkemade
Non-Independent Executive Director
(Managing Director)
(Appointed as Director on 1 March 2006)
(Appointed as Managing Director
on 5 April 2006)

Andrew MacLachlan Gray

Non-Independent Executive Director
(Resigned on 28 February 2006)

**Tan Sri Kamarul Ariffin
bin Mohamed Yassin**

PSM
Independent Non-Executive Director

Datuk Oh Chong Peng

PJN, JSM
Independent Non-Executive Director

James Richard Suttie

Non-Independent Non-Executive Director
(Re-appointed on 20 March 2006)

Robert James Clark

Non-Independent Executive Director

Dato' Chan Choon Ngai

DSNS
Non-Independent Executive Director

SECRETARY

Lee Oi Kuan (LS 06859)
(Ceased on 31 December 2006)

Ng Pei Ling (LS 09111)
(Appointed on 1 January 2007)

REGISTERED OFFICE

Virginia Park, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7956 6899
Fax : 03-7955 8416
www.batmalaysia.com

REGISTRAR

Tenaga Koperat Sdn Bhd
(Company No. 118401-V)
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-4041 2188
Fax : 03-4043 9233

AUDITORS

PricewaterhouseCoopers (AF 1146)
11th Floor, Wisma Sime Darby
Jalan Raja Laut
50706 Kuala Lumpur

PRINCIPAL BANKERS

Citibank Berhad
(Company No. 297089-M)
HSBC Bank Malaysia Berhad
(Company No. 127776-A)
Malayan Banking Berhad
(Company No. 3813-K)

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
(Company No. 635998-W)



Board of Directors



Standing, from left:

Dato' Chan Choon Ngai ■ Robert James Clark ■ James Richard Suttie ■ Datuk Oh Chong Peng

Seated, from left:

Tan Sri Kamarul Ariffin bin Mohamed Yassin ■ Tan Sri Abu Talib bin Othman

■ Bartholomeus Franciscus Theodorus Alkemade

Profile of Board of Directors

TAN SRI ABU TALIB BIN OTHMAN

PMN, PSM, SIMP, SSSA, DGSM, DPMS,
DMPN, DCSM, JSM, KMN, PPT
(Independent Non-Executive Director)
Chairman
Malaysian, Age 68 years

Tan Sri Abu Talib bin Othman was appointed Chairman of the then Rothmans of Pall Mall (Malaysia) Berhad in 1994, now British American Tobacco (Malaysia) Berhad. He qualified as a barrister-at-law from Lincoln's Inn, United Kingdom. Tan Sri Abu Talib has over 41 years of working experience, of which 31 years were spent in the Judicial and Legal Service, Malaysia. He was the Attorney-General of Malaysia from 1980 to his retirement in October 1993.

Tan Sri Abu Talib is presently a Director of several public and private companies such as IGB Corporation Berhad, Sime Darby Berhad, CYL Corporation Berhad, MUI Continental Insurance Berhad, Alliance Unit Trust Management Berhad, Alliance Capital Asset Management Sdn Bhd, Gleneagles Hospital (KL) Sdn Bhd and Oncology Centre (KL) Sdn Bhd.

He is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Tan Sri Abu Talib bin Othman attended all of the 6 Board Meetings which were held in the financial year ended 31 December 2006.

BARTHOLOMEUS FRANCISCUS THEODORUS ALKEMADE

(Non-Independent Executive Director)
Managing Director
Dutch, Age 42 years

Mr Bart Alkemade was appointed Managing Director of British American

Tobacco (Malaysia) Berhad on 5 April 2006. He first joined the British American Tobacco Group in 1997 as General Manager in Suriname. In 1999, he was appointed Head of Marketing for the newly formed West Africa Area, following the merger of British American Tobacco and Rothmans International, and in 2002 Global Brand Director Dunhill based in the United Kingdom. Prior to his appointment in Malaysia, Mr Alkemade was Area Director for East North covering Taiwan, Hong Kong and Macau. He also was the Chairman of British American Tobacco Hong Kong, the Tobacco Institute in Taiwan and the Tobacco Association in Hong Kong. Mr Alkemade holds a degree in economics from Erasmus University Rotterdam and a masters from the College of Europe. He previously worked for Procter & Gamble for 8 years where he held various positions in Brand and Trade Marketing.

Since his appointment to the Board of Directors of British American Tobacco (Malaysia) Berhad, Mr Bart Alkemade has attended 4 Board Meetings in the financial year ended 31 December 2006. He is also a member of the Remuneration Committee of the Company.

TAN SRI KAMARUL ARIFFIN BIN MOHAMED YASSIN

PSM
(Independent Non-Executive Director)
Malaysian, Age 72 years

Tan Sri Kamarul Ariffin bin Mohamed Yassin was appointed a Non-Executive Director of the then Rothmans of Pall Mall (Malaysia) Berhad in December 1979, now British American Tobacco (Malaysia) Berhad. He qualified as a barrister-at-law from Lincoln's Inn, United Kingdom and practised law for

more than 15 years. Tan Sri Kamarul was formerly a Senator and had held various positions in many organisations such as the Executive Chairman of Bank Bumiputra Malaysia Berhad, Utusan Melayu (Malaysia) Berhad, Chairman of ASEAN Banking Council and President of the National Chamber of Commerce and Industry and Chairman of Dewan Bahasa dan Pustaka. Currently Tan Sri Kamarul Ariffin is the Chairman of Dutch Lady Milk Industries Berhad. Tan Sri Kamarul Ariffin bin Mohamed Yassin is a member of the Audit Committee and Remuneration Committee of the Company.

Tan Sri Kamarul Ariffin bin Mohamed Yassin attended 5 Board Meetings which were held in the financial year ended 31 December 2006.

DATUK OH CHONG PENG

PJN, JSM
(Independent Non-Executive Director)
Malaysian, Age 62 years

Datuk Oh Chong Peng was appointed a Non-Executive Director of the then Rothmans of Pall Mall (Malaysia) Berhad in January 1998, now British American Tobacco (Malaysia) Berhad. He undertook his accountancy training in London and qualified as a Chartered Accountant in 1969. He is also a Fellow of the Institute of Chartered Accountants, England and Wales. Datuk Oh joined Coopers & Lybrand in London in 1969 and in Malaysia in 1971. He was a partner of Coopers & Lybrand Malaysia from 1974 until his retirement in 1997.

Datuk Oh is currently the Chairman of Land & General Berhad and Malaysian Plantations Berhad. He is also a Non-

Executive Director of several public companies, such as Star Publications (Malaysia) Berhad, IJM Corporation Berhad and IJM Plantations Berhad.

He is also a Government appointed member of the Labuan Offshore Financial Services Authority (LOFSA), a trustee of the Huaren Education Foundation and UTAR Education Foundation.

His past appointments include being a Government appointed Committee Member of the Kuala Lumpur Stock Exchange (1990 - 1996), a Council member (1981 - 2002) and a past President (1994 - 1996) of the Malaysian Institute of Certified Public Accountants (MICPA), a director of the Rashid Hussain Berhad group of companies (1998 - 2003), Renong Berhad (2001 - 2003), Powertek Berhad (1997 - 2003) and Nanyang Press Holdings Berhad (2001 - 2005).

Datuk Oh Chong Peng is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Datuk Oh Chong Peng attended all of the 6 Board Meetings held in the financial year ended 31 December 2006.

JAMES RICHARD SUTTIE

(Non-Independent Non-Executive Director)
British, Age 60 years

Mr James Richard Suttie was appointed a Director of British American Tobacco (Malaysia) Berhad in May 2002. He is a member of the Institute of Chartered Accountants of Scotland and an Associate of the Chartered Institute of Taxation. He joined Rothmans International p.l.c. as a Commercial Accountant/Manager in 1972 and became the Finance Director of Carreras of Jamaica Ltd. in

1982, Rothmans International Europe in 1984 and Rothmans of Pall Mall (Malaysia) Berhad in 1992. In 1997, he was appointed the Regional Finance Controller for Rothmans International in Asia. In 1999, he was appointed the Regional Finance Controller, Africa and in 2002 as Regional Finance Controller, Asia Pacific, of British American Tobacco p.l.c. until his retirement from British American Tobacco p.l.c. on 31 December 2006. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Mr James Richard Suttie was re-appointed as a director on the Board of Directors of the Company on 20 March 2006 and since his re-appointment, he attended 3 Board Meetings which were held in the financial year ended 31 December 2006.

ROBERT JAMES CLARK

(Non-Independent Executive Director)
Finance Director
British, Age 39 years

Mr Robert James Clark was appointed a Director of British American Tobacco (Malaysia) Berhad in October 2004. He has a MA in Mathematics from Cambridge University and is also a Chartered Accountant of England and Wales. Mr Robert James Clark joined the British American Tobacco Group as an International Auditor in July 1993. During his international audit role, he worked in many of the operating companies across Europe, Asia and Africa including Hong Kong, China, Indonesia and Sri Lanka. He became the first Finance Director of the British American Tobacco joint-venture company set up in Cambodia in 1996 before moving to British American Tobacco Germany as Head of Marketing

Finance in 1998. In 2000, he was appointed Finance Director for British American Tobacco Switzerland SA following the merger of the British American Tobacco and Rothmans subsidiaries in Switzerland.

Prior to his appointment with British American Tobacco (Malaysia) Berhad as Finance Director, Mr Robert James Clark was the Area Finance Director, Far East South Area covering all ASEAN markets except for Malaysia and Brunei.

Mr Robert James Clark attended all of the 6 Board Meetings which were held in the financial year ended 31 December 2006.

DATO' CHAN CHOON NGAI

DSNS
(Non-Independent Executive Director)
Operations Director
Malaysian, Age 51 years

Dato' Chan Choon Ngai was appointed a Director of the then Rothmans of Pall Mall (Malaysia) Berhad, now British American Tobacco (Malaysia) Berhad in October 1995. He holds a Bachelor of Science in Mechanical Engineering degree from the University of Birmingham, United Kingdom. He joined Rothmans of Pall Mall (Malaysia) Berhad in 1979 and held various significant positions in the production division namely, Production Director and Factory Manager. Effective July 2000, Dato' Chan was appointed as the Operations Director of British American Tobacco (Malaysia) Berhad. He was a director of Tien Wah Press Holdings Berhad from May 1997 to June 2003.

Dato' Chan Choon Ngai attended all of the 6 Board Meetings which were held in the financial year ended 31 December 2006.



Top Team

Members



From left:

Ricardo Cesar de Almeida Oberlander
Marketing Director

Allen Lim
Business Development Director

Sigrid Erdmann
Human Resources Director

Zainal Arifin Khalid
Information Technology Director

Dato' Chan Choon Ngai
Operations Director

Bartholomeus Franciscus Theodorus Alkemade
Managing Director

Robert James Clark
Finance Director

Christine Lee Oi Kuan
Corporate and Legal Affairs Director

Profile of Top Team Members

Ricardo Cesar de Almeida Oberlander

Marketing Director
Brazilian, Age 43 years

Mr Ricardo Cesar de Almeida Oberlander was appointed Marketing Director of British American Tobacco (Malaysia) Berhad in January 2004. He holds a degree in Statistics and a MBA. He joined Souza Cruz, British American Tobacco's subsidiary in Brazil in 1989 as Market Research Project Manager before moving to British American Tobacco Co. in 1991 in the United Kingdom. He held various marketing positions in Souza Cruz, from 1994 to 2000. His last position there was Brand Marketing Manager, Premium and International Segments before he joined the largest telecommunications company in Brazil as its Business Director until 2002. Prior to his current appointment, Mr Ricardo Oberlander was the Head of Marketing Insight & Development in British American Tobacco Latin America and the Caribbean.

Allen Lim

Business Development Director
Malaysian, Age 50 years

Mr Allen Lim joined as a Commercial Accountant of the then Rothmans of Pall Mall (Malaysia) Berhad in 1990, now British American Tobacco (Malaysia) Berhad. He holds a degree in Commerce from the University of Melbourne and a MBA from Monash University, Australia. He worked in various operational roles spanning both the Information Technology and Finance functions. Post the announcement of the merger between Rothmans of Pall Mall and Malaysian Tobacco Company Berhad in 1999, Mr Allen Lim was appointed the Integration Manager. He then took on the role of Corporate Finance Manager for 2 years before becoming Head of Brand Marketing Finance in 2004 and subsequently the Head of Marketing Finance in 2005. In April 2006, Mr Allen Lim assumed the role of Head of Strategic Business Development and in September 2006, Mr Allen Lim was appointed as the Business Development Director.

Sigrid Erdmann

Human Resources Director
German, Age 44 years

Ms Sigrid Erdmann was appointed Human Resources Director, British American Tobacco (Malaysia) Berhad in April 2005. She holds a Degree in Psychology from Ruhr-Universitaet, Bochum, Germany. Ms Sigrid Erdmann joined the British American Tobacco Group in 1988 as Human Resources Manager and has been with British American Tobacco for

the last 19 years. She worked as Head of Human Resources for various functions in the course of her career in Germany before moving on to serve in British American Tobacco Global Headquarters as Head of Staff Planning & Training/Development, Corporate and Regulatory Affairs in 2001. Prior to her current appointment, Ms Sigrid Erdmann was the Human Resources Director of British American Tobacco Hungary.

Christine Lee Oi Kuan

Corporate and Legal Affairs Director
Malaysian, Age 48 years

Ms Christine Lee joined British American Tobacco (Malaysia) Berhad in August 2001 as Head of Legal & Secretarial Services. She holds a degree in law from the University of Malaya. Ms Christine Lee started her career with the Attorney General's Chambers in 1983 and had served in the Prosecution and Advisory and International Law Divisions of the Attorney General's Chambers before moving on to join the private sector as the Legal Manager and Company Secretary of two public listed companies, Hong Leong Industries Berhad and Malaysia Pacific Industries Berhad. Ms Christine Lee was appointed to the Top Team of British American Tobacco (Malaysia) Berhad on 1 January 2006. On 1 September 2006, Ms Christine Lee assumed the role of Corporate and Legal Affairs Director of British American Tobacco (Malaysia) Berhad.

Zainal Arifin Khalid

Information Technology Director
Malaysian, Age 48 years

Encik Zainal Arifin Khalid was appointed Information Technology Director of British American Tobacco (Malaysia) Berhad in January 2001. He holds a Master of Science degree from the University of Kentucky, United States of America. He joined Malaysian Tobacco Company Berhad in 1983, and worked in both the Information Technology and Marketing departments before joining Nestle (Malaysia) Berhad in 1990. In 1991, he re-joined Malaysian Tobacco Company Berhad as Management Services Manager. In 1996, Encik Zainal Arifin assumed the role of Head of ASEAN IT that provided Information Technology shared services to all the markets of British American Tobacco within ASEAN. It was during this time that Encik Zainal Arifin initiated the set up of British American Tobacco Asia Pacific Data Centre in Malaysia which has now evolved to become one of the 3 global IT shared services centres for British American Tobacco Group under the Group Services Delivery. In late 1998, he was seconded to Thailand as Country Manager for British American Tobacco (United Kingdom & Export) Ltd. until October 2000, when he returned to Malaysia.

The year in **review**

32 Growth

40 Productivity

46 Responsibility

76 Winning
Organisation

34 Drive Brands Making Waves

38 Revolutionising Trade Marketing and Distribution



Another milestone
- Eric Wong, Head of
Dunhill (left)
and Ramli Hashim,
Head of Leaf,
amongst the many
proudly behind the
successful introduction
of the Fine Cut range.

Growth

Our volume and value share growth will continue to be propelled by our focus on our drive brands, powered by our trade marketing and distribution model

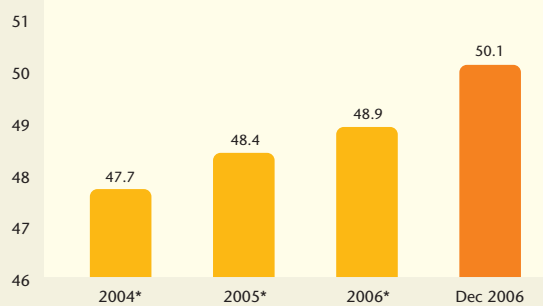


Growth

Drive Brands Making Waves

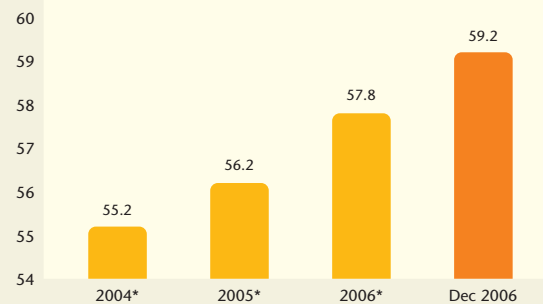
2006 was another exciting year. Our key drive brands, Dunhill, Pall Mall and Kent charted full steam ahead to further strengthen our leadership in the Malaysian cigarette market. This exceptional performance was the culmination of the synergy between a sound strategy and consistent brand building initiatives.

Global Drive Brand's Share of Market



Source: ACNielsen, Retail Audit * Average

Dunhill's Share of the Premium Segment



Source: ACNielsen, Retail Audit * Average

DUNHILL

DUNHILL: HIGHEST SHARE GROWTH IN 4 YEARS

The year saw a winning finish for Dunhill. 39.5% share of the market was captured, making it the highest share growth over the past 4 years. Dunhill also increased its share of premium segment to 57.8%, the highest record in the history of the brand.

THE HOUSE OF DUNHILL:

DELIVERING COMPELLING BRAND VALUE

Dunhill sustained its strong performance and success in Malaysia with its focus on 3 key pillars:

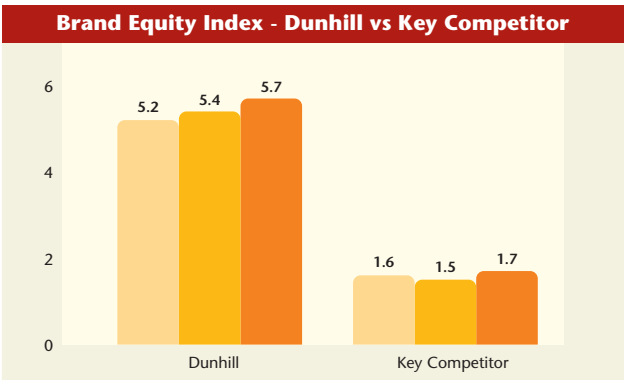
- **People** - expert and dedicated professionals behind the brand
- **Quality** - the uncompromising strive for perfection
- **Heritage** - its rich tobacco heritage which originated in London

These pillars are reflected in the House of Dunhill offerings, comprising the Signed Range Cigars, Top Leaf, Fine Cut, D360 and King Size cigarettes. The commitment to deliver Dunhill's promise of offering superior quality cigarettes in the premium cigarettes brand category is expressed through the Dunhill tagline "Perfectionist in Tobacco".



2006 DUNHILL HIGHLIGHTS:

- **Dunhill Signature Series** - The Dunhill Signature Series was specially developed and made available for a limited time to commemorate the launch of Lights and Menthol 14s.
- **Dunhill D360** - The Dunhill D360 is a new product that has replaced Dunhill Button and is a permanent addition to the range. Dunhill D360 has brought Dunhill to the next level through a refined blend that utilises 100% fully imported tobaccos.



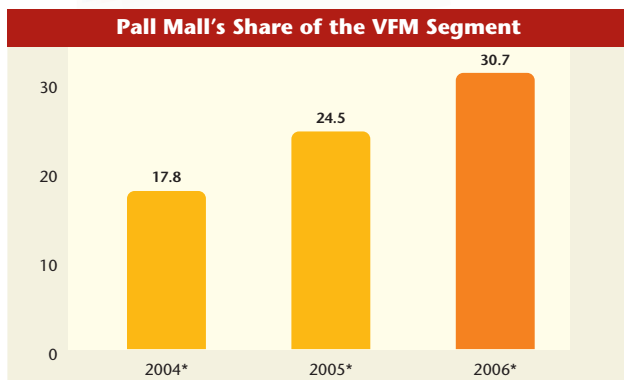
Jan - Feb 2005 Jan - Feb 2006 Sept - Oct 2006

Brand Equity Index: A Measure on the Equity of Key Cigarette Brands in the Market, measured by ACNielsen

GROWTH

DUNHILL CELEBRATES ITS 100TH YEAR GLOBAL ANNIVERSARY

2007 marks Dunhill's 100th anniversary worldwide. Commemorating this celebration, we will be launching Dunhill limited edition packs and Dunhill Fine Cut. With Fine Cut, the premium tobacco leaves are cut into 46 cuts per inch (nearly twice as fine as other tobacco products), enhancing the complexity and mellowness. We believe the Fine Cut range will further solidify Dunhill's brand equity and presence in the marketplace.



Source: Retail Audit * Average

PALL MALL

INCHES AWAY FROM VALUE FOR MONEY LEADERSHIP

2006 saw the brand grow share to end the year with 7.9% Share of Market (SOM) – a mere 0.5% share points away from achieving Value For Money (VFM) segment leadership. In terms of the share of the VFM segment, Pall Mall outgrew its key competitors by registering an increase of 5.8 points to end 2006 with 30.7% of the segment.

The brand also:

- extended its leadership in the VFM Lights and Menthol categories
- gained VFM leadership in the hotel, restaurant and café channels for the first time
- enhanced its brand image and narrowed the gap with our key competitor in terms of the brand equity index



2006 PALL MALL HIGHLIGHTS:

- **New Global Packs**

- Packaging enhancement for Pall Mall Full Flavour, Lights and Menthol (20s and 14s). The metallic packs with rounded corners injected Pall Mall with a more modern and stylish look.

- **Pall Mall's 'Product Story' Limited Edition Packs**

- Two sets of limited edition packs were launched to communicate Pall Mall's high quality flue-cured Virginia tobaccos, which are rich in colour to give a brighter taste.

- **Pall Mall 25s And 23s**

- Pall Mall launched 25s and 23s to give consumers greater variety.

- **Pall Mall 'City Life' Limited Edition Series**

- Limited edition pack for Pall Mall 20s (Full Flavour, Lights and Menthol) to drive Pall Mall's 'Imagination in Tobacco' brand positioning in order to enhance brand equity.

KENT

Kent continued to appeal to urban adult consumers, particularly in the Klang Valley and focused brand building initiatives continue to enhance the innovative and modern image of the brand.

OTHER BRITISH AMERICAN TOBACCO MALAYSIA BRANDS

British American Tobacco Malaysia's portfolio of brands also includes Benson & Hedges, Peter Stuyvesant, Rothmans International, Lucky Strike, Perilly's, Virginia Gold, White Horse Yellow, Matterhorn and John Player Gold Leaf.

GROWTH

Revolutionising Trade Marketing and Distribution

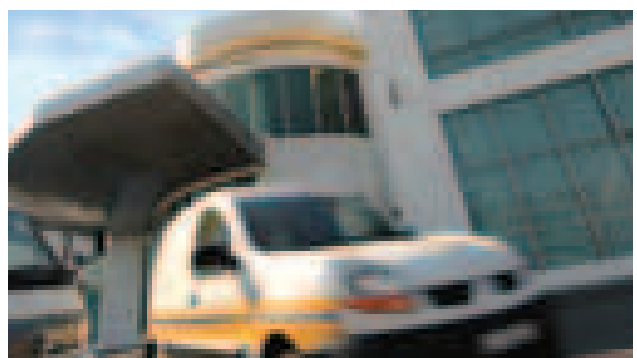
The Trade Marketing and Distribution Excellence (TMDX) programme was initiated to implement a new route-to-market strategy and enhance trade marketing execution.

The exercise saw the set-up of infrastructure, enhancements of processes, training of our people and upgrade of information technology.

INFRASTRUCTURE:

TRADE MARKETING AND DISTRIBUTION CENTRE OF EXCELLENCE (COE) IN MALAYSIA

The CoE is the first of its kind for British American Tobacco Asia Pacific. It establishes best practices in trade marketing and distribution as well as houses state of the art training facilities, which include a retail simulation centre.



With that success under its belt, British American Tobacco Malaysia has a key role in transferring trade marketing and distribution capabilities to the field force in the region. The British American Tobacco office in the Eastern Europe region is currently deploying its own CoE from the learnings gathered from Malaysia.

PROCESSES:

DIRECT SALES DELIVERY

A second Direct Sales Delivery (DSD) set-up was created in 2006, in the Klang Valley to raise the standard of distribution. The DSD, which is wholly-owned by British American Tobacco Malaysia, aims to enhance the efficiency of the field force and management team in distribution and trade marketing activities.

TRAINING:

SPECIALISED FIELD FORCE

The skills of our field force in Trade Marketing as well as Sales and Distribution were enhanced through a specialisation initiative in 2006. A total of 256 members of the field force underwent intensive training and coaching, equipping them with the knowledge, tools and empowerment to make decisions and to better service the 97,000 retail outlets nationwide.



SYSTEMS:

INFORMATION TECHNOLOGY UPGRADE

In Trade Marketing and Distribution, information management is paramount. It helps us better understand and respond speedily to market developments.

In 2006, new information technology systems for better planning and execution accuracy were successfully rolled out to both the DSD set-up in Klang Valley. These systems will be deployed to the remaining distributors nationwide by end of 2007.

REAPING THE REWARDS

The TMDX programme has brought significant performance improvements, ranging from reduction in product returns from the market to increased product availability and increased effectiveness of sales calls made to retail outlets.



"There is never a boring day in the trade marketing and distribution team! New ways of doing things, new development programmes, new technology keep us on our toes in delivering our best."

**Ismadi Ariffin, Trade Marketing Representative (left) and
Chen Yong Ming, DSD Manager**

- 
- A man in a light blue short-sleeved button-down shirt and dark trousers stands with his arms crossed, looking off to the side. He is in a factory or industrial setting with large green metal structures in the background. The lighting is bright, suggesting an indoor or well-lit outdoor environment.
- 42** Breakthrough 2+
 - 44** Continuous Improvement
 - 45** Efficiency Gains From Migration to Shared Services

Typical day at BAT Malaysia
– Continuous improvement is
top of mind of every employee.
(From left) Mahazar bin Abu
Hashim, Process Technician;
Leong Wai Hing, Project
Breakthrough Executive
and Moganasuntharam s/o
Palaniyandy, Process Specialist.

Productivity

Our approach is integrated - aiming for cost optimisation while improving the quality of products and the speed they get to market, as well as our effectiveness in deploying our people and capital.



Productivity

Breakthrough 2+

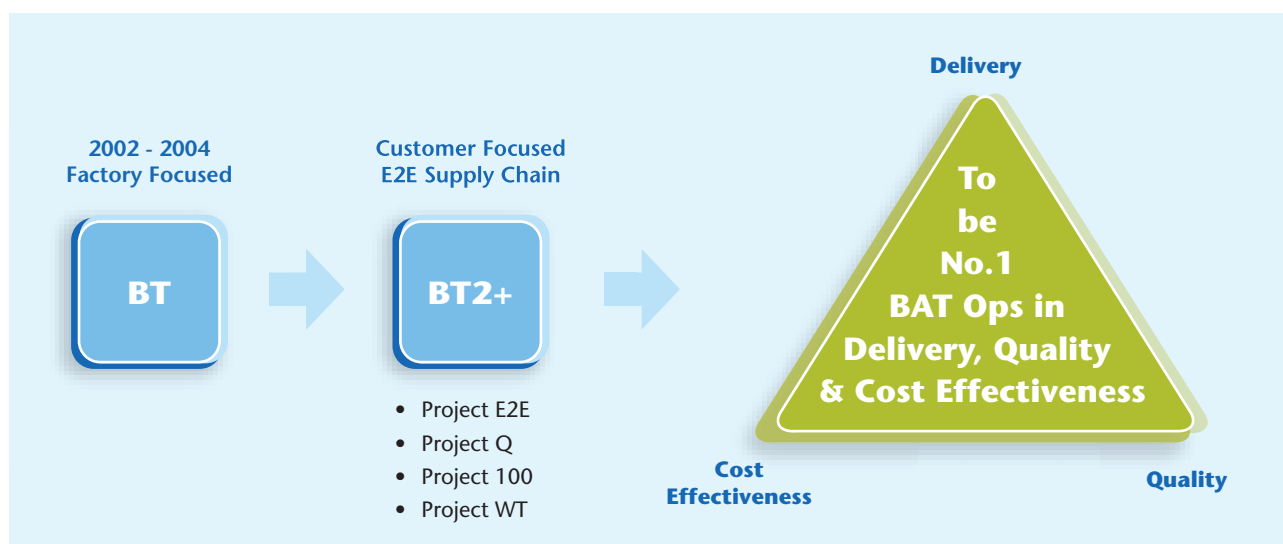
BT2+ was launched to enhance the collaboration between Operations and Marketing aimed at improving the speed to market of new product introductions.



The Breakthrough (BT) programme was initially launched in 2002 to improve factory performance. Over the years it has evolved to go beyond that, catering to the ever-changing business landscape. In 2005, BT2 was introduced to improve productivity throughout the end-to-end supply chain via four projects:

- **Project 100** - to identify areas for complexity and cost reduction aimed at optimising cost effectiveness in Operations
- **Project E2E** - to streamline supply chain processes from end-to-end and improve responsiveness and agility in Operations for faster speed to market
- **Project Winning Team** - to drive people development for business sustainability
- **Project Q** - to deliver quality products which meet market expectations at optimum cost





BT2 was augmented with additional emphasis on a 'customer-focused supply chain'. Thus, Breakthrough 2+ (BT2+) was launched to enhance the collaboration between Operations and Marketing aimed at improving the speed to market of new product introductions.

BT2+ ACHIEVEMENTS IN 2006

Project 100 - reduced manufacturing cost per 1,000 cigarettes by 4.8% from 2004 to 2006 despite the increase in utility rates by 12% and salary related cost by 19%.

Project Q - introduction of a Quality Map, a new problem solving tool for shop-floor employees. This contributed to the improvement in Retail Quality Index by 12.4% and Manufacturing Quality Index by 1.3% despite a 28% increase in stock keeping units.

Projects E2E - achieved excellent service with 'On Time In Full' at 99.2%, and improved service satisfaction rating in 2006 based on a survey conducted by Operations with Marketing.

Winning Team - conducted team building initiatives, role clarity exercises and programmes to embed leadership capabilities. This contributed to cultural and mindset change enabling the team to constantly exceed performance targets.

Recognising that the only thing constant is change, the senior management team in Operations has embarked on a process of developing the next change programme. The strategy review held in September 2006 has successfully established the preferred future and full potential of the Operations team as well as the programmes and projects moving forward.



PRODUCTIVITY

Continuous Improvement

The CI programme involved employees at all levels, encouraging them to make continuous improvements in Productivity, Quality, Job Simplification, Ergonomics, Safety, 5S Housekeeping and Cost.



OPERATIONS LAUNCHED THE CONTINUOUS IMPROVEMENT (CI) PROGRAMME IN SEPTEMBER 2006

Based on the Japanese 'Kai-Zen' system, the CI programme involved employees at all levels, encouraging them to make continuous improvements in Productivity, Quality, Job Simplification, Ergonomics, Safety, 5S Housekeeping and Cost.

The tagline for the CI programme, which reads '1 Improvement, 1 Person, 1 Month' encourages everyone to come up with at least one improvement on a monthly basis.



"I can make a difference!
1 improvement,
1 person,
1 month is what
all of us strive
to do."

*Rossidi bin Shamsudin,
Technical Group Supervisor,
member of the CI team that has
contributed the most CI innovations*

As of 31 December 2006, a total of 263 completed CI were registered. They included:

- 26%** - Improvement in work productivity
- 24%** - Improvement in 5S housekeeping
- 17%** - Work simplification
- 11%** - Reduction in cost (>RM65,000 savings)
- 10%** - Improvement in safety
- 6%** - Improvement in product quality
- 6%** - Improvement in ergonomics

CI INNOVATIONS

Before



After



SAFETY IMPROVEMENT: Installation of shield unto machinery to avoid potential injury.



EFFICIENCY IMPROVEMENT: Systematic labelling and arrangement of filter pipes have led to ease of identification and access, resulting in more efficient production cycles and preventive maintenance work, as well as a reduction in the possibility of human error.

EFFICIENCY GAINS FROM MIGRATION TO SHARED SERVICES

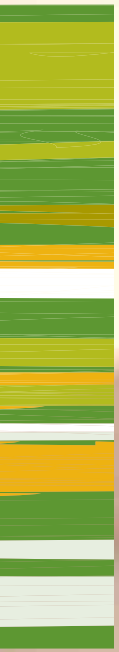
British American Tobacco Malaysia's financial transaction processing functions such as accounts payable, accounts receivable, general ledger and fixed assets, were migrated to the Asia Pacific Finance Shared Services Centre (AP FSS) in September 2006.

The Centre, which forms part of the BAT Aspac Service Centre Sdn Bhd, and is a 100% owned subsidiary of British American Tobacco plc., was established to provide in-sourcing finance solutions to British American Tobacco operating companies across Asia Pacific.

Through improved processes and systems, AP FSS is expected to provide British American Tobacco Malaysia and other operating companies, efficiency gains of between 30 to 35 per cent each year.



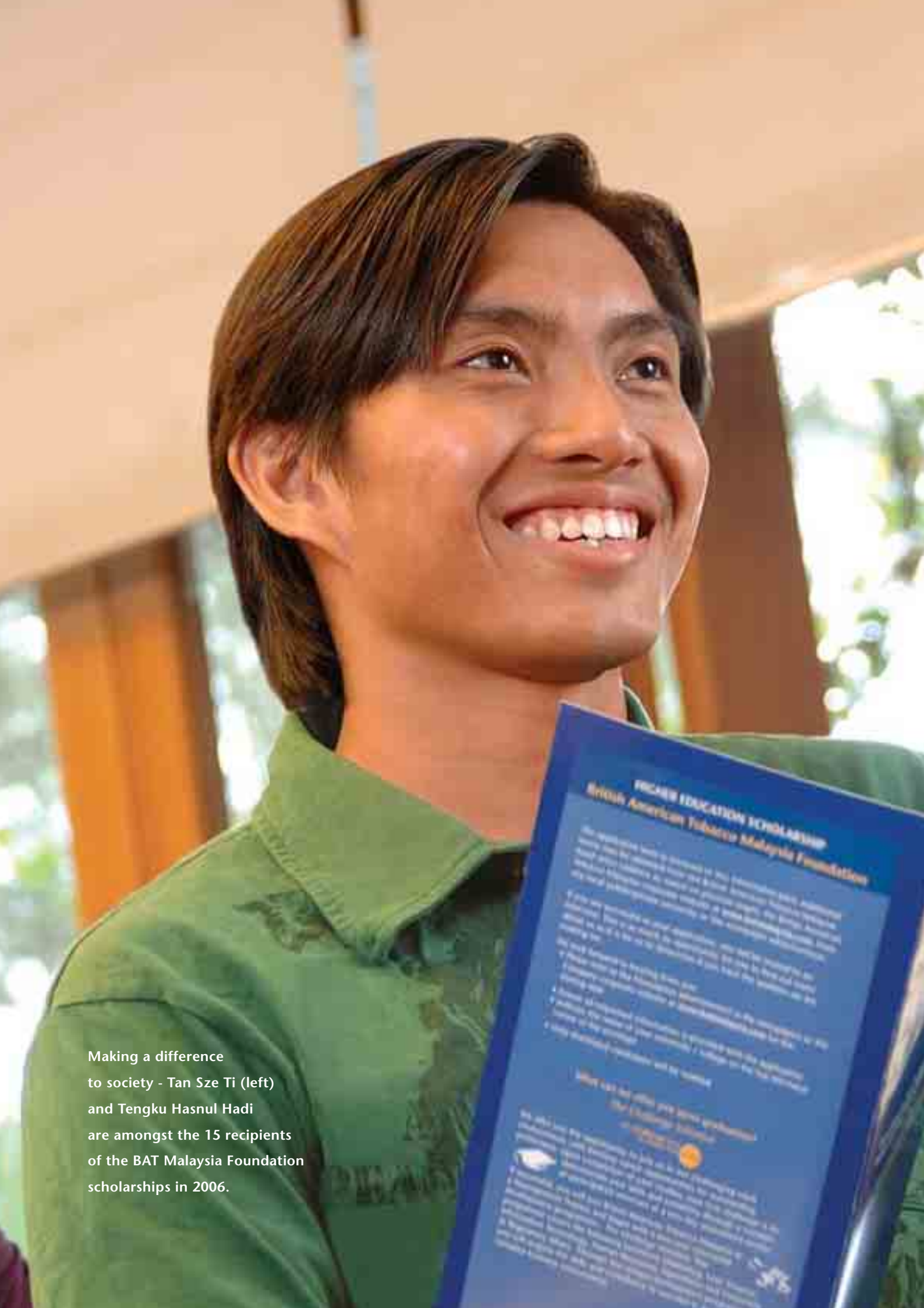
Y.B. Dato' Seri Rafidah Aziz officiates the opening of the AP FSS Centre at Technology Park Malaysia in September 2006



Responsibility

We will continue to demonstrate our commitment to long-term sustainable growth and contributions to society.

- 48** Corporate Social Responsibility
 - 55** Standards of Business Conduct
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 - 72** Report on Corporate Risk Management
- 



Making a difference to society - Tan Sze Ti (left) and Tengku Hasnul Hadi are amongst the 15 recipients of the BAT Malaysia Foundation scholarships in 2006.

Corporate Social Responsibility

CSR In Our Veins

Elements of Corporate Social Responsibility (CSR) have run in the veins of our Company for decades. We were the first local tobacco company to walk the path of social reporting six years ago. Thus, we are poised to heed the Government's call for corporations to adopt a greater sense of CSR as announced in the National Budget 2007.

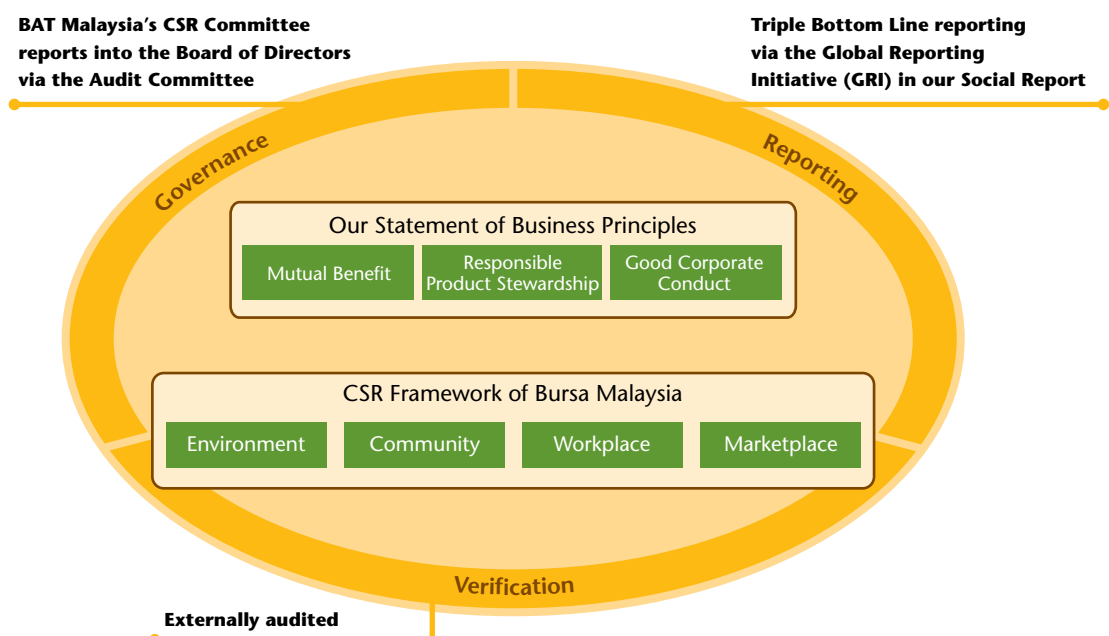
BRITISH AMERICAN TOBACCO MALAYSIA'S CSR CHARTER

We are pleased to see that our CSR Charter is aligned to the CSR framework recently launched by Bursa Malaysia Berhad as a guideline for public listed companies in Malaysia.

We place strong emphasis on the governance of our CSR charter to ensure high standards of integrity and the long

term sustainability of our efforts. Operating based on its Terms of Reference, the British American Tobacco Malaysia CSR Committee, comprising all Top Team members, reports into the Board of Directors via the Audit Committee. It also reports into the British American Tobacco Regional CSR Committee, which in turn reports into the British American Tobacco Global CSR Committee.

BRITISH AMERICAN TOBACCO MALAYSIA'S CSR CHARTER



A dedicated CSR team manages the day-to-day operations of the CSR charter at British American Tobacco Malaysia. For transparency and comprehensive triple bottom line reporting, our social reporting process is externally audited and has become part of our business routine to present an objective record of some of our key efforts in CSR.

In these pages, we provide you with some of the highlights of our CSR efforts. To understand more, refer to our 2005-06 Social Report in the CD ROM enclosed.

ENVIRONMENT

We take seriously the responsibility of working to reduce the environmental impact of our operations. In this, we employ rigorous and transparent environmental management systems and work very hard at controlling and reducing such environmental impacts through using the '4R' principle: Reduce, Reuse, Recycle and Recover.



MANAGING OUR OPERATIONS RESPONSIBLY

Our fully owned manufacturing subsidiary, Tobacco Importers and Manufacturers Sdn Bhd developed and implemented an integrated management system to propel employees towards higher productivity and quality standards, while minimising environmental, health and safety risks. Three international certifications awarded in 2003:

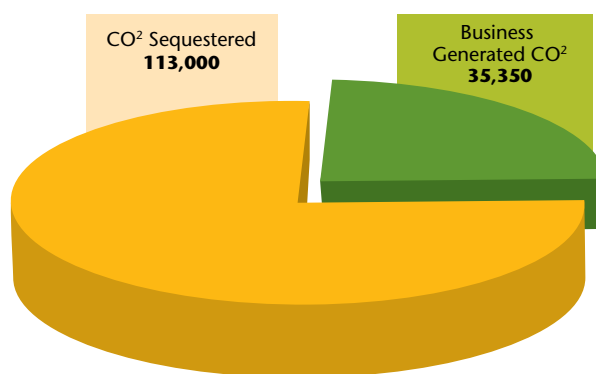
- ISO 9001 for our quality management system
- ISO 14001 for our environmental management system
- OHSAS 18001 for our occupational safety and health management system

Since then, we have successfully renewed the certifications annually.

AFFORESTATION

We embarked on an afforestation programme in 2002 to reach carbon neutrality. Through this initiative, 3,132 hectares of trees have been planted in the Ulu Tungud Forest Reserve in Sabah and we have sequestered 113,000 tonnes of carbon dioxide compared to 35,350 tonnes generated by our business - more than three times the amount generated through our operations. As of 2005, we have gone beyond carbon neutrality to reach a carbon positive status. The current position allows us to maintain as a carbon positive business till 2010.

CO² Sequestered Through Afforestation Versus Business Generated CO²



WASTE MANAGEMENT

We have progressively reduced waste produced by our business. We furthered our efforts to improve process emissions treatment with the installation of a second bio-filter in the manufacturing plant in Virginia Park, Petaling Jaya. The final phase of installation will complete in 2008.

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY

We see ourselves as more than just a corporate entity. Having been here for the past 94 years, British American Tobacco Malaysia adds value to the community in which it operates through providing support in various areas, from education to social welfare.

PROVIDING OPPORTUNITIES THROUGH EDUCATION

The BAT Malaysia Foundation, established in 1983 (known then as the MTC Foundation) aims to:

- enhance education opportunities
- subscribe and grant donations to local or national institutions
- organise, support and carry out schemes for the relief of human suffering, improvement of the standard of human life and the treatment of sickness and disease

Two main programmes – the scholarship programme and the Higher Education Starter Kit (HESK) programme – meet the Foundation's first commitment. Since its creation, the Foundation has invested well over RM13 million in providing higher education opportunities for more than 500 students.

In 2006, the Foundation refocused the scholarship programme to provide for employees' children and for the first time, for employees of British American Tobacco Malaysia to pursue their first degree or diploma. For 2006, 15 scholarships were awarded to 13 employees' children and to 2 employees, joining the 71 existing scholars currently being supported by the BAT Malaysia Foundation.

In 2002, the BAT Malaysia Foundation rolled out the HESK programme specifically for the children of the tobacco growing community. The National Tobacco Board (NTB) joined the initiative in 2003. The programme aims to meet the initial costs involved in entering institutions of higher education e.g. expenses for books, clothes, transportation and so forth. Since then, 1044 children of tobacco farmers and curers have received awards totalling RM522,000 under HESK. In 2006, the Foundation and the NTB gave awards totalling more than RM146,000 to 292 recipients.



SOCIAL RESPONSIBILITY IN FARMING

The tobacco growing community forms an integral part of our supply chain. Our three leaf offices in Kota Bharu, Chang Loon and Keningau work closely with NTB as well as the farmers and curers to continuously develop the sector. In 2001, British American Tobacco Malaysia rolled out the Social Responsibility in Tobacco Production (SRTP) programme which defines our role in terms of responsibility in the Leaf supply chain.

Throughout 2006, we conducted various initiatives involving our 1400 grower-curers and 80 entrepreneurs. Activities like workshops, awareness programmes and road shows were held to educate farmers on safe handling of agrochemicals and good agricultural practices as well as the impact and implications of the ASEAN Free Trade Area - Common Effective Preferential Tariff (AFTA-CEPT) scheme.



WORKPLACE

OUR PEOPLE AGENDA

A spectrum of open two-way communication channels are made available to employees at all levels. Quarterly Management and Non-Management Briefings, Annual Management Workshops, Senior Managers' Forums are some of the ongoing channels between members of the Top Team and employees to ensure line of sight in terms of organisational goals and objectives. In addition, CONTACT-bi-monthly employee newsletters; daily updated employee portal and notice boards available throughout the Company's premise form staple sources of information for our employees.



CORPORATE SOCIAL RESPONSIBILITY

MARKETPLACE

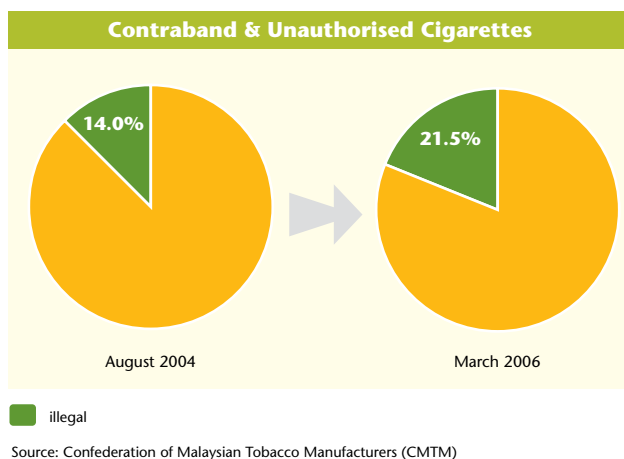
EXTERNAL STAKEHOLDER ENGAGEMENT

The resurgence of illegal cigarettes in the country is a major concern to both the industry and Government. Illicit tobacco trade deprives Government of taxation revenues, promotes criminality, harms our brands, impacts demand for local tobacco leaf and misleads consumers into buying products of dubious quality. It also undermines the regulatory regimes governing the legitimate tobacco industry.

In response to the expectations of our stakeholders gathered from the five nationwide stakeholder dialogues conducted in 2005 with retail associations and relevant authorities, British American Tobacco Malaysia via the Confederation of Malaysian Tobacco Manufacturers (CMTM) joined hands with the Royal Malaysian Customs (RMC) and the Ministry of Domestic Trade and Consumer Affairs (MDTCA), as well as key retail associations to roll out several programmes in 2006 aimed at creating awareness on the issue of illicit tobacco trade in Malaysia.

These programmes entailed the following:

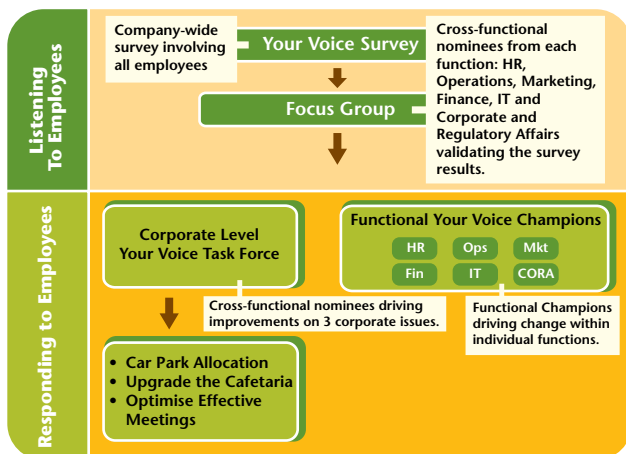
- Information leaflets in Bahasa Malaysia and Chinese were distributed to over 97,000 retailers nationwide. The leaflets explained the types of illegal cigarettes, laws and penalties related to illicit tobacco trade as well as key indicators of genuine cigarettes.
- Authorities' hotline numbers on waterproof counter-display stickers were distributed to all retailers in the country to raise awareness of the channels available to retailers for their lodging of reports on incidences of illicit tobacco trade.
- Briefing sessions were held in collaboration with the RMC, MDTCA and CMTM for over 300 members of retail associations in the country.
- Dialogue sessions held in the Federal Land Development Authority (FELDA) schemes in Malacca provided an in-depth perspective to the prevalence of illegal cigarettes in the more rural areas of Malaysia. The sessions involved representatives from the enforcement authorities, FELDA management, industry and retailers from the schemes.



- Informative Leaflets on Illicit Tobacco Trade and Sticker with Authorities' Hotline Numbers

INTERNAL STAKEHOLDER ENGAGEMENT

We believe in constantly engaging our employees as they are key stakeholders of the Company. In 2006, we engaged our employees via 'Your Voice', an independently administered and comprehensive employee survey, which provided a detailed report on employee perception of the 16 categories measured. Subsequently, focus groups, a Your Voice committee and task forces were organised to address the issues raised via the survey.



CONSUMER INFORMATION

In September 2006, British American Tobacco Malaysia took the lead in the local tobacco industry by voluntarily publishing ingredients found in our products. This is a big leap forward in providing further product information to our adult consumers demonstrating our commitment to continue conducting our business responsibly.

The list of ingredients for British American Tobacco Malaysia's products can be found in the British American Tobacco global ingredients website www.bat-ingredients.com. It is also accessible via our corporate website www.batmalaysia.com. Some of the information featured on the ingredients website includes:

- cigarette ingredients in 94 countries across Europe, South America and parts of Asia and Africa
- ingredients in cigar, smokeless snus, smoking or chewing tobacco ingredients in 23 European countries

"This is our 5th year into social reporting. Grab a copy of our Social Report to understand our progress and commitments made on CSR."

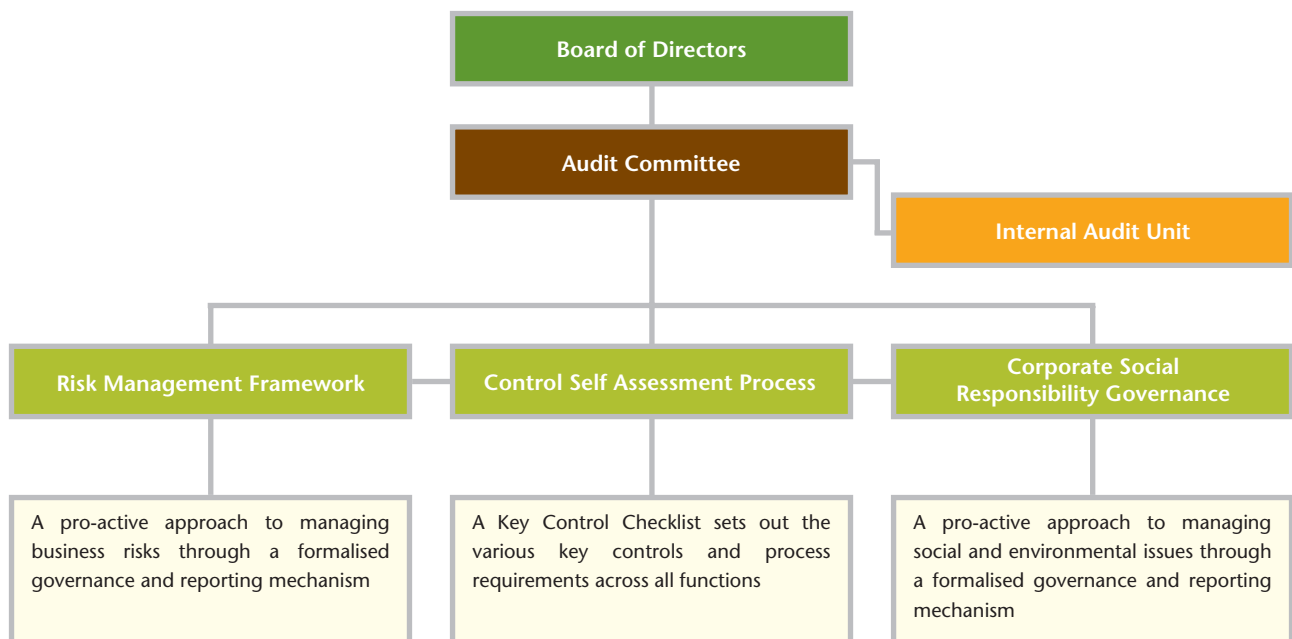
(From left) Eileen Mohan, Management Trainee; Chuah Sze Phing, Corporate Affairs Manager; and Ikram Mayeen, CSR Manager - the team managing CSR programmes for the Company



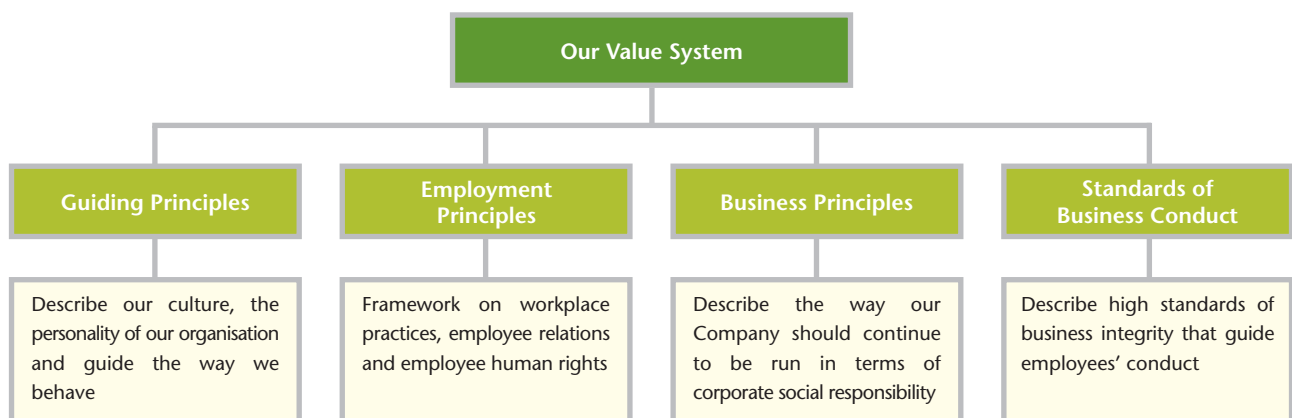
CORPORATE SOCIAL RESPONSIBILITY

We believe our business should uphold high standards of behaviour and integrity. We see it as the role of the wider business community, Government and society as a whole to combat unacceptable business practices. On our part, we will work together with our principal business partners to promote high standards of conduct and will work to ensure that all our employees continuously uphold high standards of conduct in the performance of their duties. We are committed to maintaining effective mechanisms designed to ensure compliance with the law and with our Standards of Business Conduct. Our aim is to encourage a universal respect for high business standards.

British American Tobacco Malaysia's comprehensive system of Corporate Governance:



Guiding Employees' behaviour via a comprehensive value system:



Standards of Business Conduct

Our Group’s employees comply with the Standards of Business Conduct (“Standards”) which form an integral part of our Group’s corporate governance. Together with the Statement of Business Principles, it continues to underpin our commitment to high standards of corporate responsibility.

The Standards require all employees to be committed to operate in accordance with high standards of business integrity, comply with laws and regulations. Employees must exercise honesty, objectivity and diligence in doing their work and must ensure that our Standards are never compromised for the sake of results.

The Standards are an integral part of the Group’s principles of corporate governance and are designed to:

(a) ensure that decisions and judgements made by employees are lawful and comply with high ethical standards; (b) set a tone and culture for the organisation which will enable it to be regarded as a good corporate citizen; (c) help employees who are faced with making difficult judgements in the course of doing their work; and (d) give reassurance to the Group’s stakeholders with whom the Group comes into business contact.	The areas covered by the Standards are: • Conflicts of interest • Inside Information and Corporate Opportunity • Interests in Competing Businesses • Insider Dealing • Bribery and Corruption • Political Contributions • Charitable Contributions • Competition Law • Price Sensitive Information • Trade in the Group’s Products • Money Laundering • Sanctions • Whistleblowing • Confidentiality of Information • Entertainment and Gifts • General Export Guidelines • Commission Payments • Close Personal Relationships • External Activities • Misuse of Resources
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Compliance with these Standards is monitored regularly by the Board of Directors and Audit Committee of the Company. The Head of Internal Audit, in consultation with the Head of Legal/Company Secretary of the Group is charged with the responsibility of reporting to the Board of Directors on an annual basis the compliance of these Standards by the Group and its employees.

Statement on Corporate Governance

The Board of Directors is committed to maintaining high standards of corporate governance throughout the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group. The Company's corporate governance framework is directed towards achieving the Company's key business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability.

In driving high standards of corporate governance, the Board of Directors is guided by the Company's Code of Corporate Governance, which is formulated based on the principles and best practices set out in the Malaysian Code on Corporate Governance ("Code") and developments of globally recognised best governance practices. These principles and best practices are practised throughout the Group as the underlying principle in discharging the Board of Director's responsibility and to ensure transparency and corporate accountability.

As required under the Bursa Securities Listing Requirements, this Statement reports on how the Code's principles are applied by the Company and sets out the Company's formal report on compliance with the Code throughout the 12 months ended 31 December 2006.

BOARD OF DIRECTORS

The Board

The Board is responsible to the shareholders for the success of the Group, overall strategic direction, its values and governance. In discharging this responsibility, the Board is guided by the Group's Standards of Business Conduct ("Standards") and the Statement of Business Principles. The Group's Standards sets out high standards of

honesty, responsibility, transparency and accountability. The Standards have been in place for many years and are kept under continual review in order to ensure that they remain at the forefront of best business practice. The Board ensures that compliance with the Group's Standards is monitored through a process where declarations are obtained from all management staff on their compliance and this includes disclosure of any conflict of interest situations.

The Board is responsible for legal and statutory responsibilities, reviewing and adopting strategic plans for the Group, identifying principal risks and ensuring implementation of appropriate systems to manage these risks, reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board approves the financial statements and accounting policies of the Group. Apart from the Standards, the Board establishes procedures and monitors compliance with other policies of the Group.

The Board also ensures that the Group adheres to the business principles and core beliefs in the Statement of Business Principles which cover the key issues that the Group believes underpin the corporate social responsibility of a multinational business and more particularly, for the unique characteristics of a tobacco business. Details of such principles each of which is supported by a number of core beliefs are provided in the Social Report CD enclosed and on the Group's corporate website at www.batmalaysia.com.

Pursuant to the Company's Statement of Delegated Authorities, the Board has reserved matters such as establishment

of new businesses, annual strategic plan, approval of major capital expenditure, acquisition and disposal of businesses or equity, borrowings and any corporate restructuring, for its decision. In relation to operational management matters of the Group and the relevant level of authority accorded to management, the Board of Directors has established and approved the Corporate Authority Limits, which is read in conjunction with the Company's Statement of Delegated Authorities. The Board provides the leadership necessary to enable the Group's business objectives to be met within the framework of internal controls as described in this Statement, while ensuring that the Company's obligations to its shareholders and others are met.

Board balance

During the financial year ended 31 December 2006, the Board has maintained its mix of Executive and Non-Executive Directors from diverse professional backgrounds and with a wealth of experience, skills and expertise. The Executive Directors are charged with the responsibility of implementing the policies and decisions of the Board, overseeing the operations as well as developing, co-ordinating and implementing business and corporate strategies. The presence of Independent Non-Executive Directors bring unbiased and independent views, advice and judgement to the decision making of the Board taking into account the interest of the Group, shareholders, employees, customers and suppliers.

The Board has 7 members, comprising 4 Non-Executive Directors (including the Chairman) and 3 Executive Directors. From the 4 Non-Executive Directors, 3 Directors are independent. The Board has reviewed the size of the Board and has considered the current size optimum and effective given the scope, size and

complexity of the business and affairs of the Group. The Company is in compliance with the Independent Director criteria set out under Bursa Securities Listing Requirements.

A brief profile of each Director is presented on pages 26 and 27 of this Annual Report.

Division of roles and responsibilities between the Chairman and the Managing Director

The roles of Chairman and Managing Director are separate, with each having distinct and clearly defined responsibilities. This division of roles and responsibilities ensures that there is a balance of power and authority, such that there is no excessive concentration of power in the Chairman or the Managing Director.

The Chairman is primarily responsible for effective and efficient functioning of the Board and ensuring that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. Once objectives and strategies have been reviewed and adopted by the Board as a whole, the Managing Director is responsible for the profitable operation and development of the Group. He is responsible for the stewardship of all the Group's assets and jointly with the Chairman, representation of the Group externally. The respective duties and responsibilities of the Chairman and the Managing Director are clearly outlined in the Company's Code of Corporate Governance.

The Board is chaired by Tan Sri Abu Talib bin Othman, an Independent Non-Executive Chairman and the executive management of the Company lies with the Managing Director, Mr Bartholomeus Franciscus Theodorus Alkemade. Tan Sri

Kamarul Ariffin bin Mohamed Yassin has been appointed by the Board as the senior Independent Non-Executive Director to whom concerns may be conveyed.

Supply of information

Prior to Board meetings, a formal agenda together with a set of Board papers containing information relevant to the matters to be deliberated at the meeting is forwarded to all Directors at least 5 days in advance of the relevant Board meeting. This is to enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the Board meeting. The Board papers include comprehensive management reports, minutes of meetings of Board Committees, proposal papers and supporting documents.

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, in furtherance of their duties, every Director has unrestricted access to all information within the Company. The Directors are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of Directors. There is also a formal procedure approved by the Board for all Directors, whether acting as a full Board or in their individual capacity, to obtain independent professional advice when necessary, at the Group's expense.

Board meetings

To ensure that the Group is managed effectively, the Board meets on a scheduled basis at least 4 times a year. When the need arises, special Board meetings are convened to deliberate and assess proposals or business issues that require expeditious decisions from the Board. All issues raised, discussions and decisions made at the Board meetings

are minuted. Minutes of all Board and Board Committee meetings are circulated to all Directors for their perusal prior to the confirmation of such minutes at the following meeting.

Senior management staff or external advisors may be invited to attend Board and Board Committees meetings to advise the Board and Board Committee members, furnish the members with information and clarification required on items on the agenda tabled to the Board and Board Committees to enable them to arrive at a considered decision.

The Independent Non-Executive Directors are paid annual fees and attendance allowances for Board and Board Committee meetings which they attend. During the 12 months ended 31 December 2006, 6 Board Meetings were held and a majority of the Directors attended all the meetings held during the period.

Whistleblowing

The Group acknowledges that misconduct in any company such as violation of laws, rules, regulations, production fault, fraud, health and safety violations or corruption are usually known first by the people who work in or with the company. An early warning system such as a whistle blowing procedure can help the Group detect wrongdoing and alert the Group to take corrective action before a problem becomes a crisis. A whistle blowing system strengthens, supports good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. It is the Board's belief that having a whistleblowing system in place will increase investors confidence in the Group.

In line with the Group's sound corporate governance practices, the Group's employees are strongly encouraged

STATEMENT ON CORPORATE GOVERNANCE

to speak up and raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Group's business through an internal whistle blowing procedure established pursuant to the Standards. The procedures outline when, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance, allows the whistleblower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated and a report and update is provided to the Board of Directors, through the Audit Committee.

APPOINTMENTS TO THE BOARD

Appointment process

The Board appoints its members through a formal process which is consistent with the Articles of Association of British American Tobacco (Malaysia) Berhad. The Board has established the Nomination Committee to make recommendations on suitable candidates for appointment to the Board. Candidates recommended must be approved and appointed by the Board. This process also applies to Directors who seek re-election or re-appointment at the Company's Annual General Meeting.

Re-election or re-appointment of Directors

The Articles of Association of British American Tobacco (Malaysia) Berhad provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election.

A retiring Director is eligible for re-election and this provides shareholders with the opportunity to renew their mandate.

To assist shareholders in their decision, information such as personal profile, number of meetings attended and the shareholdings in the Group of each Director standing for re-election or re-appointment is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

The Nomination Committee has made recommendations to the Board as to the Directors who are being put forward for re-election or re-appointment at the Annual General Meeting.

Directors' training

All existing Directors have completed the Mandatory Accreditation Programme ("MAP") and attended various training programmes under the Continuing Education Programme ("CEP") pursuant to the requirements of Bursa Malaysia Securities Berhad. Following the repeal of the CEP requirements prescribed by Bursa Securities Malaysia Berhad with effect from 1 January 2005, the Board of Directors continue to evaluate and determine the training needs of its Directors to assist them in the discharge of their duties as Directors.

All Directors appointed to the Board, apart from attending the MAP and the CEP accredited by Bursa Malaysia Securities Berhad, complete other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group. Pursuant to paragraph 15.09(2) and Appendix 9C (Part A, Paragraph 27) of the Bursa Securities Listing Requirements, the Directors have during the financial year ended 31 December 2006 attended training programmes in areas of leadership,

corporate governance, finance, risk management, brand management and competitive strategies.

Board Committees

To assist the Board in discharging its duties, various Board Committees were established. The Board Committees established by the Board are the Nomination Committee, Audit Committee, Remuneration Committee and Corporate Social Responsibility ("CSR") Committee. All Board Committees have their functions, written terms of reference and operating procedures clearly defined and where applicable, comply with the recommendations of the Code.

Each Board Committee submits to the Board, reports of their respective proceedings and deliberations. The Chairman of the respective Board Committee will report to the Board, the outcome of the Board Committee meetings and such reports are incorporated in the minutes of the Board meeting. The Board retains full responsibility for the direction and control of the Group.

1. Nomination Committee

The Nomination Committee comprise exclusively Non-Executive Directors, a majority of whom are independent. The members of the Nomination Committee as of 31 December 2006 are:

Tan Sri Abu Talib bin Othman :
Chairman, Independent Non-Executive Director

Datuk Oh Chong Peng :
Independent Non-Executive Director

James Richard Suttie :
Non-Independent Non-Executive Director
(Re-appointed on 20 March 2006)

The Nomination Committee is empowered by the Board to, amongst others, recommend to the Board suitable candidates for appointment as Directors, ensure that the Board has an appropriate balance of skills, expertise, attributes and core competencies from its members and review the profiles of the required skills, expertise, attributes and core competencies for membership to the Board and Board Committees. A Director seeking re-election or re-appointment will abstain from all deliberations regarding his re-election or re-appointment to the Board and Board Committees.

Meetings of the Nomination Committee are held at least once a year and also as and when required. The Nomination Committee met 3 times during the financial year ended 31 December 2006.

The authority and terms of reference of the Nomination Committee are as follows:

a. Authority

The Nomination Committee is authorised by the Board to act as follows:

- To make proposals to the Board on suitable candidates for appointment as directors;
- To ensure that the Board has an appropriate balance of skills, expertise, attributes and core competencies from its members;
- To regularly review profiles of the required skills, expertise, attributes and core competencies for membership of the Board;
- To review succession plans for members of the Board;
- To recommend to the Board, directors to fill the seats on board committees; and
- To assess annually the effectiveness of the Board, the committees of the

Board and the contribution of each individual director.

b. Meetings

- The Nomination Committee shall meet at least once a year or upon the request of any of its members.
- A majority of the members in attendance must be independent directors in order to form a quorum for the meeting.
- The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Nomination Committee and ensure that the minutes are properly kept and produced for inspection, if required.
- The Nomination Committee shall report to the Board and its minutes will be tabled and noted by the Board.

2. Audit Committee

The functions, composition and membership of the Audit Committee are laid down on pages 68 to 71 of this Annual Report. The Audit Committee comprised 4 Directors, the majority of whom are independent.

3. Remuneration Committee

The Remuneration Committee comprise mainly Non-Executive Directors and the members of the Remuneration Committee as at 31 December 2006 are:

Tan Sri Abu Talib bin Othman :
Chairman, Independent Non-Executive Director

Tan Sri Kamarul Ariffin bin Mohamed Yassin:
Independent Non-Executive Director

Datuk Oh Chong Peng :
Independent Non-Executive Director

Andrew MacLachlan Gray :
Non-Independent Executive Director
(Resigned on 28 February 2006)

James Richard Suttie :
Non-Independent Non-Executive Director
(Re-appointed on 20 March 2006)

Bartholomeus Franciscus
Theodorus Alkemade :
Non-Independent Executive Director
(Appointed on 1 March 2006)

The Remuneration Committee is authorised by the Board to recommend to the Board the remuneration framework for Directors as well as the remuneration packages of the Executive Directors and members of the Top Team of the Company. A Director whose remuneration package is being considered will abstain from all deliberations regarding the recommendation of his remuneration package.

The Remuneration Committee meets at least once a year and during the financial year ended 31 December 2006, the Remuneration Committee met 4 times. The meetings were attended by a majority of the members of the Remuneration Committee. Each individual Director abstained from participating in decisions and deliberations made in respect of his remuneration package.

The authority and terms of reference of the Remuneration Committee are as follows:

a. Authority

The Remuneration Committee is authorised by the Board to act as follows:

- To recommend to the Board the Company's policy framework on the terms of employment of the executive directors, members of the Top Team and employees of Grade 38 and above;
- To recommend to the Board on all elements of remuneration and compensation payments of the

STATEMENT ON CORPORATE GOVERNANCE

executive directors, members of the Top Team and employees of Grade 38 and above;

- To review and approve the annual bonus and salary increment of the executive directors, members of the Top Team and employees of Grade 38 and above; and
- To review and recommend to the Board the remuneration of the non-executive directors.

b. Meetings and Minutes

- The Remuneration Committee shall meet at least once in each year or otherwise as it decides.
- A majority of the members in attendance must be non-executive directors in order to form a quorum for the meeting.
- Executive directors and non-executive directors shall abstain from the deliberations and voting decisions in respect of their respective remuneration either at the Remuneration Committee or Board level as the case may be.
- The Remuneration Committee shall be entitled to call for advice internally from the Human Resources Department or from external sources, when necessary.
- The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Remuneration Committee and ensure that the minutes are properly kept and produced for inspection if required.
- The Remuneration Committee shall report to the Board and the minutes of the Remuneration Committee Meeting will be tabled to and is noted by the Board.

4. Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee is tasked with responsibilities of reviewing the

Company's management of corporate social responsibility and monitoring its alignment with the Statement of Business Principles.

The CSR Committee members as at 31 December 2006 are as follows:

Bartholomeus Franciscus Theodorus Alkemade	: Chairman
Robert James Clark	: Member
Dato' Chan Choon Ngai	: Member
Ricardo Oberlander	: Member
Sigrid Erdmann	: Member
Zainal Arifin Khalid	: Member
Christine Lee Oi Kuan	: Member
Allen Lim	: Member

The CSR Committee comprised the Company's Top Team with the Corporate Services Manager as the secretary of the CSR Committee. The CSR Committee reports to the Board through the Audit Committee. The CSR Committee met twice during the financial year ended 31 December 2006.

The terms of reference of the CSR Committee are as set out below:

a. Purpose

The CSR Committee reviews the Company's management of CSR including the monitoring of alignment with the Statement of Business Principles.

The CSR Committee seeks to focus on the Company's social and environmental performance whereby social and environmental risks and issues are identified and appropriate and timely action is taken to address the identified issues. The CSR Committee also serves as a forum which demonstrates that the

principles of CSR are effectively embedded throughout the Company.

b. Authority

The CSR Committee is authorised by the Board of Directors to review activities within the Company, which fall within the ambit of the Company's management of corporate social responsibility. The CSR Committee in performing its functions is also authorised by the Board of Directors to secure external independent professional advice and the attendance of third parties with relevant experience and expertise, as well as parties from within the Company.

The CSR Committee will meet at least twice annually.

c. Objectives

The CSR Committee's specific objectives are:

- Identification and management of key social and environmental issues;
- Identification of and engagement with key stakeholders;
- Monitoring efficiency and effectiveness of CSR management systems and controls;
- Ensuring the reliability of social and environmental performance management information; and
- Monitoring alignment with the Company's Statement of Business Principles.

d. Relationship with Internal Audit

Representatives from the Internal Audit may be invited to attend the CSR Committee meeting and be heard on any CSR matter which affects the Company. Internal Audit has direct access to the Chairman of the CSR Committee on all CSR matters.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee	
	Total attendance	Percentage (%)	Total attendance	Percentage (%)	Total attendance	Percentage (%)	Total attendance	Percentage (%)
Tan Sri Abu Talib bin Othman (Independent Non-Executive Director)	6/6	100	4/4	100	3/3	100	4/4	100
Andrew Maclachlan Gray # (Non-Independent Executive Director)	2/2	100	-	-	-	-	1/1	100
Bartholomeus Franciscus Theodorus Alkemade* (Non-Independent Executive Director)	4/4	100	-	-	-	-	3/3	100
Tan Sri Kamarul Ariffin bin Mohamed Yassin (Independent Non-Executive Director)	5/6	83	3/4	75	-	-	3/4	75
Datuk Oh Chong Peng (Independent Non-Executive Director)	6/6	100	4/4	100	3/3	100	4/4	100
James Richard Suttie ** (Non-Independent Non-Executive Director)	3/3	100	3/3	100	N/A##	N/A##	2/3	67
Robert James Clark (Non-Independent Executive Director)	6/6	100	-	-	-	-	-	-
Dato' Chan Choon Ngai (Non-Independent Executive Director)	6/6	100	-	-	-	-	-	-

* Appointed on 1 March 2006

** Re-appointed on 20 March 2006

Mr Andrew Maclachlan Gray resigned on 28 February 2006 after the Board of Directors' Meetings held in January and February 2006.

Mr James Richard Suttie was appointed after the Nomination Committee meetings for the financial year ended 31 December 2006 were held.

If a director is appointed mid way through a financial year, the computation of his minimum number of attendance of board meetings for the purpose of achieving the 50% attendance requirement for that financial year is by taking into account only the meetings held on or after his appointment.

STATEMENT ON CORPORATE GOVERNANCE

COMPANY SECRETARY

The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board and guidance to the Board on their responsibilities under the relevant laws and other legal requirements to which they are subject to and how those responsibilities should be discharged. The Company Secretary records, prepares and circulates the minutes of the meetings of the Board and ensures that the minutes are properly kept and produced for inspection, if required.

The Company Secretary also updates the Board regularly on amendments to the listing requirements and practice notes from Bursa Malaysia Securities Berhad and advises the Board on impact, if any, to the Company and the Board. The Company Secretary is appointed and removed by the Board as a whole.

DIRECTORS' REMUNERATION

The policy for Directors' remuneration is to provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director. The remuneration strategy for the Executive Directors of the Group is to pay competitively, and, through the use of an integrated pay and benefits structure, to reward corporate and individual performance in order to contribute to a Winning Organisation. The remuneration strategy reflects the competitive nature of the Group's operations, recognising the need to attract, motivate and retain high quality and calibre executives.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors. The Remuneration Committee recommends to the Board the remuneration package of the Executive Director and it is the ultimate responsibility of the Board as a whole to approve the remuneration package of the Executive Director.

The remuneration package for Directors comprise the following elements:

- **Fees and Meeting Allowances**

The fees payable to each of the Non-Executive Directors are determined by the Board as authorised by the shareholders of the Company. All Non-Executive Directors are paid meeting allowances as determined by the Board as reimbursement for expenses incurred for attending the Board Meetings. It is the Group's practice that fees are waived for Non-Independent Non-Executive Directors.

- **Basic Salary**

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the Board of Directors' approval.

- **Benefits-in-kind**

Customary benefits such as rental payments, motor vehicle, club membership and personal expenses are made available to the Directors in accordance with the policies of the Group.

- **Emoluments**

Emoluments such as bonuses, retirement benefits, provision for leave, allowances, statutory contributions and incentives in the form of shares/option in shares of British American Tobacco p.l.c. pursuant to the British American Tobacco p.l.c.'s shares scheme.

The details of the remuneration of Directors for the financial year ended 31 December 2006 are as follows:

Directors	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits- in-kind** (RM)	Total (RM)
Non-Executive					
Tan Sri Abu Talib bin Othman	312,000	-	-	27,058	339,058
Tan Sri Kamarul Ariffin bin Mohamed Yassin	51,000	-	-	-	51,000
Datuk Oh Chong Peng	57,000	-	-	-	57,000
James Richard Suttie ¹	-	-	-	-	-
Executive					
Andrew MacLachlan Gray ²	-	575,686	699,777	211,102	1,486,565
Bartholomeus Franciscus Theodorus Alkemade ³	-	1,248,218	977,905	247,275	2,473,398
Robert James Clark	-	1,371,472	1,126,212	335,381	2,833,065
Dato' Chan Choon Ngai	-	717,678	1,275,410	94,865	2,087,953

* Other emoluments include bonuses, retirement benefits, provision for leave, allowances, statutory contributions and incentives in the form of shares/option in shares of British American Tobacco p.l.c. pursuant to the British American Tobacco p.l.c.'s shares scheme.

** Benefits-in-kind include rental payments, motor vehicle, club membership and personal expenses.

1 Re-appointed on 20 March 2006

2 Resigned on 28 February 2006

3 Appointed on 1 March 2006

STATEMENT ON CORPORATE GOVERNANCE

SHAREHOLDERS

Communication with shareholders and investors

The Group recognises the importance of maintaining transparency and accountability to its shareholders and investors. The Group maintains an active and constructive communication policy that enables the Board and management to communicate effectively with its shareholders and investors to fulfil the objectives of transparency and accountability.

An important channel used to provide its shareholders and investors with information on its business, financials and other key activities, is the Annual Report of the Company, which contents are continuously enhanced to take into account developments, amongst others, in corporate governance.

The key channel used by the Company to have a dialogue with its shareholders, gather views and answer questions on all issues relevant to the Group, is the Annual General Meeting. At the Annual General Meeting, shareholders are encouraged to ask questions on the resolutions being proposed or on the Group's operations in

general. The Board of Directors, senior management and relevant advisors are on hand to answer questions raised and give clarifications required by the shareholders.

An important aspect of an active and constructive communication policy is the timeliness in disseminating information to shareholders and investors. The Company sends out the Notice of the Annual General Meeting and related papers to shareholders at least 21 days before the meeting to facilitate full understanding and evaluation of the issues involved. Additionally, a press conference is held immediately after the Annual General Meeting where the Chairman, Managing Director and Finance Director advise the press of the resolutions passed and answer questions on the Group.

Timely release of financial results on a quarterly basis enables shareholders to have an overview of the Group's performance and operations. The Company holds quarterly briefings for fund managers, institutional investors and investment analysts after each quarter's announcement of results to Bursa Malaysia Securities Berhad.

Presentations will be made or road-shows will be undertaken, as appropriate, to explain the Group's strategy, performance and major developments.

Communication is further enhanced by the various announcements and circulars, when necessary, made throughout the year in full compliance with the regulatory authorities' disclosure requirements. In addition, the Group has established a web-site at www.batmalaysia.com which shareholders can access for information which includes corporate information, press releases, financial information, share prices, investor relations and briefings, social responsibility, tobacco issues and even career opportunities.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

ACCOUNTABILITY AND AUDIT**Financial reporting**

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that accounting standards approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia and the provisions of the Companies Act, 1965 have been applied and reasonable and prudent judgments

and estimates have been made. The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities.

Internal control

It is important to emphasise that the ultimate responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board of Directors. The Board sets policies and procedures for internal control and oversees that the implementation of internal control system have been properly carried out by the executive management. Reviews are carried out at least annually, covering all material controls including financial, operational and compliance controls and risk management systems. The Board derives reasonable assurances from reports submitted by the relevant committee on risk management and internal control.

Statement on Internal Control

The Statement on Internal Control furnished on page 66 and 67 of the

Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the external auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference. The Audit Committee is tasked with authority from the Board of Directors to review any matters concerning the appointment and re-appointment, audit fee, resignation or dismissal of external auditors and review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence. A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 68 to 71 of the Annual Report.

Compliance with the Code

The Group has complied with the Malaysian Code on Corporate Governance throughout the financial year ended 31 December 2006. This statement is made in accordance with the resolution of the Board of Directors dated 9 March 2007.

Statement on Internal Control

RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks faced by the Group and this process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory and business environment. This process is regularly reviewed by the Board via the Audit Committee and accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Board ensures that management undertakes such actions as may be necessary in the implementation of the policies and procedures on risk and control approved by the Board whereby management identifies and assesses the risk faced and then designs, implements and monitors appropriate internal controls to mitigate and control those risks.

RISK MANAGEMENT

Risk management is firmly embedded in the Group's management system and is every employee's responsibility as the Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value.

In April and October 2006, the Risk Management Team and management jointly updated the risk register and risk mitigation action plans.

Selected business continuity plans (or contingency plans) were reviewed, updated and/or tested during the year under review. In addition, senior managers who owned the respective business continuity plans made formal presentations to the Top Team on their crisis preparedness.

The Audit Committee was briefed by the Enterprise Risk Manager on the Group's Risk Management Programme in April and October 2006.

KEY INTERNAL CONTROL PROCESSES

Central to the Group's internal control and risk management systems is its Control Self Assessment ("CSA") process, which it has developed and continues to improve over time. A key control checklist is developed and sets out the various key controls and process requirements across all functions in the Group and is updated annually taking into consideration the changing risk profiles as dictated by changes in the business and regulatory environment, strategies and functional activities from time to time. All business units are required to document the controls and processes for managing the risks and assess their effectiveness on an annual basis. The key control checklist and trend analysis are reported to the Audit Committee.



OTHER KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system which have been reviewed and approved by the Board are described below:

(a) Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to committees of the Board and to management including organisation structures and appropriate authority levels; and
- Clearly documented internal policies, standards and procedures are in place and regularly updated to reflect changing risks or resolve operational deficiencies. All policies and standards are approved by the Board and cases of non-compliance are reported to the Board by exception. Reliance is also placed on the Group's Internal Audit as well as the CSA approach mentioned above.

(b) Strategic Business Planning, Budgeting and Reporting

- Regular and comprehensive information provided by management for monitoring of performance against strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Managing Director reviews with the Board on all issues covering, but not restricted to, strategy, performance, resources and standards of business conduct;
- Detailed budgeting process established requiring all business units to prepare budgets annually which are discussed and approved by the Board; and
- Effective reporting systems which expose significant variances against budgets and plan are in place to monitor performance. Key variances are followed up by management and reported to the Board.

(c) Insurance and Physical Safeguard

- Adequate insurance and physical safeguard on major assets in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

(d) Top Team Meetings

- Top Team Meetings, which are senior management meetings are held on a regular basis to review, identify, discuss and resolve strategic, operational, financial and key management issues.

(e) Other Matters

- Regular meetings are held between the Finance Director and analysts with a formal presentation conducted on the day the financial results are released after Board's approval to ensure a transparent relationship and open dialogue with investors and shareholders; and
- Written declaration from all management personnel confirming their compliance with the Group's Standards of Business Conduct and where conflicts of interest situations are disclosed.

The system of internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

Audit Committee Report



From left:

James Richard Suttie

Tan Sri Kamarul Ariffin
bin Mohamed Yassin

Datuk Oh Chong Peng

Tan Sri Abu Talib bin Othman

MEMBERSHIP AND ATTENDANCE

The Audit Committee members and details of attendance of each member at Audit Committee meetings during 2006 are set out below:

Composition of Audit Committee	Number of Audit Committee Meetings		%
	Held	Attended	
Tan Sri Abu Talib bin Othman Chairman (Independent Non-Executive Director)	4	4	100
Tan Sri Kamarul Ariffin bin Mohamed Yassin (Independent Non-Executive Director)	4	3	75
Datuk Oh Chong Peng (Independent Non-Executive Director)	4	4	100
James Richard Suttie * (Non-Independent Non-Executive Director)	3	3	100

*Re-appointed on 20 March 2006

The Audit Committee convened 4 meetings during the year, which were attended by a majority of the members. Upon invitation by the Audit Committee, the Managing Director, Finance Director, a representative of the external auditors and the Head of Internal Audit attended all the meetings. From time to time other members of senior management also attended Audit Committee meetings upon invitation by the Audit Committee.

COMPOSITION AND TERMS OF REFERENCE

(a) Composition

The Audit Committee shall comprise at least 3 Directors, the majority of whom are independent. The members of the Audit Committee shall be appointed by the Board of Directors and all members of the Audit Committee including the Chairman are Non-Executive Directors.

At least 1 member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or if not a member of the Malaysian Institute of Accountants, must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or a member of 1 of the associations specified in Part II of the said schedule or has a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least 3 years' post qualification experience in accounting or finance or at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

No alternate director shall be appointed as a member of the Audit Committee. The Board shall review the terms of office and performance of the members of the Audit Committee at least once every 3 years to determine whether the members have carried out their duties in accordance with their terms of reference.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.10(1) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within 3 months from the date of the vacancy.

(b) Chairman

An Independent Non-Executive Director shall be the Chairman of the Audit Committee.

(c) Meetings and Minutes

The Audit Committee shall meet at least 4 times annually. However, at least once a year, the Audit Committee shall meet with the external auditors without the Executive Directors being present. This year, the Audit Committee met once with the external auditors without the Executive Directors and management being present.

Other than in circumstances which the Chairman considers inappropriate, the Finance Director and Head of Internal Audit and a representative of the external auditors shall attend all meetings of the Audit Committee to make known their views on any matter under consideration by the Audit Committee, or which in their opinion, should be brought to the attention of the Audit Committee. The Audit Committee may, as and when necessary, invite other members of the Board and members of senior management to attend the meetings.

The Company Secretary shall be the Secretary of the Audit Committee and will record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Audit Committee shall report to the Board and its minutes tabled and noted by the Board.

(d) Quorum

A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

(e) Authority

The Audit Committee is authorised by the Board to review any activity within the Audit Committee's terms of reference. The Audit Committee is authorised to seek any information the Audit Committee requires from any Director or member of management and has full and unrestricted access to any information pertaining to the Group and the management, and all employees of the Group are required to comply with the requests made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

In the event that any member of the Audit Committee shall need to seek external professional advice in furtherance of his duties, he shall first consult with and obtain approval of the Chairman of the Audit Committee.

The Audit Committee shall have direct communication channels and be able to convene meetings with the external auditors without the presence of the non-independent members of the Audit Committee, whenever deemed necessary.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee are:

(a) Financial Reporting

- To review the quarterly, and annual financial statements of the Company, focusing particularly on:
 - any significant changes to accounting policies and practices;
 - significant adjustments arising from the audits;
 - compliance with accounting standards and other legal requirements; and
 - the going concern assumption.

(b) Related Party Transactions

- To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

AUDIT COMMITTEE REPORT

(c) Audit Reports

- To prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit unit and summary of the activities of that unit for inclusion in the Annual Report; and
- To review the Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report.

(d) Internal Control

- To consider annually the Business Risk Management Framework adopted within the Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures including for example, the Group's Standards of Business Conduct;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.

(e) Internal Audit

- To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Group. Specifically:
 - to review the internal audit plans and to be satisfied as to their consistency with the Business Risk Management Framework used, adequacy of coverage and audit methodologies employed;

- to be satisfied that the Internal Audit unit within the Group has the proper resources and standing to enable them to complete their mandates and approved audit plans;
- to review status reports from Internal Audit and ensure that appropriate action is taken on the recommendations of Internal Audit. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
- to review any appraisal or assessment of the performance of the members of the Internal Audit, approve any appointment or termination of senior staff members of Internal Audit and inform itself of any resignations of staff of Internal Audit and reasons thereof;
- to ensure Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- to request and review any special audit which it deems necessary.

(f) External Audit

- To review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors. The Audit Committee will consider a consolidated opinion on the quality of external auditing at 1 of its meetings;
- To review with the external auditors the Statement on Internal Control of the Group for inclusion in the Annual Report;
- To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors;
- To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence;
- To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised; and

- To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

(g) Other Matters

- To act on any other matters as may be directed by the Board.

SUMMARY OF ACTIVITIES

During the year, the Audit Committee carried out its duties in accordance with its terms of reference. Other main issues reviewed by the Audit Committee were as follows:

- the Group's Risk Management Programme, including the insurance programme and security;
- impact of FRS 139 on the pro-forma Financial Statements submitted to the Securities Commission;
- compliance with the Group's Standards of Business Conduct; and
- progress update of the Group's Statement of Business Principles.

INTERNAL AUDIT UNIT

The Group has a well established internal audit unit, which reports to the Audit Committee and assists the Committee in the discharge of its duties and responsibilities.

The Head of Internal Audit reports directly to the Audit Committee and has direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and removal of the Head of Internal Audit of the Group shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries.

The internal audit unit has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. The Group's established monitoring process and Control Self Assessment approach is in alignment with the practice of generating an embedded risk management capability and acceptable risk culture within the organisation.

Other main activities performed by the internal audit unit are as follows:

- review of the approval procedures in respect of recurrent related party transactions;
- review of the framework and processes adopted by the Group to meet corporate and social reporting initiatives; and
- undertake special reviews requested by the Audit Committee and/or management.

The system of internal controls was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 15 February 2007.



Report on Corporate Risk Management

RISK MANAGEMENT

The effective management of risks associated with all aspects of the Group's business is critical to maximising the Group's shareholder value.

The business risks for the Group are affected by a number of factors, not all of which are within the Group's control. These externally driven challenges, together with general business risk exposures such as corporate reputation, security, environment, health & safety issues, product quality and information technology are constantly reviewed as part of the Enterprise Risk Management programme of the Group.

The Group adopts a proactive Enterprise Risk Management programme with the following objectives:

- ensuring the continuity of supply of its products to the consumers at all times
- protecting its assets and reputation
- preserving the safety and health of its employees
- ensuring that the Group's operations do not impact negatively on its neighbours and the environment
- protecting the interests of all other stakeholders
- ensuring compliance with the Malaysian Code of Corporate Governance, Head Office guidelines and all applicable Malaysian laws
- promoting an effective risk awareness culture where risk management is an integral aspect of the Group's management systems

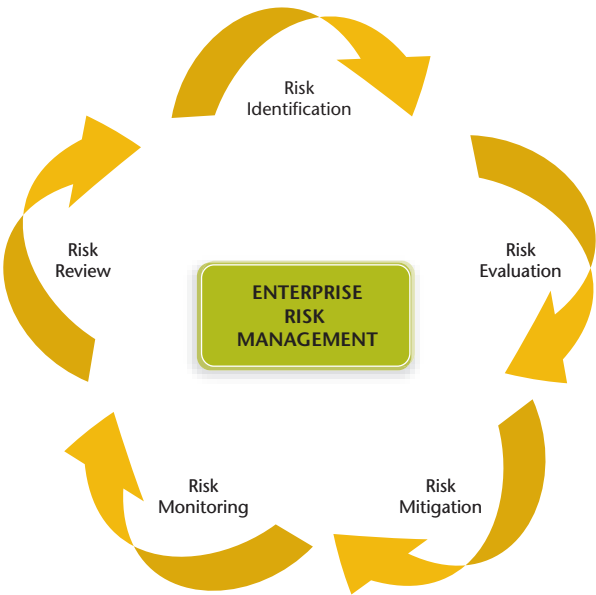
The Risk Management Team, headed by the Finance Director and comprising senior managers from all functions of the Group is entrusted to drive the Enterprise Risk Management of the Group. The team's responsibilities are to:

- steer the Group's Enterprise Risk Management programme
- promote a proactive risk awareness culture in the Group
- conduct an annual review of the business risks
- coordinate the development of risk mitigation action plans
- develop and update Business Continuity Plans for key business risks
- plan and coordinate the testing of Business Continuity Plans
- organise training and education for employees on risk management
- monitor the results of key performance indicators
- ensure good corporate governance

Risk management is firmly embedded in the Group's management system and is every employee's responsibility.

RISK MANAGEMENT PROCESS

The Enterprise Risk Management process of the Group comprises five phases, namely:



In the risk identification process, all possible business risks are identified.

The identified business risks are then evaluated based on:

- LIKELIHOOD of the risk crystallising
- SEVERITY of the consequence
- Degree of internal control and risk management measures in place

		LIKELIHOOD		
		L	M	H
SEVERITY	H	High	High	High
	M	Medium	Medium	High
	L	Low	Low	Medium

The outcome of the risk identification and evaluation process is a risk register which documents all identified business risks, their risk levels as well as action plans to manage these business risks.

REPORT ON CORPORATE RISK MANAGEMENT

This categorisation of business risks enables the Group to allocate its resources more effectively to deal with the different levels of business risks. A combination of risk management measures are then selected to manage these business risks:

RISK MANAGEMENT MEASURES	SUB-CATEGORY	EXAMPLES
AVOID	Avoidance	Decide not to proceed with an activity that is likely to generate an unacceptable risk, where this is practicable
RETAIN	Loss prevention	Implement proactive risk mitigation measures to reduce likelihood. Possible actions: • Quality assurance • Environment, health & safety • Preventive maintenance • Security • Financial controls • Project management • Training & education • Supervision • R & D
	Loss reduction	Implement active risk mitigation measures to reduce severity. Possible actions: • Business continuity planning • Emergency response planning • Separation of exposures • Duplication of exposures • Diversification • Portfolio planning
	Self-insurance	Non-insurable risks, cost of insurance is not justified
TRANSFER	Insurance	Purchase insurance for insurable risks e.g. fire, life, theft etc.
	Contract	Protection clauses in contracts e.g. indemnity clauses etc.
	Sharing of risks	Joint venture, partnerships

Ongoing risk monitoring is conducted to review the effectiveness of risk mitigation measures implemented for all identified business risks and take corrective actions where necessary.

Risk review is conducted to review the effectiveness of individual components of the Enterprise Risk Management programme and implement improvements where necessary. These are complemented by internal control practices such as the statement of compliance with the Malaysian Code on Corporate Governance and the British American Tobacco Group's Key Controls Checklist.

PROMOTION OF RISK AWARENESS

To support the Group's efforts to promote a risk awareness culture, the Risk Management Team communicates the Group's Enterprise Risk Management programme to the appropriate levels of employees and other stakeholders via the appropriate channels. Employees are also encouraged to give feedback on risk management issues and make suggestions for improvement.

REVIEW OF THE GROUP'S ENTERPRISE RISK MANAGEMENT PROGRAM

The Risk Management Team met three times during the year, in March, July and October 2006 to review Group's risk profile and progress of Business Continuity Plans.

During the year, selected Business Continuity Plans were reviewed, updated and tested. New Business Continuity Plans were also developed to manage identified new business risks.

In September 2006, the Risk Management Team and management jointly updated the risk register and risk management action plans. The Audit Committee was briefed by the Enterprise Risk Manager on the Group's Enterprise Risk Management Programme in April and October 2006.

CRISIS MANAGEMENT TEAM

In addition to the Risk Management Team, the Group also established a Crisis Management Team to provide leadership and timely decision making in the event of a crisis. The Crisis Management Team is assisted by the Crisis Response Team, which is entrusted to respond immediately to the crisis as well as the Communications Team, which coordinates the communication strategy with key stakeholders.





Winning Organisation

Having high performing talent and an open and confident culture are imperative to our organisation.

- 
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Enjoying what we do -
(From left) Doreen Faun,
Executive Secretary; Eliya Nur,
Management Trainee and
Asran Rozandik, Management
Trainee sharing a light
moment at work.

Winning Organisation

Strengthening Our Winning Organisation

Outstanding People and A Great Place To Work

- these remained the two streams of our Winning Organisation thrust in 2006.

TALENT SOURCING AND SELECTION

We participated in more local, regional and international career and recruitment fairs in 2006 - collectively drawing an audience of more than 100,000 people. We also placed appropriate recruitment advertisements, worked with reputed talent agencies and launched the British American Tobacco Malaysia Employee Referral Programme. With all these efforts we succeeded in filling 82% of our Management Trainee and almost 80% of our Mid-Career positions.

EMPLOYEE REFERRAL PROGRAMME

The ERP, launched in 2006, involved our employees in the recruitment process. This programme incentivises our employees to leverage their professional and social relationships and networks to help us fill senior vacancies in the Company.

TALENT DEVELOPMENT

We stepped up employee development in 2006 tripling the average training hours per employee over the previous year - emphasising leadership capability, functional competencies and field force development nationwide.

We consider Coaching as key to talent development, building and sustaining a learning organisation. In 2006, we mapped out our Coaching gaps and drew up plans to enhance coaching for employees.

SUCCESSION PLANNING

Succession planning ensures leadership continuity in key positions, skills and knowledge development and individual advancement and growth.



Our talent are constantly tracked and reviewed at Talent Review Meetings (TRM) conducted at end-market, functional, regional and global levels. This aims to attain robust coverage of high calibre successors for key senior positions in the Company.

CAREER PATHS

In 2006, we launched a Career Path framework for every function within the Company.

This initiative, which aligns our employees' aspirations with the Company's business model, encourages employee ownership and promotes transparency with regards to career opportunities. We are confident that the Career Path framework will help us retain and attract the right talent with the right skill sets to deliver business goals.



EMPLOYEE RECOGNITION SCHEME

In line with regional best practice, we recognise and reward our employees who go the extra mile in delivering business goals. In the last quarter of 2006, we introduced the British American Tobacco Malaysia Employee Recognition Scheme - comprising various elements from thank you cards to plaques, and cash vouchers, each playing a different role in motivating and rewarding our employees.



"Coupling sound experience with fresh energy and perspective makes a powerful combination, which is why we take coaching and mentoring so seriously at BAT."

(From left) Wong Yin Lin, Management Trainee and Khaw Teik Lye, Channel Development and Merchandising Manager

WINNING ORGANISATION

A Great Place to Work

We see secondments as an effective talent development platform as well as a tool to motivate employees by providing them the enriching experience of working in different countries with different work cultures.

Hear all about it from some of our secondees who have returned to Malaysia.



Samantha Lee

Senior Business Analyst, IT

I think international secondments are one of the best things to happen especially in a global corporation like British American Tobacco, where we have operating companies in every part of the world.

During my secondment to British American Tobacco Australia, I worked on the SRM project, which boasted an international team – myself from Malaysia and colleagues from Singapore, South Africa, Pakistan, Mexico, UK and of course, Australia. It was like a small United Nations! I learned not only about the different cultures but also gained fresh perspectives on things. My year at British American Tobacco Australia gave me the chance to work with a most hardworking and interesting group of people in a great working environment. I especially enjoyed the monthly gatherings where everyone gets a chance to mingle and build rapport over cake and tea during which, any successes or individual promotions were also celebrated.

Overseas assignments – a really priceless experience!



Khairil Hakma Kamarudin

Leaf Manager, Logistics and Reclassification

In 2001, I was seconded to the Leaf Department of British American Tobacco Vietnam and I was tasked with integrating Vietnamese tobacco blends into usable British American Tobacco blends. In the first two years, I was heavily involved in implementing agronomy projects, training farmers and technicians, as well as developing new curing facilities. The high note of our team's work in Vietnam was when we exported 3.1 million kg of tobacco to Singapore from a modest start of only 300,000 kg - I am proud to have been a part of it all!

My wife and children joined me in 2002 and they too benefited from this secondment – quickly settling in and enjoying everything that Ho Chi Minh had to offer. The secondment allowed me the opportunity to visit 36 of the 65 provinces in Vietnam. To be able to experience the hospitality and the generosity of the people, their different dialects, food, cultures and the varied landscape ensured that there was never a dull moment. The five and a half years of working there was worth every minute of it! That experience has enriched me and has given me a well rounded knowledge of my job and of British American Tobacco as a whole.

OUR PEOPLE AROUND THE WORLD

	Name	Designation	Current Location
1.	William Toh	General Manager	Pakistan
2.	Nicholas Soon	Regional Treasury Manager	Singapore
3.	Lim Suat Kim	Head of Production	Singapore
4.	Mohd Azhar bin Abdullah	Product Maintenance Manager	Vietnam
5.	Tang Chung Leong	Operations Director	Vietnam
6.	Claire Chan Soo Fong	Strategic Planning & Insights Manager	Thailand
7.	Shaiful Bahari Mahpar	Head of Corporate & Regulatory Affairs	Bangladesh
8.	Bruce Richard Jalleh	Commercial Finance Manager	Korea
9.	Liew Fui Yew	Leaf & Product Manager	Korea
10.	Hasnol Ibrahim	Product Champion	Globe House, UK
11.	Karl Yap Chee Keong	Senior International Brand Manager (Kent)	Globe House, UK
12.	Ng Shu-Theng	Marketing Finance Development Manager	Globe House, UK

2006

Calendar Highlights



2006 was an exceptional year for us. These activities are by no means exhaustive of all the events that transpired. This is just to share with you a glimpse of some of the initiatives which took place.

JANUARY

- Publication of the British American Tobacco Malaysia 2004-05 Social Report.
- Introduction of the Pall Mall Product Story Limited Edition Packs.

FEBRUARY

- Financial Analysts' Briefing was conducted on the Group's 2005 financial results.

- A** Quarterly Management Briefing was conducted to keep employees engaged and informed.
- Customised training were rolled out to upskill the sales force nationwide.
 - Focus Groups were conducted to validate employees' feedback and concerns.

MARCH

- 41 Task Forces were formed to address feedback/concerns raised by employees via an employees' survey.
- Donation made to the Shelter Home for Abused Women and Children in Seremban, Negeri Sembilan.

APRIL

- The Annual General Meeting was conducted at PJ Hilton.
- Financial Analysts' Briefing was conducted on the Group's Q1 2006 financial results.
- Introduction of the Pall Mall New Global Packs.
- British American Tobacco Malaysia via the Confederation of Malaysian Tobacco Manufacturers disseminated leaflets on the prohibition of the sale of cigarettes in packs of less than 14 sticks and single sticks to over 97,000 retailers nationwide.

MAY

- B** Awarded Best Social Report 2005 by the Association of Chartered Certified Accountants (ACCA) Malaysia.
- Introduction of the Dunhill Signature Series Limited Edition Packs.
 - Quarterly Management Briefing was conducted to keep employees engaged and informed.

- Family Day for employees at the Genting Highlands Amusement Theme Park.

JUNE

- Continuous Improvement campaign was launched to improve productivity in the factory.
- British American Tobacco Malaysia Foundation together with the National Tobacco Board awarded 292 Higher Education Starter Kits (HESK).
- Donation made to the PT. British American Tobacco Indonesia - Yogya Earthquake.
- Donation made to the MRCS International Relief Fund - Yogyakarta Earthquake Relief Fund.

JULY

- C** Y.B. Datuk Seri Dr. Fong Chan Onn, Minister of Human Resources and Dato' Ismail B. Hj Rahim, Director General of the Ministry of Human Resources visited the Centre of Excellence for Trade Marketing and Distribution, Puchong.



- Financial Analysts' Briefing was conducted on the Group's Q2 2006 financial results.
- British American Tobacco Malaysia via the Confederation of Malaysian Tobacco Manufacturers distributed information leaflets on illicit trade and stickers with authorities' hotline numbers to retailers nationwide.
- Quarterly Management Briefing was conducted to keep employees engaged and informed.

AUGUST

- D** Y.B. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry launched the Asia Pacific Finance Shared Service (AP FSS) Centre in Technology Park.
- Awarded the 2006 Best Managed Company; Best Corporate Governance; Best Commitment to Strong Dividend Payment and Third Place for Best Investor Relations by Finance Asia.
- Stakeholder dialogues on combating illicit tobacco trade were conducted, at the FELDA schemes, Malacca to raise awareness on the issue.

SEPTEMBER

- E** The first tobacco company in Malaysia to voluntarily publish the ingredients of its products on www.bat-ingredients.com.
- Awarded the KPMG Shareholder Value Awards 2005 (Sectoral Winner – Consumer Markets; Overall Winner).
- Inclusion into the 2006/2007 Dow Jones Sustainability Indexes World.
- Second Direct Sales Delivery was established, revolutionising our trade and distribution model through best practices.
- Senior Managers' Forum was conducted for the senior management team of the Company.

- F** Employee Treasure Hunt was conducted in Malacca.
- Introduction of the Pall Mall 23s Limited Edition Packs.

OCTOBER

- British American Tobacco Malaysia via the Confederation of Malaysian Tobacco Manufacturers distributed information leaflets on illicit trade to 97,000 retailers nationwide.

- Financial Analysts' Briefing was conducted on the Group's Q3 2006 financial results.
- Quarterly Management Briefing was conducted to keep employees engaged and informed.

NOVEMBER

- G** Awarded the National Annual Corporate Report Awards (NACRA) 2006: Industry Excellence Award - Main Board, Consumer Products.
- Successful renewal of international certifications - ISO9001, ISO14001 and OHSAS 18001.
- Introduction of the Dunhill D360 range.
- Introduction of the Pall Mall 25s.

- H** Annual Company Dinner at the Mandarin Oriental Hotel, Kuala Lumpur.

DECEMBER

- British American Tobacco Malaysia Foundation awarded 15 scholarships to employees and their children.
- Introduction of Pall Mall City Life Limited Edition Packs.

British American Tobacco Malaysia in the News

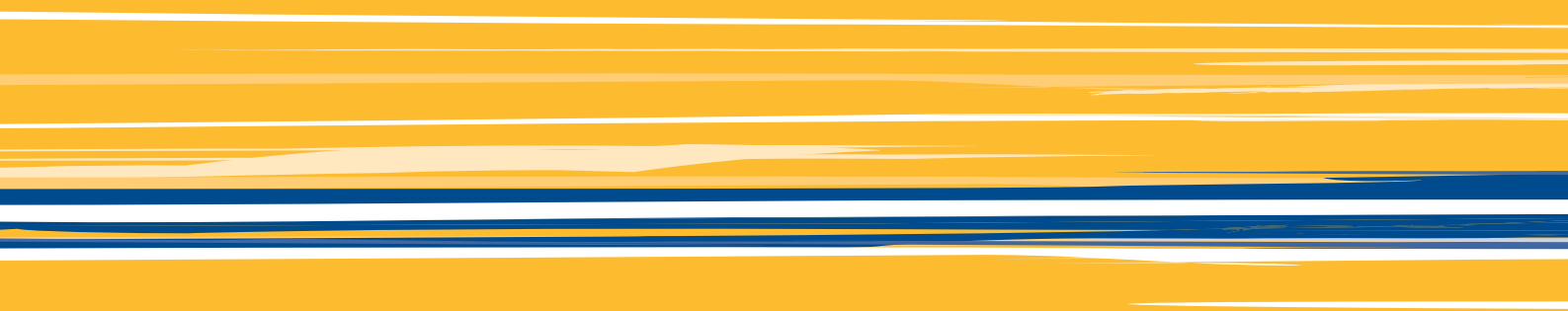


Other Information

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Analysis of Shareholdings

as at 28 February 2007

Share Capital

Authorised Share Capital : 770,000,000 Ordinary Shares of RM0.50 per share.

Issued and Fully Paid-Up Share Capital : 285,530,000 Ordinary Shares of RM0.50 per share.

Voting Right : One voting right for one Ordinary Share.

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares Held	% of Issued Capital
Less than 100 shares	317	6.89	7,783	0.00
100 - 1,000 shares	2,339	50.81	1,126,122	0.39
1,001 - 10,000 shares	1,364	29.63	5,402,193	1.89
10,001 - 100,000 shares	438	9.52	13,578,154	4.76
100,001 to less than 5% of issued shares	143	3.11	108,258,723	37.92
5% and above of issued shares	2	0.04	157,157,025	55.04
Total	4,603	100.00	285,530,000	100.00

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

Tan Sri Abu Talib bin Othman	1,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	1,000
Datuk Oh Chong Peng	1,000
James Richard Suttie	1,500
Robert James Clark	500
Dato' Chan Choon Ngai	1,000

SHAREHOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST:

James Richard Suttie	3,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	3,320

SUBSTANTIAL SHAREHOLDERS

Names of Shareholders	Number of Shares Held	% of Issued Capital
1. British American Tobacco Holdings (Malaysia) B.V.	142,765,000	50.00
2. Employees Provident Fund Board	14,392,025	5.19

THIRTY LARGEST SHAREHOLDERS

Names of Shareholders	Number of Shares Held	% of Issued Capital
1. British American Tobacco Holdings (Malaysia) B.V.	142,765,000	50.00
2. Employees Provident Fund Board	14,392,025	5.04
3. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	10,805,600	3.78
4. Permodalan Nasional Berhad	7,268,100	2.55
5. Valuecap Sdn Bhd	5,668,600	1.99
6. HSBC Nominees (Asing) Sdn Bhd - Exempt An For BNP Paribas Securities Services (Convert In USD)	5,012,500	1.76
7. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	4,493,300	1.57
8. HSBC Nominees (Asing) Sdn Bhd - TNTC For Saudi Arabian Monetary Agency	4,106,900	1.44
9. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (JPM Funds)	3,646,500	1.28
10. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	3,404,000	1.19
11. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (U.A.E.)	3,130,361	1.10
12. Citigroup Nominees (Asing) Sdn Bhd - CB Lux For Vontobel Fund (Far East Equity)	2,873,000	1.01
13. Citigroup Nominees (Asing) Sdn Bhd - Exempt An For Mellon Bank (Mellon)	2,231,800	0.78
14. HSBC Nominees (Asing) Sdn Bhd - Natexis For Comgest Nouvelle Asie	2,200,000	0.77
15. Cartaban Nominees (Asing) Sdn Bhd - Investors Bank And Trust Company For Ishares, Inc.	1,756,700	0.62
16. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Paris For Aberdeen Asia Pacific Fund	1,557,900	0.55
17. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund VE9L For The Local Government Pensions Institution	1,550,700	0.54

ANALYSIS OF SHAREHOLDINGS

as at 28 February 2007

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Names of Shareholders	Number of Shares Held	% of Issued Capital
18. Citigroup Nominees (Asing) Sdn Bhd - CB Lux For Vontobel Fund (Emerg Mkts Eqty)	1,521,000	0.53
19. HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Sg For Employees Provident Fund	1,374,400	0.48
20. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	1,229,000	0.43
21. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (U.K.)	1,138,400	0.40
22. HSBC Nominees (Asing) Sdn Bhd - BBH And Co Boston For Merrill Lynch Global Allocation Fund	1,125,000	0.39
23. Citigroup Nominees (Asing) Sdn Bhd - Exempt An For American International Assurance Company Limited	1,102,100	0.39
24. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (Netherlands)	1,099,707	0.39
25. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An For Prudential Assurance Malaysia Berhad	1,069,000	0.37
26. HSBC Nominees (Asing) Sdn Bhd - Exempt An For JPMorgan Chase Bank, National Association (Saudi Arabia)	1,068,500	0.37
27. HSBC Nominees (Asing) Sdn Bhd - Exempt An For The Hongkong And Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	1,031,400	0.36
28. Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)	1,029,300	0.36
29. HSBC Nominees (Asing) Sdn Bhd - TNTC For Sanderson International Value Fund	1,018,000	0.36
30. HSBC Nominees (Asing) Sdn Bhd - RBC Dist For Edinburgh Dragon Trust PLC	1,000,000	0.35
Total	231,668,793	81.14

Particulars of Properties

The properties held by the Group and Company at 31 December 2006 are as follows:

Location	Date of acquisition	Usage	Approx. age of building (years)	Land/ Built-up area (square metres)	Net Book Value RM'000
Freehold					
No. 36 & 36A, Jalan Lengkok Canning, Ipoh Garden, Ipoh, Perak	30.11.89	shop and office	18	143.07	103
No. 27, Jalan SS26/8, Taman Mayang Jaya, Petaling Jaya, Selangor	22.4.93	shop and office	15	272.00	565
No. A79, Jalan Telok Sisek, Kuantan, Pahang	28.4.94	shop and office	15	110.59	235
178-3 Jalan Sungai Besi, Kuala Lumpur	1.12.60	offices, factory and warehousing space	58	36,153.00	44,452
Leasehold					
Lots 122 and 124, Jalan Universiti, Petaling Jaya, Selangor (99 year lease expiring on 8.4.2062 and 29.9.2060 respectively)	30.9.61	factory, office and store	45	46,905.44	76,504
Lots P.T. 683-685, 687-689, Mukim Panchor, Daerah Kemumin, Kawasan Perindustrian Pengkalan Chepa II, Kota Bharu, Kelantan (66 year lease expiring 25.7.2048)	26.7.82	industrial land, store and office	19	29,952.00	5,797
Lot 2948, Country Lease No. 135345103 Mukim of Keningau, Sabah (99 year lease expiring 31.7.2062)	22.11.95	store, office and residence	14	8,093.71	2,717
No. 2, Jalan Foochow, Kuching, Sarawak (999 year lease expiring 31.12.2923)	3.10.91	shop and office	17	156.10	221
No. 120, Jalan Semangat, Petaling Jaya, Selangor (99 year lease expiring 12.7.2061)	24.5.93	office and store	31	6,119.00	5,573

PARTICULARS OF PROPERTIES

Location	Date of acquisition	Usage	Approx. age of building (years)	Land/ Built-up area (square metres)	Net Book Value RM'000
Lot 1, Block A Hong Tong Centre, Miles 4, Penampang, Kota Kinabalu, Sabah (99 year lease expiring 31.12.2080)	30.9.99	shop and office	13	136.56	470
No. 8, Jalan Melaka Raya 13, Taman Melaka Raya, Melaka (99 year lease expiring 7.7.2093)	30.3.96	shop and office	12	143.00	312
L.O. 76/65, Kawasan Perindustrian Batu Tiga, Shah Alam, Selangor (99 year lease expiring 8.9.2066)	8.9.67	offices and factory	39	40,603.00	23,352
No. 14, Taman Beriawa, Jalan Sekolah Vokasional, Keningau, Sabah (99 year lease expiring 31.12.2071)	31.5.84	residence	22	598.00	100
GM9, Lot 1709, Semerak, Pasir Puteh, Kelantan (33 year lease expiring 23.9.2017)	24.9.84	residence	20	10,380.00	162
Lots 2430 & 2431, HS(M) 6/83 Mukim Wakaf Delima, Wakaf Bharu, Kelantan (45 year lease expiring 3.1.2029)	4.1.84	offices and store	40	10,465.00	1,255
CL 135328764 Keningau, Sabah (60 year lease expiring 31.12.2046)	6.5.88	offices and store	18	27,721.00	444
K.M.5.5, Jalan Bukit Kayu Hitam, Changloun, Kedah (30 year lease expiring 6.7.2021)	7.7.91	offices and agricultural land	18	285,510.00	935

Principal Offices

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD (COMPANY NO. 4372-M)

Head Office

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Fax : (03) 7955 8416

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BERHAD (COMPANY NO. 4414-U)

Factories

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Fax : (03) 7955 8416

Leaf Processing Plant

Jalan Pelaya 15/1
40000 Shah Alam
Selangor Darul Ehsan
Tel : (03) 5519 1187 / 5519 1040
Fax : (03) 5510 8886

COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD. (COMPANY NO. 42316-T)

Head Office

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Fax : (03) 7955 8416

Branch Offices

Pulau Pinang

30, Persiaran Bayan Indah
Sg Nibong
11900 Bayan Lepas
Pulau Pinang
Tel : (04) 646 1526 / 646 1527
Fax : (04) 646 1528

Ipoh

36 & 36A, Jalan Lengkok Canning
Ipoh Garden, 31400 Ipoh
Tel : (05) 547 7878 / 546 2187
Fax : (05) 547 4268

Petaling Jaya

No 3, Jalan Industri PBP3
Taman Perindustrian
Pusat Bandar Puchong
47100 Puchong
Tel : (03) 5891 9888
Fax : (03) 5891 9882

Melaka

8, Jalan Melaka Raya 13
Taman Melaka Raya
75000 Melaka
Tel : (06) 282 5435 / 284 6593
Fax : (06) 283 5168

Johor Bharu

42, Jalan Jati 1
Taman Nusa Bestari Jaya
81300 Skudai
Johor
Tel : (07) 512 1323 / 512 7692
Fax : (07) 512 2117

Kuantan

A79, Jalan Telok Sisek
25000 Kuantan
Pahang
Tel : (09) 517 8373 / 517 7831
Fax : (09) 517 7484

Kota Bharu

4959E, Jalan Pengkalan Chepa
15400 Kota Bharu
Kelantan
Tel : (09) 744 6341 / 748 1324
Fax : (09) 744 0522

Kota Kinabalu

Lot 1, Blok A Hong Tong Centre
Mile 4, Penampang
88813 Kota Kinabalu, Sabah
Tel : (088) 722 628 / 722 629
Fax : (088) 722 630

Kuching

Lot 8943, Section 64 KTL D
No. 2, Jalan Foochow
93300 Kuching, Sarawak
Tel : (082) 481 884 / 481 886
Fax : (082) 335 490

Retail Outlet

Kuala Lumpur

101^o East
No. 134, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : (03) 2145 9101
Fax : (03) 2145 0512

THE LEAF TOBACCO DEVELOPMENT CORPORATION OF MALAYA SDN. BHD. (COMPANY NO. 4998-P)

Leaf Offices

Kota Bharu

Lot No. 2952
Kawasan Perindustrian
Pengkalan Chepa II
Jalan Padang Tembak
16100 Kota Bharu
Kelantan
Tel : (09) 774 7400 / 774 7434
Fax : (09) 773 5855

Changloong

KM 5.5, Bukit Kayu Hitam
06050 Bukit Kayu Hitam
Kedah
Tel : (04) 922 2802 / 924 2054
Fax : (04) 924 2055

Keningau

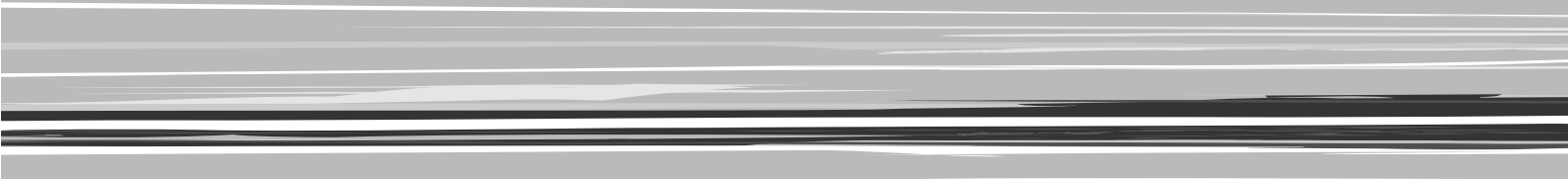
Burley Park
Bayangan
P.O. Box 246
89008 Keningau
Sabah
Tel : (087) 391 609
Fax : (087) 391 751

COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD.

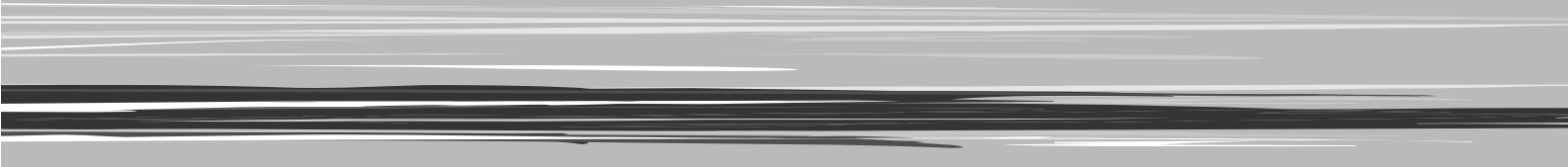
(Incorporated in Negara Brunei)

Unit 4, Block B
Lot 1150, EDR 2244
Latiffuddin Complex
Jalan Tungku Link
Menglait, Gadong, BE 3719
Negara Brunei Darussalam
Tel : (673) 2-452 975
Fax : (673) 2-452 974

Financial

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Statements

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94	Directors' Report
98	Statement by Directors
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Directors' Report

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company provides day-to-day management and administrative services to its subsidiaries which are principally engaged in the manufacture, importation and sale of cigarettes, pipe tobaccos and cigars.

There have been no significant changes in the nature of the Group's and the Company's activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	719,678	731,284

DIVIDENDS

RM'000

The dividends paid or declared by the Company since 31 December 2005 were as follows:

In respect of the financial year ended 31 December 2005, as shown in the Directors' report of that year:

Final dividend of 155.00 sen gross per share, less Malaysia tax of 28%, paid on 19 May 2006	318,651
Special dividend of 34.00 sen gross per share, less Malaysia tax of 28%, paid on 19 May 2006	69,898
Special dividend of 12.00 sen per share, tax exempt, paid on 19 May 2006	34,263
Special dividend of 24.00 sen gross per share, less Singapore tax of 20%, paid on 19 May 2006	54,822
	477,634

In respect of the financial year ended 31 December 2006:

Interim dividend of 150.00 sen gross per share, less tax of 28%, paid on 21 September 2006	308,372
--	---------

The Directors now recommend the declaration of a final dividend of 170.00 sen gross per share, less Malaysia tax of 27%, amounting to RM354,342,730 and a special final dividend of 30.00 sen gross per share, less Malaysia tax of 27%, amounting to RM62,531,070, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 18 May 2007 to shareholders registered in the Company's Register of Members at the close of business on 4 May 2007.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS' REPORT**DIRECTORS**

The Directors who held office during the period since the date of the last report are as follows:

Tan Sri Abu Talib bin Othman (*Chairman*)

Bartholomeus Franciscus Theodorus Alkemade (*Managing Director*)

(*appointed on 1 March 2006*)

Andrew Maclachlan Gray

(*ceased on 28 February 2006*)

Tan Sri Kamarul Ariffin bin Mohamed Yassin

Datuk Oh Chong Peng

James Richard Suttie

(*re-appointed on 20 March 2006*)

Dato' Chan Choon Ngai

Robert James Clark

In accordance with Articles 97(1) and (2) of the Company's Articles of Association, Datuk Oh Chong Peng and Robert James Clark will retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

Tan Sri Kamarul Ariffin bin Mohamed Yassin, having attained the age of seventy, will retire in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Board recommends that Tan Sri Kamarul Ariffin bin Mohamed Yassin be re-elected in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

In accordance with Article 103 of the Company's Articles of Association, any Director who is appointed to fill a casual vacancy shall hold office until the next following Annual General Meeting and shall then be eligible for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate pursuant to provisions under the Companies Act, 1965.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 26 to the financial statements.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of 50 sen each in the Company			
	At 1.1.06	Bought	Sold	At 31.12.06
Shareholdings in the name of the Director:				
Tan Sri Abu Talib bin Othman	1,000	—	—	1,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	1,000	—	—	1,000
Datuk Oh Chong Peng	1,000	—	—	1,000
James Richard Suttie	1,500	—	—	1,500
Dato' Chan Choon Ngai	1,000	—	—	1,000
Robert James Clark	500	—	—	500
Shareholdings in which the Director is deemed to have an interest:				
Tan Sri Kamarul Ariffin bin Mohamed Yassin	3,320	—	—	3,320
James Richard Suttie	3,000	—	—	3,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

DIRECTORS' REPORT**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 15 February 2007.



Bartholomeus Franciscus Theodorus Alkemade
Managing Director



Robert James Clark
Finance Director

Petaling Jaya

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, BARTHOLOMEUS FRANCISCUS THEODORUS ALKEMADE and ROBERT JAMES CLARK, two of the Directors of British American Tobacco (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 100 to 143 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with Financial Reporting Standards, the MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with a resolution dated 15 February 2007.



Bartholomeus Franciscus Theodorus Alkemade
Managing Director



Robert James Clark
Finance Director

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

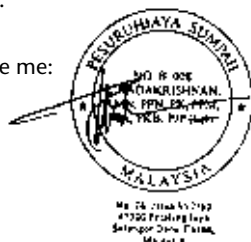
I, ROBERT JAMES CLARK, the Director primarily responsible for the financial management of British American Tobacco (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 143 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Robert James Clark
Finance Director

Subscribed and solemnly declared by the abovenamed Robert James Clark at Petaling Jaya in the state of Selangor on 15 February 2007.

Before me:



E. Radakrishnan, AMN, PPN, PK, PPM, PPA, PKB, PJP (Sel.)
Commissioner for Oaths
Petaling Jaya

Report of the Auditors

TO THE MEMBERS OF BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

We have audited the financial statements set out on pages 100 to 143. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB approved accounting standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the financial year ended on that date;

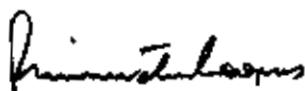
and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of the subsidiary and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.



PricewaterhouseCoopers
[AF:1146]
Chartered Accountants



Jayarajan A/L U. Rathinasamy
[2059/06/08 (J)]
Partner of the firm

Kuala Lumpur
15 February 2007

Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Group		Company	
		Year ended	Year ended	Year ended	Year ended
		31.12.06 RM'000	31.12.05 RM'000	31.12.06 RM'000	31.12.05 RM'000
Revenue	2	3,612,482	3,564,215	–	–
Cost of sales		(2,082,586)	(2,112,264)	–	–
Gross profit		1,529,896	1,451,951	–	–
Other operating income		9,083	14,030	1,067,439	1,006,663
Distribution and marketing costs		(334,369)	(336,918)	–	–
Administrative expenses		(113,781)	(117,727)	(8,846)	(7,698)
Other operating expenses		(41,415)	(129,896)	(4,081)	(10,626)
Profit from operations	3	1,049,414	881,440	1,054,512	988,339
Finance cost		(47,467)	(48,471)	(47,467)	(48,747)
Profit before tax		1,001,947	832,969	1,007,045	939,592
Tax expense	6	(282,269)	(240,167)	(275,761)	(241,908)
Profit for the financial year		719,678	592,802	731,284	697,684
Earnings per share (sen)	7	252.0	207.6	–	–
Net dividends per share (sen)	8	254.0	250.1	254.0	250.1

The accounting policies on pages 105 to 114 and the notes on pages 115 to 143 form an integral part of these financial statements.

Balance Sheets

AS AT 31 DECEMBER 2006

		Group		Company	
	Note	2006 RM'000	2005* RM'000	2006 RM'000	2005* RM'000
Non current assets					
Property, plant and equipment	9	501,288	540,545	24,438	26,157
Investment property	10	20,010	44,771	–	–
Computer software	11	14,100	616	14,100	616
Goodwill	12	411,618	411,618	–	–
Subsidiaries	13	–	–	1,024,956	1,024,956
Deferred tax assets	14	4,020	3,300	4,020	3,300
		951,036	1,000,850	1,067,514	1,055,029
Current assets					
Assets held for sale	15	25,579	1,255	–	–
Inventories	16	264,507	294,967	–	–
Receivables	17	164,085	158,533	602,114	480,617
Tax recoverable		27,715	29,329	27,018	29,328
Deposits, cash and bank balances	18	187,289	234,058	297	942
		669,175	718,142	629,429	510,887
Current liabilities					
Payables	19	218,878	260,965	419,415	233,595
Borrowings	20	450,000	–	450,000	–
Current tax liabilities		88,819	84,912	–	–
		757,697	345,877	869,415	233,595
Net current (liabilities)/assets		(88,522)	372,265	(239,986)	277,292
		862,514	1,373,115	827,528	1,332,321
Capital and reserves					
Share capital	21	142,765	142,765	142,765	142,765
Retained earnings	22	409,059	475,264	434,735	489,457
Shareholders' funds		551,824	618,029	577,500	632,222
Non current liabilities					
Borrowings	20	250,000	700,000	250,000	700,000
Post employment benefit obligations	23	4,552	4,750	28	99
Deferred tax liabilities	14	56,138	50,336	–	–
		862,514	1,373,115	827,528	1,332,321

* Certain comparative figures have been reclassified to conform with current year's presentation, where the effects of the changes are detailed in the Summary of Significant Accounting Policies.

The accounting policies on pages 105 to 114 and the notes on pages 115 to 143 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Issued and fully paid ordinary shares of 50 sen each		Retained earnings RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000		
At 1 January 2006		285,530	142,765	475,264	618,029
Profit for the financial year		–	–	719,678	719,678
Deferred tax on revalued land and buildings	14	–	–	123	123
Dividends for financial year ended 31 December 2005					
– special	8	–	–	(158,983)	(158,983)
– final	8	–	–	(318,651)	(318,651)
Dividends for financial year ended 31 December 2006					
– interim	8	–	–	(308,372)	(308,372)
At 31 December 2006		285,530	142,765	409,059	551,824
At 1 January 2005		285,530	142,765	499,084	641,849
Profit for the financial year		–	–	592,802	592,802
Deferred tax on revalued land and buildings	14	–	–	123	123
Dividends for financial year ended 31 December 2004					
– final		–	–	(380,326)	(380,326)
Dividends for financial year ended 31 December 2005					
– interim	8	–	–	(236,419)	(236,419)
At 31 December 2005		285,530	142,765	475,264	618,029

The accounting policies on pages 105 to 114 and the notes on pages 115 to 143 form an integral part of these financial statements.

Company Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Issued and fully paid ordinary shares of 50 sen each		Distributable	Total RM'000
		Number of shares '000	Nominal value RM'000	Retained earnings RM'000	
At 1 January 2006		285,530	142,765	489,457	632,222
Profit for the financial year		–	–	731,284	731,284
Dividends for financial year ended 31 December 2005					
– special	8	–	–	(158,983)	(158,983)
– final	8	–	–	(318,651)	(318,651)
Dividends for financial year ended 31 December 2006					
– interim	8	–	–	(308,372)	(308,372)
At 31 December 2006		285,530	142,765	434,735	577,500
At 1 January 2005		285,530	142,765	408,518	551,283
Profit for the financial year		–	–	697,684	697,684
Dividends for financial year ended 31 December 2004					
– final		–	–	(380,326)	(380,326)
Dividends for financial year ended 31 December 2005					
– interim	8	–	–	(236,419)	(236,419)
At 31 December 2005		285,530	142,765	489,457	632,222

The accounting policies on pages 105 to 114 and the notes on pages 115 to 143 form an integral part of these financial statements.

Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

		Group		Company	
	Note	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000
Operating activities					
Cash receipts from customers		3,614,508	3,547,514	2,538	4,710
Cash paid to suppliers and employees		(2,507,079)	(2,602,454)	–	–
Rental received from subsidiaries		–	–	–	29
Cash from operations	24	1,107,429	945,060	2,538	4,739
Income tax (paid)/refunded		(271,543)	(211,100)	15,568	15,865
Net cash flow from operating activities		835,886	733,960	18,106	20,604
Investing activities					
Property, plant and equipment					
– additions		(56,416)	(83,273)	(4,923)	(7,934)
– disposals		13,493	5,676	720	2,841
Additions of computer software		(13,484)	(616)	(13,484)	(616)
Interest income received		7,128	9,068	117	666
Dividends received from subsidiaries		–	–	805,082	650,504
Repayment from subsidiaries		–	–	27,113	50,237
Net cash flow (used in)/from investing activities		(49,279)	(69,145)	814,625	695,698
Financing activities					
Dividends paid to shareholders		(786,006)	(616,745)	(786,006)	(616,745)
Repayment of commercial papers		–	(50,000)	–	(50,000)
Proceeds from issuance of commercial papers		–	48,926	–	48,926
Repayment of loan from a subsidiary		–	–	–	(50,000)
Interest expense paid		(47,370)	(48,444)	(47,370)	(48,950)
Net cash flow used in financing activities		(833,376)	(666,263)	(833,376)	(716,769)
Decrease in cash and cash equivalents		(46,769)	(1,448)	(645)	(467)
Cash and cash equivalents as at 1 January		234,058	235,506	942	1,409
Cash and cash equivalents as at 31 December	18	187,289	234,058	297	942

The accounting policies on pages 105 to 114 and the notes on pages 115 to 143 form an integral part of these financial statements.

Summary of Significant Accounting Policies

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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Summary of Significant Accounting Policies

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A. BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB approved accounting standards in Malaysia for Entities Other than Private Entities mandatory for annual periods beginning 1 January 2006.

The financial statements of the Group and Company have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB approved accounting standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results could differ.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those corporations in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting.

The cost of an acquisition is measured as fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

B. CHANGES IN ACCOUNTING POLICIES

The new accounting standards and amendments to published standards effective and applicable for the Group's and the Company's financial year beginning 1 January 2006 are as follows:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property

The principal effects of these changes are as follows:

(a) FRS 3 Business Combinations

Until 31 December 2005, goodwill was amortised on a straight line basis over 25 years and assessed for impairment at each balance sheet date. In accordance with FRS 3, the Group ceased amortisation of goodwill from 1 January 2006 (2005: RM21.9 million). The accumulated amortisation as at 1 January 2006 was eliminated with a corresponding decrease in the cost of goodwill. As at 31 December 2006, there are no indications of impairment of goodwill.

(b) FRS 5 Non-current Assets Held For Sale and Discontinued Operations

The Group has identified property, plant and equipment where the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use and has reclassified these assets as current assets – Assets Held For Sale. These assets held for sale ceased to be depreciated from 1 January 2006 as their economic benefits were no longer consumed. These assets held for sale were previously neither classified nor presented as current assets or liabilities.

(c) FRS 116 Property, Plant and Equipment

In accordance with FRS 116, the assets' residual values, useful lives and depreciation methods will be reassessed at each financial year end and adjusted if necessary. If the residual value of an asset increases to an amount equal or greater than the asset's carrying amount, the asset's depreciation charge is nil unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

(d) FRS 138 Intangible Assets

Previously, software costs were included under property, plant and equipment. Under FRS 138, unless the computer software costs are integral to other fixed assets, they are included as part of intangible assets. As a result, software costs which are not integral to other fixed assets are now classified as intangible assets, and amortised over their useful lives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

B. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(e) FRS 140 Investment Property

Investment property, comprising a factory, offices and warehousing space, is held for rental yields. Investment property is measured using the cost model which is in accordance with the measurement of property, plant and equipment unless the investment property meets the criteria to be classified as Assets Held For Sale in accordance with FRS 5. In accordance with FRS 140, investment property is separately classified on the balance sheet. In prior years, investment property was not separately classified and was presented as part of property, plant and equipment.

All changes in the accounting policies have been made in accordance with the transitional provisions of the respective standards and amendments to published standards. All standards and amendments adopted by the Group have been applied prospectively, except for the reclassifications of the comparative amounts as at 31 December 2005 resulting from the adoption of FRS 5, FRS 138 and FRS 140 as follows:

	As previously reported RM'000	Effects of changes in accounting policy RM'000	Reclassified as at 31 December 2005 RM'000
Group			
Property, plant and equipment	587,187	(46,642)	540,545
Computer software, included in property, plant and equipment	–	616	616
Assets held for sale, included in property, plant and equipment	–	1,255	1,255
Investment property, included in property, plant and equipment	–	44,771	44,771
Company			
Property, plant and equipment	26,773	(616)	26,157
Computer software, included in property, plant and equipment	–	616	616

The three new standards and amendments to existing standard which have been issued by the Malaysian Accounting Standards Board, but are not yet effective, are as follows:

- (i) FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial periods beginning 1 January 2007.
- (ii) FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). The Group will apply this standard from financial periods beginning 1 January 2007. This standard will affect the identification of related parties and some other related party disclosures.
- (iii) Amendment to FRS 119₂₀₀₄ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, the adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment in disclosure from financial periods beginning 1 January 2007.
- (iv) FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

C. REVENUE RECOGNITION

Revenue earned from the sale of the Group's products is recognised upon passing of title to the customer, which generally coincides with their delivery and acceptance and after eliminating sales within the Group.

Other revenue earned by the Group are recognised on the following basis:

- Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.
- Dividend income is recognised when the Group's right to receive payment is established.

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost. Freehold land is stated at its 1983 valuation and freehold buildings, leasehold land and buildings are stated at their 1983 valuation less depreciation as the Directors have applied the transitional provisions of MASB approved Accounting Standards No. 16 (Revised) Property, Plant and Equipment. Accordingly, these valuations have not been updated. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Depreciation on capital work in progress commences when the assets are ready for their intended use. Depreciation is provided to their residual values on all other property, plant and equipment on a straight line basis over their estimated useful lives, which are as follows:

Leasehold land	– 35 to 95 years
Buildings	– 35 to 40 years
Machinery and equipment	– 10 to 14 years
Furniture and fittings (including merchandising equipment, computer equipment and peripherals)	– various periods not exceeding 10 years
Motor vehicles	– 5 years

Small value items are fully depreciated in the year of purchase.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. If the residual value of an asset increases to an amount equal or greater than the asset's carrying amount, the asset's depreciation charge is nil unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Likewise, when the conditions for impairment no longer exist after considering indications from both external and internal sources, a writeback on the asset values will be performed.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

E. INVESTMENT PROPERTY

Investment property, comprising a factory, offices and warehousing space, is held for rental yields or for capital appreciation and are not occupied by the Group. Investment property is stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at its 1983 valuation and freehold buildings, leasehold land and buildings are stated at their 1983 valuation less depreciation as the Directors have applied the transitional provisions of MASB approved Accounting Standards No. 16 (Revised) Property, Plant and Equipment. Accordingly, these valuations have not been updated.

Investment property comprising freehold land is not depreciated. Investment property comprising buildings are depreciated to their residual values on a straight line basis over their estimated useful lives of 35 to 40 years.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or when the investment property meets the criteria to be reclassified as "Assets Held for Sale" in accordance with FRS 5.

F. ASSETS HELD FOR SALE

Property, plant and equipment and investment property are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. These assets held for sale ceased to be depreciated as their economic benefits are no longer consumed.

On disposal of an asset held for sale, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the disposal.

G. INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

The carrying amount of goodwill is reviewed for impairment, annually as well as more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount of the cash-generating units to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Computer Software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, and are not integral to other fixed assets are recognised as intangible assets. These costs include the software development employee costs and an appropriate portion of relevant overheads. The computer software development costs recognised as assets are amortised upon completion of the computer software products on a straight line basis over their estimated useful lives of 3 years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

H. INVESTMENTS

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

I. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on a first-in first-out basis and in the case of manufactured cigarettes, comprises cost of materials, labour and manufacturing overheads. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

J. RECEIVABLES

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the year end. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

Prepayments comprise expenditure incurred for benefits expected to arise after the balance sheet date, including payments for the forest plantation development project. The amounts are carried at cost and expensed to the income statement to match the inflow of benefits accrued.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, balances with licensed financial institutions, bank overdrafts and short term highly liquid investments with original maturities of three months or less.

L. EMPLOYEE BENEFITS**(i) Short term benefits**

Wages, salaries, bonuses and other staff related expenses are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

The Group's contributions to the Employees Provident Fund are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The Group operates a defined benefit plan for employees who joined the Group prior to 1 January 2006, the assets of which are held in a separate trustee-administered fund. This fund is funded by payments from the relevant Group companies. The Group's retirement obligation is determined based on a triennial actuarial valuation (with annual updates) where the amount of the benefit that eligible employees have earned in return for their service in the current and prior years is estimated.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date, adjusted for unrecognised actuarial gains and losses, and reduced by the fair value of plan assets.

The defined benefit obligation, calculated using the Projected Unit Credit Method, is determined by an independent actuary, considering the estimated future cash outflows.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

L. EMPLOYEE BENEFITS (CONTINUED)

(iii) Defined benefit plan (Continued)

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. Actuarial gains and losses are recognised as income or expense over the expected average remaining service lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the defined benefit plan exceed the higher of 10% of the present value of the defined benefit obligation and the fair value of the plan assets at the beginning of the financial year.

(iv) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to provide termination benefits as a result of an offer made to encourage voluntary redundancy and is without realistic possibility of withdrawal.

(v) Share-based payment

A number of employees of the Group participate in equity-settled share-based compensation plans offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent (50%) equity interest in the Company).

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed off over the vesting period, based on British American Tobacco p.l.c.'s estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes and Monte-Carlo pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, forfeiture and historical experience.

M. TAX EXPENSE

Current tax expense is determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Tax expense is the aggregate amount included in the determination of profit for the period in respect of current tax and deferred tax.

Deferred tax assets and liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other post retirement benefits, allowance for doubtful debts and tax losses and capital allowances carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is determined using tax rates enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

N. FOREIGN CURRENCIES**(i) Functional and presentation currency**

The financial statements of each of the Group's entities are presented in Ringgit Malaysia which is the Group's and Company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions in the Group 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.

(iii) Foreign Entities

Assets and liabilities of foreign subsidiaries are translated at closing rates for purposes of consolidation. Income statement items are translated at average rates during the financial year and resulting exchange differences are dealt with in equity for the financial year.

O. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments not recognised on the balance sheet**(i) Foreign currency forward contracts**

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as a hedge are included in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

O. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Fair value estimation for disclosure purposes

The fair values of long term debt are based on quoted market prices at the balance sheet date or dealer quotes for the specific or similar instruments.

The fair values of forward exchange contracts are determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Option pricing models and estimated discounted value of future cash flows are used to determine fair value for financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future cash flows at the current market interest rate available to the Group for similar financial instruments.

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

P. BORROWINGS

Borrowings are recorded at the amount of proceeds received, net of transaction costs.

Interest expense relating to borrowings is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company provides day-to-day management and administrative services to its subsidiaries which are principally engaged in the manufacture, importation and sale of cigarettes, pipe tobaccos and cigars.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Virginia Park, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

2. REVENUE

Revenue is derived from the sale of cigarettes, pipe tobaccos and cigars.

3. PROFIT FROM OPERATIONS

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Profit from operations is arrived at:				
After charging:				
Raw materials and consumables used	418,491	461,770	–	–
Auditors' remuneration:				
– statutory audit	173	168	52	50
– non audit fees	167	87	142	62
Property, plant and equipment:				
– depreciation	76,385	75,880	5,978	4,566
– impairment	–	10,884	–	–
Investment property – depreciation (Note 10)	1,144	–	–	–
Loss on disposal of property, plant and equipment	1,190	–	–	218
Trademarks written off	–	2,067	–	–
Amortisation of goodwill	–	21,856	–	–
Rental of land and buildings	4,443	4,098	–	64
Inventories written off	1,490	1,441	–	–
Bad debts written off	–	156	–	–
Allowance for doubtful debts	1,320	–	–	–
Local tobacco industry restructuring costs	–	45,000	–	–
Net exchange loss	–	–	18	–
Staff costs (Note 5)	127,032	120,933	21,412	30,692

NOTES TO THE FINANCIAL STATEMENTS

3. PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Property, plant and equipment:				
– Impairment written back (netted off from other operating expenses)	4,411	–	–	–
Dividends from unquoted subsidiaries	–	–	1,055,982	995,453
Interest income	7,716	9,126	117	666
Net exchange gain	142	247	–	167
Gain on disposal of property, plant and equipment	–	1,942	56	–
Allowance for doubtful debts written back	–	250	–	–
Rental income	1,410	1,538	–	34

4. DIRECTORS' REMUNERATION

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Fees	420	424	420	424
Other emoluments	7,992	5,457	5,999	4,158
	8,412	5,881	6,419	4,582

The estimated monetary value of benefits provided to Directors of the Group and Company during the financial year amounted to RM915,681 (2005: RM917,768) and RM820,816 (2005: RM842,544) respectively.

Share-based payments made to Directors of the Group and Company (during their employment with the Group) in the financial year are by way of their participation in employee share schemes (Note 29) offered by British American Tobacco p.l.c.

NOTES TO THE FINANCIAL STATEMENTS

4. DIRECTORS' REMUNERATION (CONTINUED)

Details of the movements of the Directors' equity-settled share-based payment arrangements during the year ended 31 December 2006, covering the Deferred Share Bonus Scheme and International Share Reward Scheme are as follows:

	Number of ordinary shares of 25p each in British American Tobacco p.l.c.			At 31.12.06
	At 1.1.06	Awarded in 2006	Vested in 2006	
Executive Directors				
Deferred Share Bonus Scheme	11,381	7,004	(3,548)	14,837
International Share Reward Scheme	154	351	–	505
	11,535	7,335	(3,548)	15,342

Details of the movements of the Directors' participation in the equity-settled Long Term Incentive Plan and Share Option Scheme are as follows:

	Number of options in ordinary shares of 25p each in British American Tobacco p.l.c.			At 31.12.06
	At 1.1.06	Granted in 2006	Exercised in 2006	
Grant price				
£5.98	7,392	–	–	7,392
£8.09	5,163	–	–	5,163
£10.37	15,535	–	–	15,535
£14.34	–	19,460	–	19,460
	28,090	19,460	–	47,550

5. STAFF COSTS

	Group		Company	
	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000
Wages, salaries and bonuses	86,763	90,922	16,498	22,391
Defined contribution plan	14,555	13,444	2,095	2,337
Termination benefits	18,730	8,652	–	3,049
Other staff related to expenses	6,984	7,915	2,819	2,915
	127,032	120,933	21,412	30,692

As at 1 January 2006, a significant number of existing employees elected to participate in a defined contribution scheme (as disclosed in Note 23 to the financial statements) of which the Group voluntarily provided additional Employees Provident Fund (EPF) contribution over the statutory requirements.

Reorganisation costs were incurred during the financial year to achieve operational efficiencies. To the extent that employees could not be redeployed, termination benefits were recognised as other operating expenses in the income statement for the financial year ended 31 December 2006.

NOTES TO THE FINANCIAL STATEMENTS

6. TAX EXPENSE

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year</u>				
Current tax				
– Malaysian income tax	277,021	246,452	276,481	243,495
– Foreign tax	43	40	–	–
Deferred tax (Note 14(i))	5,205	(6,325)	(720)	(1,587)
	282,269	240,167	275,761	241,908

The average effective tax rate of the Group and Company are reconciled to the statutory tax rate as follows:

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
Statutory tax rate	28%	28%	28%	28%
Expenses not deductible for tax purposes	1%	1%	–	–
Utilisation of reinvestment allowances	(1%)	–	–	–
Income not subject to tax	–	–	–	(2%)
Changes in tax rate	–	–	(1%)	–
Average effective tax rate	28%	29%	27%	26%

7. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial year by the number of ordinary shares in issue.

	Group	
	Year ended	Year ended
	31.12.06	31.12.05
Profit for the financial year (RM'000)	719,678	592,802
Number of ordinary shares of 50 sen each in issue ('000)	285,530	285,530
Earnings per share (sen)	252.0	207.6

NOTES TO THE FINANCIAL STATEMENTS

8. DIVIDENDS

Dividends paid, declared or proposed in respect of the financial year are as follows:

	Group and Company					
	Year ended 31.12.06			Year ended 31.12.05		
	Gross per share Sen	Net per share Sen	Amount of dividend RM'000	Gross per share Sen	Net per share Sen	Amount of dividend RM'000
Interim dividend paid	150.0	108.0	308,372	115.0	82.8	236,419
Special dividend declared	—	—	—	70.0	55.7	158,983
Proposed special final dividend	30.0	21.9	62,531	—	—	—
Proposed final dividend	170.0	124.1	354,343	155.0	111.6	318,651
	350.0	254.0	725,246	340.0	250.1	714,053

Interim dividends are paid and accounted for in shareholders' equity as an appropriation of retained earnings in the financial year.

At the forthcoming Annual General Meeting on 19 April 2007, a final dividend in respect of the financial year ended 31 December 2006 of 170.00 sen gross per share, less Malaysia tax of 27%, amounting to RM354,342,730 and a special final dividend of 30.00 sen gross per share, less Malaysia tax of 27%, amounting to RM62,531,070 will be proposed for shareholders' approval (2005: final dividend of 155.00 sen gross per share, less Malaysia tax of 28%, amounting to RM318,651,480; special dividend of (i) 34.00 sen gross per share, less Malaysia tax of 28%, amounting to RM69,897,744; (ii) 12.00 sen per share, tax exempt, amounting to RM34,263,600; and (iii) 24.00 sen gross per share, less Singapore tax of 20%, amounting to RM54,821,760). These financial statements do not reflect the final and special final dividend which will be accounted for in the financial year ending 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RM'000	Machinery and Equipment RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Capital Work In Progress RM'000	Total RM'000
GROUP						
Net book value at						
1 January 2005	171,523	310,159	68,679	35,470	7,965	593,796
Additions	161	2,456	21,717	5,224	54,331	83,889
Disposals	(2,938)	(36)	(94)	(666)	–	(3,734)
Impairment	(570)	(10,314)	–	–	–	(10,884)
Reclassifications	1,918	27,332	7,185	–	(36,435)	–
Depreciation charge	(3,713)	(29,949)	(32,523)	(9,695)	–	(75,880)
Transfer to Computer Software (Note 11)	–	(616)	–	–	–	(616)
Transfer to Assets Held for Sale (Note 15)	(1,255)	–	–	–	–	(1,255)
Transfer to Investment Property (Note 10)	(44,771)	–	–	–	–	(44,771)
Net book value at						
31 December 2005	120,355	299,032	64,964	30,333	25,861	540,545
Additions	195	18,802	12,429	3,386	21,604	56,416
Disposals	–	(17,236)	(1,144)	(4,612)	–	(22,992)
Impairment written back	–	4,411	–	–	–	4,411
Reclassifications	304	10,684	–	–	(10,988)	–
Depreciation charge	(2,539)	(31,171)	(36,642)	(6,033)	–	(76,385)
Transfer to Assets Held for Sale (Note 15)	(707)	–	–	–	–	(707)
Net book value at						
31 December 2006	117,608	284,522	39,607	23,074	36,477	501,288
At 31 December 2005						
Cost	163,296	399,370	158,521	67,806	25,861	814,854
Valuation	9,440	–	–	–	–	9,440
Accumulated depreciation and impairment	(52,381)	(100,338)	(93,557)	(37,473)	–	(283,749)
Net book value	120,355	299,032	64,964	30,333	25,861	540,545
At 31 December 2006						
Cost	162,638	405,960	165,159	49,394	36,477	819,628
Valuation	9,440	–	–	–	–	9,440
Accumulated depreciation and impairment written back	(54,470)	(121,438)	(125,552)	(26,320)	–	(327,780)
Net book value	117,608	284,522	39,607	23,074	36,477	501,288

NOTES TO THE FINANCIAL STATEMENTS**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Land and Buildings RM'000	Machinery and Equipment RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Capital Work In Progress RM'000	Total RM'000
COMPANY						
Net book value at 1 January 2005	14,020	491	5,215	4,204	1,970	25,900
Additions	–	616	7,068	427	439	8,550
Transfers	–	–	–	(52)	–	(52)
Reclassifications	–	–	1,971	–	(1,971)	–
Disposals	(2,939)	–	(92)	(28)	–	(3,059)
Depreciation charge	(398)	(46)	(2,891)	(1,231)	–	(4,566)
Transfer to Computer Software (Note 11)	–	(616)	–	–	–	(616)
Net book value at 31 December 2005	10,683	445	11,271	3,320	438	26,157
Additions	–	–	2,775	1,342	806	4,923
Reclassifications	–	438	–	–	(438)	–
Disposals	–	–	(180)	(484)	–	(664)
Depreciation charge	(335)	(46)	(4,765)	(832)	–	(5,978)
Net book value at 31 December 2006	10,348	837	9,101	3,346	806	24,438
At 31 December 2005						
Cost	14,262	807	40,388	8,623	438	64,518
Valuation	611	–	–	–	–	611
Accumulated depreciation	(4,190)	(362)	(29,117)	(5,303)	–	(38,972)
Net book value	10,683	445	11,271	3,320	438	26,157
At 31 December 2006						
Cost	14,262	1,245	39,639	6,763	806	62,715
Valuation	611	–	–	–	–	611
Accumulated depreciation	(4,525)	(408)	(30,538)	(3,417)	–	(38,888)
Net book value	10,348	837	9,101	3,346	806	24,438

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land Cost RM'000	Long Leasehold Land Cost RM'000	Valuation RM'000	Short Leasehold Land Cost RM'000	Buildings Cost RM'000	Valuation RM'000	Total Land and Buildings RM'000
GROUP							
Net book value at							
1 January 2005	33,512	14,202	15,581	344	102,195	5,689	171,523
Additions	–	–	–	–	161	–	161
Disposals	–	–	–	–	(2,938)	–	(2,938)
Impairment	–	–	–	–	(570)	–	(570)
Reclassifications	–	–	–	–	1,918	–	1,918
Depreciation charge	–	(88)	(279)	(13)	(2,805)	(528)	(3,713)
Transfer to Assets							
Held for Sale							
(Note 15)	–	–	–	–	(1,255)	–	(1,255)
Transfer to Investment							
Property (Note 10)	(33,057)	–	(6,752)	–	–	(4,962)	(44,771)
Net book value at							
31 December 2005	455	14,114	8,550	331	96,706	199	120,355
Additions	–	–	–	–	195	–	195
Reclassifications	–	–	–	–	304	–	304
Depreciation charge	–	(103)	(279)	(13)	(2,130)	(14)	(2,539)
Transfer to Assets							
Held for Sale (Note 15)	–	–	–	–	(707)	–	(707)
Net book value at							
31 December 2006	455	14,011	8,271	318	94,368	185	117,608
At 31 December 2005							
Cost	455	15,734	–	502	146,605	–	163,296
Valuation	–	–	8,829	–	–	611	9,440
Accumulated depreciation	–	(1,620)	(279)	(171)	(49,899)	(412)	(52,381)
Net book value	455	14,114	8,550	331	96,706	199	120,355
At 31 December 2006							
Cost	455	15,734	–	502	145,947	–	162,638
Valuation	–	–	8,829	–	–	611	9,440
Accumulated depreciation	–	(1,723)	(558)	(184)	(51,579)	(426)	(54,470)
Net book value	455	14,011	8,271	318	94,368	185	117,608

NOTES TO THE FINANCIAL STATEMENTS**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold Land Cost RM'000	Long Leasehold Land Cost RM'000	Buildings Cost RM'000	Valuation RM'000	Total Land and Buildings RM'000
COMPANY					
Net book value at 1 January 2005	455	1,201	12,151	213	14,020
Disposals	–	–	(2,939)	–	(2,939)
Depreciation charge	–	(23)	(361)	(14)	(398)
Net book value at 31 December 2005	455	1,178	8,851	199	10,683
Depreciation charge	–	(23)	(298)	(14)	(335)
Net book value at 31 December 2006	455	1,155	8,553	185	10,348
At 31 December 2005					
Cost	455	1,566	12,241	–	14,262
Valuation	–	–	–	611	611
Accumulated depreciation	–	(388)	(3,390)	(412)	(4,190)
Net book value	455	1,178	8,851	199	10,683
At 31 December 2006					
Cost	455	1,566	12,241	–	14,262
Valuation	–	–	–	611	611
Accumulated depreciation	–	(411)	(3,688)	(426)	(4,525)
Net book value	455	1,155	8,553	185	10,348

Freehold and leasehold land and buildings were revalued by the Directors on 1 July 1983 based upon independent professional valuation using fair market value on a current use basis.

Additions subsequent to this revaluation are stated at cost.

The net book value of revalued land and buildings of the Group and Company that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation, are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Long leasehold land and buildings	220	239	78	97

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT PROPERTY

	Group	
	2006 RM'000	2005 RM'000
Net book value at 1 January	44,771	–
Transfer from property, plant and equipment (Note 9)	–	44,771
Transfer to assets held for sale (Note 15)	(23,617)	–
Depreciation charge	(1,144)	–
Net book value at 31 December	20,010	44,771

The fair value of the investment properties approximates the net book value of the investment properties.

11. COMPUTER SOFTWARE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Net book value at 1 January	616	–	616	–
Transfer from property, plant and equipment (Note 9)	–	616	–	616
Additions	13,484	–	13,484	–
Net book value at 31 December	14,100	616	14,100	616

No amortisation has been recognised in 2005 and 2006 as the development of the computer software has not been completed.

12. GOODWILL

	Group	
	2006 RM'000	2005 RM'000
Net book value at 1 January	411,618	433,474
Amortisation charge	–	(21,856)
Net book value at 31 December	411,618	411,618
At 31 December		
Cost		546,388
Accumulated amortisation		(134,770)
Net book value		411,618

NOTES TO THE FINANCIAL STATEMENTS

12. GOODWILL (CONTINUED)

Goodwill arose from the acquisition of the business of Malaysian Tobacco Company Berhad (MTC) and represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the net assets of the subsidiary companies (i.e. Commercial Marketers and Distributors (CMD) for the marketing business and Tobacco Blenders and Manufacturers Sdn. Bhd. (TBM) for the tobacco manufacturing business) acquired at 2 November 1999, the date of acquisition.

The carrying amount of goodwill is reviewed for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units to which the goodwill relates. The recoverable amount has been determined based on value-in-use calculations. The key assumptions for the recoverable amount of all units are management's current estimates of net cash flows over a period of 5 years based on historical growth rate, taking into account industry developments and at the pre-tax discount rate of 8.21%. No impairment charges were recognised in 2006 (2005: Nil) and no significant difference in the recoverable amount is expected should the discounted cash flows change by 5%.

13. SUBSIDIARIES

	Company	
	2006	2005
	RM'000	RM'000
Unquoted investments, at cost	1,024,956	1,024,956

The subsidiaries, all of which are wholly-owned, are as follows:

Incorporated in Malaysia

- all audited by PricewaterhouseCoopers, Malaysia

Operating

Commercial Importers and Distributors Sdn. Bhd.
Commercial Marketers and Distributors Sdn. Bhd.

Rothmans Brands Sdn. Bhd.
The Leaf Tobacco Development Corporation
of Malaya Sdn. Bhd.
Tobacco Blenders and Manufacturers Sdn. Bhd.
Tobacco Importers and Manufacturers Sdn. Bhd.

Principal Activities

Investment holding
Marketing and importation of cigarettes, pipe tobaccos and
cigars
Holding of trademarks
Development and purchase of tobacco leaf
Provision of warehousing space
Manufacture and sale of cigarettes and other tobacco
related products

Non-operating

Contemporary Force Sdn. Bhd.
Lucky Strike Originals Sdn. Bhd.
Martins of Piccadilly, London, Sdn. Bhd.
One World GSA Sdn. Bhd.
Perilly's Centre Sdn. Bhd.

Principal Activities

Dormant
Dormant
Dormant
Dormant
Dormant

Incorporated in Negara Brunei Darussalam

- audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.

Operating

Commercial Marketers and Distributors Sdn. Bhd.

Principal Activities

Provision of advertising and promotional services

NOTES TO THE FINANCIAL STATEMENTS

14. DEFERRED TAX

		Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deferred tax assets					
At 1 January		3,300	1,713	3,300	1,713
Credited to income statement	Note 14 (i)	720	1,587	720	1,587
At 31 December		4,020	3,300	4,020	3,300
Represented by:					
Unutilised tax losses and capital allowances		2,795	3,535	2,795	3,535
Other temporary differences		485	505	485	505
		4,020	3,300	4,020	3,300
Deferred tax liabilities					
At 1 January		50,336	55,197	–	–
Charged/(Credited) to income statement	Note 14 (i)	5,925	(4,738)	–	–
Credited to retained earnings	Note 14 (ii)	(123)	(123)	–	–
At 31 December		56,138	50,336	–	–
Represented by:					
Excess of depreciation over capital allowances		60,307	62,006	–	–
Revalued land and buildings		4,528	4,651	–	–
Allowance for doubtful debts		(3,399)	(2,211)	–	–
Unutilised capital allowances		–	(6,039)	–	–
Other temporary differences		(5,298)	(8,071)	–	–
		56,138	50,336	–	–

The amounts above have been reconciled to the income statements and the statements of changes in equity as follows:

		Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(i)	(Credited)/Charged to income statement				
	Credited in respect of deferred tax assets	(720)	(1,587)	(720)	(1,587)
	Charged/(Credited) in respect of deferred tax liabilities	5,925	(4,738)	–	–
	Net charge/(credit) to income statement in respect of current year (Note 6)	5,205	(6,325)	(720)	(1,587)
(ii)	Credited to retained earnings				
	Credited in respect of deferred tax liabilities	(123)	(123)	–	–
	Net credit to retained earnings	(123)	(123)	–	–

NOTES TO THE FINANCIAL STATEMENTS

15. ASSETS HELD FOR SALE

	Group	
	2006 RM'000	2005 RM'000
At 1 January	1,255	–
Transfer from property, plant and equipment (Note 9)	707	1,255
Transfer from investment property (Note 10)	23,617	–
At 31 December	25,579	1,255

Following the Group's termination of the sale and purchase agreement for its property at Pasir Puteh, Kelantan in the prior financial year and its property at Mukim Wakaf Delima, Kelantan during the current year, the Group's management has undertaken an active programme to locate other buyers for the properties. The expected sales price for this property approximates its current carrying value.

During the current financial year, the Group entered into a sale and purchase agreement to dispose of its properties in Keningau, Sabah for a consideration of RM930,000.

During the current financial year, the Group also received notice on the exercise of the option to purchase part of its property at Jalan Sungai Besi, Kuala Lumpur for a consideration of RM24,600,000 and a sale and purchase agreement has been executed on 15 December 2006.

Both disposals are expected to be completed in the next financial year with no material gains arising.

16. INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
At cost		
Raw materials	217,865	245,870
Work-in-progress	3,743	3,405
Finished goods	38,364	40,378
Consumable stores	4,535	5,314
	264,507	294,967

NOTES TO THE FINANCIAL STATEMENTS

17. RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	81,954	54,303	–	–
Allowance for doubtful debts	(17,141)	(15,821)	–	–
	64,813	38,482	–	–
Dividends due from subsidiaries	–	–	593,572	472,147
Amounts due from related companies	18,011	36,799	3,686	1,074
Other receivables	18,864	24,021	784	4,796
Deposits	1,813	1,984	551	552
Prepayments	60,584	57,247	3,521	2,048
	164,085	158,533	602,114	480,617

Receivables of the Group and Company are mainly denominated in Ringgit Malaysia.

Credit terms of trade receivables range from 1 to 60 days (2005: 1 to 60 days).

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers who are geographically dispersed in Malaysia. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks	186,529	233,070	287	–
Cash and bank balances	760	988	10	942
	187,289	234,058	297	942

The currency exposure profile of deposits, cash and bank balances is as follows:

Ringgit Malaysia	167,245	228,824	297	942
US Dollar	16,798	5,206	–	–
Brunei Dollar	3,246	28	–	–
	187,289	234,058	297	942

NOTES TO THE FINANCIAL STATEMENTS

18. CASH AND CASH EQUIVALENTS (CONTINUED)

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
The weighted average interest rates of deposits with licensed banks that were effective during the year	3.1	2.6	2.8	2.5

Deposits of the Group and Company have an average maturity period of 37 days (2005: 44 days) and 1 day (2005: 1 day) respectively.

19. PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Trade payables	112,725	150,277	–	–
Trade accruals	13,669	13,994	–	–
Amounts due to subsidiaries	–	–	387,719	193,064
Amounts due to related companies	21,943	17,288	–	13
Other payables	70,541	79,406	31,696	40,518
	218,878	260,965	419,415	233,595

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	111,455	147,522	–	–
US Dollar	210	1,228	–	–
Pound Sterling	18	572	–	–
Others	1,042	955	–	–
	112,725	150,277	–	–

The currency exposure profile of amounts due to related companies is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	17,762	6,734	–	13
US Dollar	3,968	4,304	–	–
Pound Sterling	174	4,864	–	–
Others	39	1,386	–	–
	21,943	17,288	–	13

NOTES TO THE FINANCIAL STATEMENTS

19. PAYABLES (CONTINUED)

Credit terms of trade payables and suppliers of property, plant and equipment granted to the Group vary from no credit to 120 days (2005: no credit to 120 days). Amounts due to subsidiaries and related companies are unsecured, interest free (within the credit period) and repayable within one year.

Amounts other than trade payables and amounts due to related companies are denominated in Ringgit Malaysia.

20. BORROWINGS (INTEREST BEARING)

(a) The Group and Company's borrowings as at 31 December 2006 are as follows:

- (i) RM450,000,000 nominal value 8-year redeemable unsecured bonds 1999/2007 with a coupon rate of 7.9% per annum, maturing on 2 November 2007 pursuant to a Trust Deed dated 22 October 1999;
- (ii) RM100,000,000 4½-year unsecured Medium-Term Notes 2004/2009 with a coupon rate of 4.95% per annum, maturing on 2 May 2009; and
- (iii) RM150,000,000 5-year unsecured Medium-Term Notes 2004/2009 with a coupon rate of 4.58% per annum, maturing on 2 November 2009 pursuant to an Issuance Programme of up to RM300 million nominal value Commercial Papers/Medium-Term Notes (CPs/MTNs Programme).

(b) (i) Maturity of the Group and Company borrowings is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Total borrowings				
Redeemable unsecured bonds	450,000	450,000	450,000	450,000
Medium-term notes	250,000	250,000	250,000	250,000
	700,000	700,000	700,000	700,000
Maturity of borrowings:				
Within one year	450,000	–	450,000	–
More than 1 year and less than 2 years	–	450,000	–	450,000
More than 2 years and less than 5 years	250,000	250,000	250,000	250,000
	700,000	700,000	700,000	700,000

(ii) Classification of the Group and Company borrowings is as follows:

Unsecured

Current

Redeemable bonds	450,000	–	450,000	–
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Non current

Redeemable bonds	–	450,000	–	450,000
Medium-term notes	250,000	250,000	250,000	250,000
	250,000	700,000	250,000	700,000

NOTES TO THE FINANCIAL STATEMENTS**20. BORROWINGS (INTEREST BEARING) (CONTINUED)**

The Group and Company borrowings of RM450,000,000 nominal value 8-year redeemable unsecured bonds, maturing on 2 November 2007 was classified as a current liability in the current year as the Group and Company had not completed the refinancing for these bonds as at balance sheet date. The refinancing for these bonds is expected to be completed in the next financial year.

The fair value of borrowings are detailed in Note 28(d).

21. SHARE CAPITAL

	Group and Company	
	2006 RM'000	2005 RM'000
Authorised		
770,000,000 Ordinary shares of 50 sen each	385,000	385,000
Issued and fully paid		
285,530,000 Ordinary shares of 50 sen each	142,765	142,765

22. RETAINED EARNINGS

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt income account to frank all the retained earnings of the Company at 31 December 2006 if paid out as dividends.

23. POST EMPLOYMENT BENEFIT OBLIGATIONS**Defined Benefit Plan**

The Group operates a defined benefit plan for its eligible employees in Malaysia (who joined the Group prior to 1 January 2006), the assets of which are held in a separate trustee administered fund. The Company and certain subsidiaries in the Group make contributions to the British American Tobacco Malaysia Retirement Scheme, a tax approved fund independent of the Group.

The defined benefit plan is valued by an independent actuary using the Projected Unit Credit Method. The actuarial valuation as updated at 31 December 2006 (latest actuarial valuation was conducted on 31 December 2005) showed that the value of the net assets held in the fund together with the book provisions in the Group's financial statements, adequately met the actuarial liabilities arising from the defined benefit plan as at 31 December 2006.

As at 1 January 2006, a significant number of existing employees elected to participate in a defined contribution scheme which the Group voluntarily provided additional Employees Provident Fund (EPF) contribution over the statutory requirements, as disclosed in Note 5 of the financial statements. The exiting employees' plan benefits amounting to RM20.3 million was transferred to the EPF.

NOTES TO THE FINANCIAL STATEMENTS

23. POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Present value of defined benefit obligations	9,936	29,372	758	3,862
Fair value of plan assets	6,312	25,996	790	3,862
Status of funded plan	3,624	3,376	(32)	–
Unrecognised actuarial gains	928	1,374	60	99
Net liability	4,552	4,750	28	99

The amounts recognised in the income statement under other operating expenses are as follows:

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Current service cost	(634)	(2,398)	(121)	(592)
Interest cost	(562)	(1,882)	(40)	(348)
Expected return on plan assets	185	1,690	23	337
Recognition of curtailment gain	612	–	90	–
Past service cost	(36)	–	(4)	–
Total	(435)	(2,590)	(52)	(603)
Actual return on plan assets	271	1,223	34	285

Movements in post employment benefit obligations were as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,750	5,195	99	–
Charge for the year	435	2,590	52	603
Contributions paid	(633)	(3,035)	(123)	(504)
At 31 December	4,552	4,750	28	99

Principal actuarial assumptions used at the balance sheet date in respect of the Group's and the Company's defined benefit plan were as follows:

	2006	2005
	%	%
Discount rate	6.5	6.5
Expected return on plan assets	3.0	3.0
Expected rate of salary increases	6.0	6.0

NOTES TO THE FINANCIAL STATEMENTS**24. CASH FROM OPERATIONS**

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	719,678	592,802	731,284	697,684
Adjustments for:				
Dividends from unquoted subsidiaries	–	–	(1,055,982)	(995,453)
Interest income	(7,716)	(9,126)	(117)	(666)
Property, plant and equipment				
– depreciation	76,385	75,880	5,978	4,566
– impairment	–	10,884	–	–
– impairment written back	(4,411)	–	–	–
– loss/(gain) on disposal	1,190	(1,942)	(56)	218
Investment property – depreciation	1,144	–	–	–
Amortisation of goodwill	–	21,856	–	–
Trademarks written off	–	2,067	–	–
Allowance for doubtful debts written back	–	(250)	–	–
Bad debts written off	–	156	–	–
Allowance for doubtful debts	1,320	–	–	–
Inventories written off	1,490	1,441	–	–
Interest expense	47,467	48,471	47,467	48,747
Tax expense	282,269	240,167	275,761	241,908
Changes in working capital:				
– inventories	28,970	11,092	–	–
– receivables	2,024	(16,701)	(2,540)	(2,963)
– payables	(42,381)	(31,737)	743	10,698
Cash from operations	1,107,429	945,060	2,538	4,739

25. CAPITAL COMMITMENTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
– Authorised and contracted for	7,995	10,675	1,049	33
– Authorised but not contracted for	11,774	12,748	667	1,028
	19,769	23,423	1,716	1,061

NOTES TO THE FINANCIAL STATEMENTS

26. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms not more favourable to the related parties than those generally available to unrelated parties unless otherwise stated.

The transactions are with member corporations of British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent (50%) equity interest in the Company and is therefore the ultimate major shareholder of the Company.)

	Group	
	Year ended	Year ended
	31.12.06	31.12.05
	RM'000	RM'000
(i) Sale of goods		
Sale of cigarettes and tobacco products to:		
– British-American Tobacco Company (HK) Ltd.	11,153	13,869
– Rothmans Far East B.V.	29,064	16,433
– British American Tobacco Marketing (Singapore) Pte. Ltd.	11,729	5,921
– B.A.T. China Ltd.	13,199	12,141
– British American Tobacco International Ltd.	7,111	852
– British American Tobacco Korea Manufacturing Ltd.	20,807	13,195
– British American Tobacco Japan, Ltd.	2,498	–
	95,561	62,411
(ii) Purchase of goods		
Purchase of leaf, cigarette packaging and wrapping materials and tobacco products from:		
– British American Tobacco Far East Leaf Ltd.	10,478	13,761
– Souza Cruz Overseas S.A.	11	2,896
– B.A.T. (U.K. & Export) Ltd.	1,422	10,737
– British American Tobacco Marketing (Singapore) Pte. Ltd.	78,503	101,437
– British American Tobacco (Germany) GmbH	20,197	4,286
– B.A.T. Switzerland S.A.	2,488	–
	113,099	133,117
Purchase of cigarettes and tobacco products from:		
– British American Tobacco International Ltd.	2,930	4,000
– British American Tobacco STC (Export) B.V.	2,766	3,446
	5,696	7,446

NOTES TO THE FINANCIAL STATEMENTS**26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

	Group	
	Year ended	Year ended
	31.12.06	31.12.05
	RM'000	RM'000
(iii) Procurement of services		
Procurement of information technology services from:		
– British American Shared Services Ltd.	25,557	9,766
– B.A.T. (U.K. & Export) Ltd.	1,752	–
– British American Tobacco Asia-Pacific Region Ltd.	3,012	–
	30,321	9,766
(iv) Technical and advisory		
Payment of fees for technical and advisory support services to:		
– British American Tobacco (Investments) Ltd.	22,611	21,674
– British American Tobacco International Ltd.	1,598	1,951
– British American Tobacco Asia Pacific Treasury Pte. Ltd.	258	232
– British American Tobacco ASPAC Service Centre Sdn. Bhd.	2,522	–
– B.A.T. (U.K. & Export) Ltd.	2,670	–
– British American Tobacco Asia-Pacific Region Ltd.	371	–
	30,030	23,857
(v) Royalties		
Royalties paid/payable to:		
– B.A.T. (U.K. & Export) Ltd.	72,736	76,171
– The House of Edgeworth Inc.	8,734	8,831
– British American Tobacco (Brands) Inc.	3,778	4,205
	85,248	89,207
Purchase/(sale) of equipment from:		
– British American Tobacco Marketing (Singapore) Pte. Ltd.	12,470	20,894
– Pakistan Tobacco Company Limited	(8,460)	–
– Chiletabacos SA	(8,309)	–
	(4,299)	20,894

NOTES TO THE FINANCIAL STATEMENTS

26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Group	
	Year ended	Year ended
	31.12.06	31.12.05
	RM'000	RM'000
(iv) Provision of technical and advisory support services		
– B.A.T. China Ltd.	125	–
– British American Tobacco Philippines Ltd.	75	–
– British American Tobacco - Vinataba (JV) Ltd.	17	–
– British-American Tobacco Company (HK) Ltd.	119	–
– British American Tobacco Cambodia Ltd.	71	–
– British American Tobacco Services Limited, Taiwan Branch	197	–
– PT BAT Indonesia Tbk.	498	–
– Rothmans of Pall Mall Myanmar	39	–
– British American Tobacco (Vietnam) Ltd.	292	–
– British American Tobacco (Singapore) Pte. Ltd.	1,107	–
– British American Tobacco Marketing (Singapore) Pte. Ltd.	626	–
– British American Tobacco Australasia Limited	191	–
– British American Tobacco South Africa	185	–
– British American Tobacco (Thailand) Ltd.	161	–
– British American Tobacco (NZ) Ltd.	95	–
– Ceylon Tobacco Co. Ltd.	31	–
– British American Tobacco (PNG) Limited	30	–
– British American Tobacco ASPAC Service Centre Sdn. Bhd.	28	–
– British American Tobacco Bangladesh Limited	5	–
– British American Tobacco (Fiji) Limited	5	–
– BAT Pacific Corp.	4	–
– British American Tobacco International Ltd.	3	–
	3,904	–

With effect from 2006, British American Tobacco Malaysia Group provides various services for the relevant members of the British American Tobacco Group which includes procurement, product testing and development services.

27. SEGMENT REPORTING

Segment analysis has not been prepared as the Group is primarily engaged in the manufacture, importation and sale of cigarettes and other tobacco products in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS**28. FINANCIAL INSTRUMENTS****Treasury Risk Management**

The Group is exposed to financial risks arising from its business activities; mainly interest rate risks, exchange risks and credit risks. Straightforward derivative financial instruments are utilised by the Group to lower funding costs, to alter interest rate exposures or to achieve greater certainty of future costs. These instruments are entered into in accordance with objectives and policies approved by the Board of Directors that expressly forbid speculative transactions.

The policy restricts the use of derivative instruments to forward foreign exchange contracts, foreign currency and interest rate swaps, forward rate agreements, currency options and caps. In addition to policies, guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of the Group's treasury activities.

Details of instruments used for interest rate and foreign exchange exposure management, together with the information on related exposures are given below.

(a) Interest Rate Management

The objectives of the Group's interest rate risk management policy are to lessen the impact of adverse interest rate movements on the earnings, cash flow and economic value of the Group. As at the balance sheet date, there were no open interest rate swap contracts.

(b) Currency Exchange Risk Management

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks. The Group enters into forward foreign exchange contracts to limit its exposure on foreign currency payables and on cash flows to be used in anticipated transactions denominated in foreign currencies and operate within a specified maximum exposure limit.

At 31 December 2006, the settlement dates on open forward contracts range between 26 January 2007 to 25 September 2007. The contracted exchange rate and amount of the Group's outstanding contracts are as follows:

Hedged item	Currency to be paid	RM'000 equivalent	Contracted rate
Future payment for leaf, wrapping materials and services over the next 9 months			
USD 15,000,000	US Dollar	53,565	1 USD = RM 3.5710
GBP 500,000	Pound Sterling	3,457	1 GBP = RM 6.9130

The fair value of outstanding forward contracts of the Group at the balance sheet date (Note 28(d)) was an unfavourable net position of approximately RM881,000 (2005: RM9,000).

The net loss at 31 December 2006 on open contracts which hedge anticipated future foreign currency purchases amounted to approximately RM881,000 (2005: RM9,000). These net exchange gains and losses are deferred until the related purchases are transacted, at which time they are included in the measurement of such transactions.

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit Risks

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

The Group has no significant concentrations of credit risk, notwithstanding that the majority of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

(d) Fair Values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2006					
Current borrowings					
RM450 million bonds	20	450,000	465,165	450,000	465,165
Non current borrowings					
RM100 million MTNs	20	100,000	102,310	100,000	102,310
RM150 million MTNs	20	150,000	152,430	150,000	152,430
Derivative financial instruments held to manage interest rates and currency exposures					
Foreign currency forward exchange contracts	28(b)	–	(881)	–	–
At 31 December 2005					
Non current borrowings					
RM450 million bonds	20	450,000	483,030	450,000	483,030
RM100 million MTNs	20	100,000	102,830	100,000	102,830
RM150 million MTNs	20	150,000	152,610	150,000	152,610
Derivative financial instruments held to manage interest rates and currency exposures					
Foreign currency forward exchange contracts	28(b)	–	(9)	–	(9)

NOTES TO THE FINANCIAL STATEMENTS**29. SHARE-BASED PAYMENTS**

The expense recognised for employee services received during the year is as follows:

	Group		Company	
	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000	Year ended 31.12.06 RM'000	Year ended 31.12.05 RM'000
Expense arising from equity-settled share-based payment transactions	4,717	3,851	2,720	2,244

The expenses arose as a result of a number of the Group and Company employees' participation in the employee share schemes offered by British American Tobacco p.l.c. during their employment with the Group (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent (50%) equity interest in the Company). The details of the employee share schemes are as follows:

	Method of Settlement and Timing of Grant	Contractual Life	Vesting Conditions
Deferred Share Bonus Scheme	Equity-settled grants. (Timing of grant: Annually in March)	3 Years	Free shares released three years from date of grant and may be subject to forfeit if participant leaves employment before the end of three year holding period. Participants receive a separate payment equivalent to a proportion of the dividend during the holding period.
International Share Reward Scheme	Equity-settled grants. (Timing of grant: Annually in April)	3 Years	Free shares granted subject to three year holding period and may be subject to forfeit if employee leaves within this period.
Share Option Scheme	Equity-settled grants. (The granting of options under this scheme ceased with the last grant made in March 2004)	10 Years	Options exercisable three years from date of grant and subject to earnings per share performance.
Long Term Incentive Plan	Equity-settled grants. (Timing of grant: Annually in March)	10 Years	Nil-cost options exercisable three years from date of grant, with payout subject to performance conditions based on earnings per share relative to inflation (50% of grant) and total shareholder return.

NOTES TO THE FINANCIAL STATEMENTS

29. SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity share-based payment arrangements (other than share options)

Details of the movements of equity share-based payment arrangements (other than share options) during the year ended 31 December 2006, covering the Deferred Share Bonus Scheme and International Share Reward Scheme are as follows:

	Number of ordinary shares of 25p each in British American Tobacco p.l.c.			
	Group		Company	
	2006	2005	2006	2005
Outstanding at start of year	83,096	79,604	44,460	51,388
Granted during the period	28,775	35,714	16,625	14,720
Exercised during the period	(31,119)	(32,222)	(15,698)	(21,648)
Outstanding at end of year	80,752	83,096	45,387	44,460

The shares outstanding for the year ended 31 December 2006 for the Group and Company had a weighted average contractual life of 1.3 years (2005: 1.3 years) and 1.2 years (2005: 1.1 years) respectively.

The weighted average fair value equity share-based payment arrangements granted during 2006 for the Group and Company were £13.02 (2005: £8.14) and £13.01 (2005: £8.14) respectively.

(b) Share option schemes

Details of the movements for the equity-settled Share Option Scheme during the year ended 31 December 2006 are as follows:

	Group			
	2006	2006	2005	2005
	Number of British American Tobacco p.l.c. options	Weighted average exercise price per share (£)	Number of British American Tobacco p.l.c. options	Weighted average exercise price per share (£)
Outstanding at start of year	108,051	7.01	187,332	6.30
Exercised during the period	(38,340)	6.41	(76,949)	5.26
Forfeited during the period	—	—	(2,332)	8.09
Outstanding at end of year	69,711	7.34	108,051	7.01
Exercisable at end of year	24,280	5.94	16,114	6.07

NOTES TO THE FINANCIAL STATEMENTS**29. SHARE-BASED PAYMENTS (CONTINUED)****(b) Share option schemes (Continued)**

	Company			
	2006	2006	2005	2005
	Number of	Weighted	Number of	Weighted
	British	average	British	average
	American	exercise	American	exercise
	Tobacco	price per	Tobacco	price per
	p.l.c.	share (£)	p.l.c.	share (£)
	options		options	
Outstanding at start of year	18,733	7.50	23,919	7.26
Exercised during the period	(5,181)	5.98	(5,186)	6.39
Outstanding at end of year	<u>13,552</u>	<u>8.09</u>	<u>18,733</u>	<u>7.50</u>
Exercisable at end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

In addition to the above options, the movement in nil-cost equity-settled options from the Long Term Incentive Plan was as follows:

	Number of options in ordinary shares of 25p each in British American Tobacco p.l.c.			
	Group		Company	
	2006	2005	2006	2005
Outstanding at start of year	128,600	86,840	109,523	86,840
Granted during the period	44,695	46,287	29,318	27,210
Exercised during the period	(22,152)	–	(20,313)	–
Forfeited during the period	(13,299)	(4,527)	(9,455)	(4,527)
Outstanding at end of year	<u>137,844</u>	<u>128,600</u>	<u>109,073</u>	<u>109,523</u>
Exercisable at end of year	<u>20,306</u>	<u>8,788</u>	<u>20,306</u>	<u>8,788</u>

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period for the Group and Company was £13.85 (2005: £10.47) and £13.40 (2005: £9.41) respectively.

NOTES TO THE FINANCIAL STATEMENTS

29. SHARE-BASED PAYMENTS (CONTINUED)

(b) Share option schemes (Continued)

A detailed breakdown of the range of exercise prices for options outstanding at the end of 31 December 2006 is shown in the tables below:

	Group					
		2006			2005	
	Number of options at end of year	Weighted average remaining contractual life (years)	Weighted average exercise price per share (£)	Number of options at end of year	Weighted average remaining contractual life (years)	Weighted average exercise price per share (£)
Long Term Incentive Plan						
Nil cost	137,844	8.0	–	128,600	8.1	–
Share Option Scheme						
£5.00 to £6.99	24,280	5.4	5.94	55,880	6.7	6.01
£7.00 to £8.99	45,431	7.2	8.09	52,171	8.2	8.09
Total	207,555	7.5	2.46	236,651	7.8	3.20

	Company					
		2006			2005	
	Number of options at end of year	Weighted average remaining contractual life (years)	Weighted average exercise price per share (£)	Number of options at end of year	Weighted average remaining contractual life (years)	Weighted average exercise price per share (£)
Long Term Incentive Plan						
Nil cost	109,073	7.8	–	109,523	7.9	–
Share Option Scheme						
£5.00 to £6.99	–	–	–	5,181	7.2	5.98
£7.00 to £8.99	13,552	7.2	8.09	13,552	8.2	8.09
Total	122,625	7.7	0.89	128,256	7.9	1.10

The weighted average fair value of equity-settled share option schemes granted during 2006 for the Group and the Company was £10.10 (2005: £7.29).

NOTES TO THE FINANCIAL STATEMENTS**29. SHARE-BASED PAYMENTS (CONTINUED)****(c) Assumptions used**

Assumptions used in the Black-Scholes Models to determine the fair value of share-based payment arrangements were as follows:

	Group and Company					
	Long Term Incentive Plan		Deferred Share Bonus Scheme		International Share Reward Scheme	
	2006	2005	2006	2005	2006	2005
Share price at date of grant (£)	14.34	10.37	n/a	n/a	n/a	n/a
Grant price (£)	n/a	n/a	14.34	9.29	13.85	9.31
Exercise price (£)	nil cost	nil cost	n/a	n/a	n/a	n/a
Volatility (%)	23	27	23	30	23	30
Average expected term to exercise (years)	3.5	3.5	3	3	5	5
Risk free rate (%)	4.4	4.3	4.4	4.8	4.5	4.7
Expected dividend yield (%)	3.3	4.0	3.3	4.5	3.4	4.5

Assumptions used in the Monte-Carlo Models to determine the fair value of share-based payment arrangements are as follows:

	Group and Company	
	2006	2005
Average share price volatility FTSE100* comparator group (%)	31	34
Average share price volatility FMCG** comparator group (%)	23	26
Average correlation FTSE100 comparator group (%)	26	24
Average correlation FMCG comparator group (%)	18	16

* *Financial Times Stock Exchange*

** *Fast Moving Consumer Goods*

Market condition features were incorporated into Monte-Carlo models for the total shareholder return elements of the Long Term Incentive Plan in determining fair value at grant date.

The expected British American Tobacco p.l.c. share price volatility was determined taking account of the daily share price movements over a five year period. The respective FMCG and FTSE100 share price volatility and correlations were also determined over the same periods. The average expected term to exercise used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk free rate has been determined from market yield curves for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant. The expected dividend yield was determined by calculating the yield from the last two declared dividends divided by the grant share price. For grants containing earnings per share performance conditions, the payout calculation is based on the expectations based on published analysts' forecasts.

Laporan Tahunan

Kemajuan menerusi sinergi

British American Tobacco Malaysia dikenali dengan kualiti, iltizam dan kegigihan tenaga kerja kami. Berpandu kepada fokus strategik kami terhadap pertumbuhan, produktiviti dan kebertanggungjawaban, kami akan terus menggandingkan kekuatan dalam membina organisasi yang cemerlang – semuanya dengan tujuan mencapai kemajuan yang berterusan dan mencipta nilai jangka panjang untuk pemegang berkepentingan.

2006

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Sorotan

		Tahun berakhir 31.12.06 RM juta	Tahun berakhir 31.12.05 RM juta	Pertambahan/ (Pengurangan) %
Hasil		3,612	3,564	1
Keuntungan Sebelum Cukai		1,002	833	20
Keuntungan bagi Tahun Kewangan		720	593	21
Dana Pemegang Saham		552	618	(11)
Pulangan Bersih atas Dana Pemegang Saham	(%)	130.4	95.9	36
Perolehan Bersih Sesaham	(sen)	252.0	207.6	21
Dividen Bersih Sesaham	(sen)	254.0	250.1	2

- Prestasi cemerlang dalam 2006 disebalik cabaran.
- Jenama unggul mencerminkan peningkatan yang membanggakan.
- Program produktiviti menghasilkan manfaat ketara.
- Bakat pekerja yang membanggakan disemua peringkat.
- Lembaga Pengarah mencadangkan dividen bersih akhir sebanyak 124.10 sen sesaham dan dividen bersih akhir khas sebanyak 21.90 sen sesaham bagi tahun kewangan berakhir 31 Disember 2006.

Anugerah & Pengiktirafan

Anugerah Nilai Pemegang Saham KPMG 2005

- **Pemenang Sektor (Pasaran Pengguna)**
- **Pemenang Keseluruhan**

Pengiktirafan berdasarkan keuntungan ekonomi yang tertinggi ke atas modal yang dilaburkan di antara syarikat-syarikat awam tersenarai di Malaysia.

Pengurusan Syarikat Terbaik, Tadbir Urus Korporat Terbaik dan Komitmen Untuk Pembayaran Dividen Kukuh Terbaik, Ketiga dalam Hubungan Pelabur Terbaik 2006

- **FinanceAsia**

Pengiktirafan sebagai salah satu syarikat yang terurus terbaik di Malaysia.

Laporan Sosial Terbaik 2005

- **Anugerah Laporan Sosial dan Persekitaran ACCA Malaysia**

Pengiktirafan ke atas Laporan Sosial British American Tobacco Malaysia yang komprehensif dan mempunyai kredibiliti menurut piawai laporan antarabangsa - AA1000AS dan Inisiatif Laporan Global.

Anugerah Laporan Korporat Tahunan Kebangsaan (NACRA) 2006

- **Anugerah Kecemerlangan Industri**

Pengiktirafan ke atas kecemerlangan dalam kebertanggungjawaban dalam korporat dan perhubungan yang efektif melalui laporan tahunan serta ketelusan dalam maklumat kewangan dan perniagaan serta tadbir urus korporat yang bertaraf tinggi.

Kemasukan ke dalam Dow Jones Sustainability Indexes World 2006/2007

Pengiktirafan ke atas amalan British American Tobacco Malaysia dalam kesinambungan korporat, yang merangkumi Pengurusan Kesihatan Persekitaran dan Keselamatan, Tadbir Urus Korporat, Kod Perlakuan dan Urusan Pihak Berkepentingan.

Ulasan Pengerusi

Hasil Kumpulan berjumlah RM3.6 bilion untuk tahun semasa, menokok 1.3% berbanding tahun sebelumnya. Keuntungan bersih untuk tahun kewangan berjumlah RM720 juta, peningkatan sebanyak 21% daripada tahun 2005.

Saya, bagi pihak Lembaga Pengarah, dengan sukacitanya membentangkan Laporan Tahunan untuk tahun kewangan berakhir 31 Disember 2006.

Kumpulan British American Tobacco Malaysia sekali lagi telah menghasilkan keputusan yang patut dipuji. Hasil Kumpulan berjumlah RM3.6 bilion untuk tahun semasa, menokok sebanyak 1.3% berbanding tahun sebelumnya. Keuntungan bersih untuk tahun kewangan berjumlah RM720 juta, peningkatan sebanyak 21% daripada tahun 2005, kebanyakannya disebabkan ketiadaan kos sekali yang jelas pada tahun lepas, seperti kos yang ditanggung untuk memastikan pematuhan terhadap keperluan yang ditetapkan oleh Peraturan-Peraturan Kawalan Hasil Tembakau 2004, daripada aktiviti pemotongan harga yang telah diperhebat dan sebagai sumbangan kepada pelan penstrukturan semula industri tembakau Malaysia.

Lembaga Pengarah telah mencadangkan dividen akhir bersih sebanyak 124.10 sen sesaham dan dividen khas bersih akhir sebanyak 21.90 sen sesaham. Dengan mengambil kira dividen interim sebanyak 108.00 sen sesaham yang telah dibayar pada 21 September 2006, ia akan memberikan jumlah dividen bersih sebanyak 254.00 sen sesaham bagi tahun ini - penambahan ke atas jumlah tahun lalu sebanyak 2%.

PERSEKITARAN LUARAN 2006

Peningkatan cukai eksais akan berterusan. Ini ditambah pula dengan peningkatan perdagangan tidak sah yang telah bergiat semula ke tahap pra-2004 pada tahap 20%, kemunculan dan pertumbuhan pesat rokok yang berharga terlampau murah dan pemansuhan penjualan rokok yang mengandungi kurang dari 14 batang sekotak akan terus menyebabkan pengurangan jumlah jualan ahli-ahli Gabungan Pengilang Tembakau Malaysia.

Pengecutan jualan rokok yang diluluskan dalam tahun 2006 telah menjejaskan permintaan daun tembakau kira-kira sebanyak 10% daripada tahun 2005. Ini akan terus memperhebatkan cabaran-cabaran yang dihadapi oleh Syarikat dan pihak berkepentingan lain yang bekerjasama untuk memastikan tahap persaingan dan ketahanan sektor penanaman tembakau tempatan diambang Malaysia membuka pasarannya kepada persaingan ASEAN berikutan pelaksanaan Perjanjian Perdagangan Bebas ASEAN pasca 2010.

Dalam menempuh cabaran ini, Kumpulan akan terus bekerjasama dengan pihak berkuasa yang berkaitan dalam membanteras perdagangan rokok tidak sah dan memastikan kesamarataan dalam industri ini. Tambahan pula, Kumpulan beriltizam untuk membangunkan

pengurus-pengurus yang berpengalaman dan memastikan para pekerja dilatih dan dimotivasikan dengan secukupnya.

TANGGUNGJAWAB SOSIAL KORPORAT ("CSR")

Sepanjang tahun ini, Kumpulan terus melaksanakan CSRnya melalui program-program yang meliputi laporan sosial, biasiswa dan aktiviti-aktiviti kebajikan masyarakatnya. Sebagai pengiktirafan terhadap usaha CSR kami, Syarikat telah diberikan Anugerah Laporan Sosial ACCA dan telah dimasukkan ke dalam Dow Jones Sustainability Indexes World.

PROSPEK UNTUK TAHUN 2007

Untuk kekal sebagai peneraju di dalam persekitaran persaingan yang getir, Kumpulan akan terus menaiktarafkan kemudahannya untuk menambahbaikkan kecekapan operasi dan kos yang kompetitif serta beriltizam sepenuhnya untuk menangani isu-isu yang mempengaruhi perniagaannya.

Kita akan terus mempertahankan kedudukan peneraju pasaran dengan portfolio jenama yang kuat, terutamanya jenama-jenama unggul, iaitu Dunhill, Pall Mall dan Kent dan inisiatif-inisiatif yang telah dirancang untuk menyampaikan produktiviti yang berterusan dan sebuah organisasi yang cemerlang.

British American Tobacco Malaysia yakin bahawa ianya berada dalam kedudukan yang selesa untuk kekal sebagai pesaing yang unggul dalam industri tembakau. Ianya optimistik secara berhati-hati terhadap tinjauan bagi 2007 dan akan terus berkomited terhadap melindungi dan menambah posisi kepimpinannya serta menyampaikan nilai jangka panjang pemegang saham.

PINDAAN DALAM JAWATAN -JAWATAN PENTING

Encik Bart Alkemade telah menggantikan Encik Andrew Gray sebagai Pengarah Urusan pada bulan Mac 2006. Encik Alkemade mempunyai pengalaman yang luas dan kefahaman yang mantap dalam perniagaan rokok. Dengan wawasan dan kepakarannya, saya tidak mempunyai kesangsian yang beliau akan terus memperkukuhkan Kumpulan, meningkatkan prestasi dan nilai pemegang saham.

Bagi pihak Kumpulan, saya mengambil kesempatan ini untuk mengucapkan terima kasih kepada Encik Andrew Gray di atas sumbangannya dan mengucapkan selamat maju jaya di atas pelantikan barunya itu.

Encik James Blakelock, Pengarah Hal Ehwal Korporat dan Perundangan telah dipindahkan ke ibu pejabat Kumpulan untuk jawatan baru. Saya ingin menyampaikan penghargaan kepada

Encik Blakelock di atas sumbangannya sepanjang tempoh kehadiran beliau dalam Kumpulan. Cik Christine Lee telah dilantik untuk mengambil alih jawatannya berkuat kuasa September 2006. Encik Allen Lim telah dilantik sebagai Pengarah Pembangunan Perniagaan yang baru berkuatkuasa September 2006. Saya berharap untuk bekerjasama rapat dengan mereka.

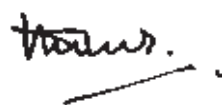
PENGHARGAAN

Walaupun berdepan dengan pelbagai cabaran dalam industri ini, Kumpulan terus kekal kukuh dan berdaya tahan. Ini adalah hasil dari kemahiran dan komitmen yang telah ditunjukkan oleh Lembaga Pengarah, kumpulan pengurusan dan kakitangan. Saya ingin mengucapkan terima kasih kepada anda semua di atas dedikasi dan sumbangan yang telah dipamerkan.

Kepada semua para pelanggan, pengedar, pelabur dan rakan niaga kami, bagi pihak para Pengarah, kami panjangkan penghargaan ikhlas kami di atas kepercayaan dan keyakinan terhadap kami.

Akhir sekali kepada semua para pemegang saham, kami mengucapkan terima kasih di atas sokongan dan keyakinan yang berterusan dengan kami. Kami akan terus berusaha dengan gigih untuk pertumbuhan dan keuntungan.

Untuk kekal sebagai peneraju di dalam persekitaran persaingan yang getir, Kumpulan akan terus menaiktarafkan infrastrukturnya untuk menambahbaikkan kecekapan operasi dan kos yang kompetitif



Tan Sri Abu Talib bin Othman
Pengerusi

Ulasan Pengarah Urusan

Imperatif strategik kami yang menumpukan kepada Pertumbuhan, Produktiviti, Tanggungjawab yang dikukuhkan dengan Organisasi Cemerlang telah menjanakan sinergi yang diperlukan oleh kami untuk mencapai kemajuan. Sepanjang 2006, kami terus mengukuhkan kedudukan No. 1 kami dalam industri tembakau Malaysia.

KEPIMPINAN

2006 merupakan tahun yang mencabar bagi British American Tobacco Malaysia dan industri tembakau terutamanya disebabkan perubahan dalam persekitaran industri. Meskipun persekitaran luaran amat mencabar, saya dengan sukacitanya melaporkan bahawa imperatif strategik kami yang menumpukan kepada Pertumbuhan, Produktiviti, Tanggungjawab yang dikukuhkan dengan Organisasi Cemerlang telah berjaya menangani sebahagian daripada rintangan-rintangan tersebut.

Sepanjang 2006, kami terus mengukuhkan kedudukan No. 1 kami dalam industri tembakau Malaysia. Saya harap laporan tahunan ini yang membentangkan pencapaian dan pembangunan kami di bawah setiap imperatif strategik, dapat memberikan pemahaman yang jelas dan komprehensif kepada anda terhadap inisiatif, peristiwa dan cabaran yang kami lalui sepanjang tahun.

PERTUMBUHAN

Meskipun jumlah dagangan industri tahun 2006 menurun sebanyak 10.4% mengikut statistik Gabungan Pengilang Tembakau Malaysia, jumlah dagangan bagi British American Tobacco Malaysia hanya meruncing sebanyak 8.8% hasil daripada kemantapan inisiatif pembangunan jenama yang memfokuskan jenama utama kami - Dunhill, Pall Mall dan Kent.

Di sebalik persekitaran yang semakin meruncing disebabkan pengguna beralih kepada segmen rokok nilai-untuk-wang dan rokok tidak sah, Dunhill buat pertama kali dalam masa empat tahun, telah meningkatkan penguasaan pasaran, melonjakkan pertumbuhan penguasaan premium. Setakat 31 Disember 2006, Dunhill terus muncul sebagai peneraju jenama dengan menguasai 40% pasaran, dan anggaran 58% pasaran segmen premium, iaitu peningkatan 2% berbanding tahun sebelumnya.



Dunhill akan menjangkau tahun ke-100nya dalam pasaran global pada tahun 2007. Kami sangat berbangga dengan pencapaian jenama berprestij ini dan akan terus melabur sumber kami untuk mengukuhkan ekuiti jenama serta kedudukan nombor satunya di dalam negara, antara contohnya adalah pelancaran D360 dan Dunhill Fine Cut.

Pall Mall mengakhiri tahun 2006 dengan menguasai 30.4% dalam segmen nilai-untuk-wang, iaitu peningkatan memberangsangkan yang melebihi 5% berbanding tahun sebelumnya. Di antara jenama nilai-untuk-wang yang terulung di pasaran, Pall Mall merupakan satu-satunya jenama yang meningkatkan penguasaan pasaran walaupun menghadapi persaingan segmen rokok berharga terlampau rendah. Pall Mall menerajui kategori Lights dan Menthol serta telah mencapai keutamaan di saluran hotel, restoran dan kafe.

Sejak pelancaran Pusat Kecemerlangan Pemasaran dan Pengedaran Dagangan (CoE) pada November 2005, kami lihat kemajuan yang memberangsangkan dalam mengutamakan amalan terbaik. Dengan merevolusikan model pemasaran dagangan & pengedaran dan juga kepantasan pelaksanaan amalan terbaik, kami telah berjaya mempertingkatkan kecekapan ke tahap lebih tinggi dalam usaha pengendalian pasaran kami, dengan tahap ketiadaan stok yang lebih rendah, peningkatan dalam keberkesanan kadar panggilan dan pulangan pasaran yang lebih rendah.

PRODUKTIVITI

Dalam Operasi, rangka tindak bagi mempertingkatkan produktiviti keseluruhan rangkaian pembekalan hujung-ke-hujung dan sasaran untuk menerajui kepimpinan dalam Kualiti, Pengedaran dan Keberkesanan Kos telah dilaksanakan sepenuhnya pada 2006. Di bawah program Breakthrough2, di antara pencapaian yang ketara adalah kejayaan pasukan menjimatkan kos sebanyak RM40 juta.

Melalui pelbagai projek dan inisiatif, pasukan Operasi telah berjaya mengurangkan jumlah keseluruhan kos produk setiap mille sebanyak 5%. Pengukuran kualiti produk turut meningkat dengan Peta Kualiti yang diperkenalkan bagi memastikan peningkatan terus kekal.

Bagi menyemarakkan penekanan terhadap produktiviti dan kecekapan, jabatan Operasi melancarkan kempen Kemajuan Berterusan yang mengamalkan metodologi Jepun, 'Kai-Zen' (bermaksud evolusi untuk kemajuan). Sejak dilancarkan pada bulan Jun, saya dengan sukacitanya melaporkan bahawa Jawatankuasa Projek Peningkatan Berterusan telah menerima serta melaksanakan lebih daripada 260 idea inovatif Peningkatan Berterusan yang disumbangkan oleh pekerja-pekerja kilang.

Dengan merevolusikan model pemasaran dagangan & pengedaran dan juga kepantasan pelaksanaan amalan terbaik, kami telah berjaya mempertingkatkan kecekapan ke tahap lebih tinggi dalam usaha pengendalian pasaran kami.

Dengan pengalaman lebih 90 tahun di dalam industri serta ketangkasan dan semangat untuk menggerakkan organisasi ke hadapan, saya yakin, British American Tobacco Malaysia akan terus merintis dan maju di masa hadapan.

Di bidang lain, British American Tobacco Aspac Service Centre Sdn. Bhd. subsidiari 100% milik penuh British American Tobacco plc telah ditubuhkan di Malaysia sebagai pusat produk serantau untuk penyelidikan dan pembangunan serta sebagai pusat perkongsian perkhidmatan dan sumber luaran utama bagi pemprosesan kewangan berorientasi-transaksi. British American Tobacco Malaysia merupakan peneraju syarikat beroperasi pertama untuk memindahkan penyelidikan produk dan kerja-kerja pembangunan serta fungsi-fungsi perakaunan pejabat ke pusat ini.

Sepanjang tahun, British American Tobacco Malaysia turut melancarkan Projek Simfoni yang merupakan projek pemindahan SAP serantau dan sebahagian daripada program penyatuan IT global. Seperti dijadualkan pelaksanaannya pada 2007, Projek Simfoni memainkan peranan penting dalam mengurangkan 62 sistem sokongan utama kepada maksima lapan sistem secara global, menjurus kepada kecekapan proses-proses pengurusan ke tahap lebih tinggi.

TANGGUNGJAWAB

Keteguhan kami berasaskan komitmen menjalankan perniagaan secara bertanggungjawab. Oleh itu, British American Tobacco Malaysia terus berpandukan nilai-nilai yang kami sifatkan suci - ketelusan, kebertanggungjawaban, integriti dan tadbir urus korporat yang baik.

Kami amat gembira untuk menyatakan bahawa penekanan kami terhadap Tanggungjawab Sosial Korporat telah diiktiraf oleh Kerajaan melalui pengumuman Bajet Persekutuan 2007nya yang menyarankan agar syarikat-syarikat mempertingkatkan Tanggungjawab Sosial Korporat mereka. Lebih menggalakkan, kami mendapati piagam Tanggungjawab Sosial Korporat British American Tobacco Malaysia adalah sealiran dengan rangka kerja Tanggungjawab Sosial Korporat Bursa Malaysia Sekuriti Berhad yang dilancarkan baru-baru ini, sebagai garis panduan untuk syarikat tersenarai awam di Malaysia.

Sepanjang beberapa tahun, kami telah membentangkan sorotan ringkas usaha Tanggungjawab Sosial Korporat di dalam Laporan Tahunan kami. Tahun ini, kami telah membuat keputusan untuk berkongsi dengan mendalam penglibatan kami di dalam Tanggungjawab Sosial Korporat melalui laporan ini. Sebagai tambahan, disertakan juga CD ROM Laporan Sosial 2005-06 yang memperincikan usaha kami dalam pelbagai aspek Tanggungjawab Sosial Korporat. Anda juga boleh memuat turun salinan Laporan Sosial beraudit luaran melalui laman web korporat kami di www.batmalaysia.com.

Di British American Tobacco Malaysia, dialog antara pihak berkepentingan kekal sebagai amalan Tanggungjawab Sosial Korporat kami. Pada 2006,

kami melibatkan pihak berkepentingan dalaman dan luaran dalam dialog terbuka berkenaan isu penting kepada mereka dan relevan kepada perniagaan – menentang dagangan rokok tidak sah dan mengutarakan hal-ehwal pekerja.

Dalam usaha kami untuk membenarkan pengguna dan kumpulan kesihatan awam mengakses maklumat lanjut tentang produk, British American Tobacco Malaysia juga telah menerajui industri tembakau tempatan dengan menjadi syarikat yang pertama untuk menerbitkan secara sukarela senarai ramuan produknya di laman web bahan-bahan global British American Tobacco pada 29 September 2006.

Dalam laporan ini, anda juga akan dapat membaca tentang usaha kami untuk menyediakan bantuan kewangan kepada pelajar Malaysia berpotensi yang melanjutkan pelajaran ke peringkat lebih tinggi. Ditubuhkan pada 1983, Yayasan British American Tobacco Malaysia menawarkan biasiswa tanpa ikatan kepada anak-anak pekerja dan buat pertama kali tahun ini, ditawarkan juga kepada pekerja tetap Syarikat yang berhasrat mendapatkan ijazah pertama atau diploma mereka.

Saya amat berbangga mengumumkan bahawa selama beberapa tahun ini, lebih daripada 500 pelajar telah mendapat manfaat daripada biasiswa

ULASAN PENGARAH URUSAN

ini yang melibatkan pelaburan melebihi RM13 juta bagi program ini. Ramai di antara penerima ini telah mencapai kecemerlangan di dalam kedua-dua bidang akademik dan dunia korporat dalam menghadapi cabaran masa depan Malaysia di arena tempatan mahupun antarabangsa.

ORGANISASI CEMERLANG

Sebagaimana kami selalu sebutkan - pekerja kami adalah aset terbaik kami. Organisasi kami ditentukan oleh kualiti, komitmen dan semangat pekerja kami.

Pada tahun 2006, British American Tobacco Malaysia telah secara aktif menyertai pameran kerjaya antarabangsa dan serantau bagi menarik bakat untuk menyertai organisasi kami. Sebagai tambahan, kami telah memperkenalkan Program Rujukan Pekerja. Usaha ini telah membuahkan hasil dengan peningkatan 8% kepantasan pengambilan pekerja berbanding tahun sebelumnya, mengisi keperluan aliran bakat dengan rekrut-rekrut pelatih pengurusan dan pertengahan kerjaya.

Pembangunan bakat amat penting buat Syarikat. Penekanan ditumpukan kepada tunjuk ajar, kebimbangan dan haluan kerjaya untuk pekerja kami.

Sepanjang tahun, Syarikat terus berhubung erat dengan pekerja melalui saluran-saluran seperti taklimat suku tahunan bersama dengan kedua-dua pekerja pengurusan dan bukan pengurusan, serta penyebaran berita dan maklumat menerusi intranet, risalah, kumpulan sasar dan kaji selidik.

Kelab Sukan British American Tobacco Malaysia terus memainkan peranan penting dalam memastikan keseimbangan kerja-kehidupan pekerja kami. Diuruskan oleh jawatankuasa bebas, Kelab Sukan telah berjaya mengadakan aktiviti-aktiviti sukan, lawatan dan acara hiburan sepanjang tahun yang bertujuan merapatkan silaturahim di kalangan pekerja.

KESIMPULAN

Tahun 2006 merupakan tahun yang mencabar bagi British American Tobacco Malaysia di mana perubahan pada persekitaran industri dengan kemunculan semula dagangan rokok tidak sah dan pertumbuhan rokok berharga terlampau murah, terutama sekali semenjak penarikan balik pek rokok kurang daripada 14 batang pada Jun 2006. Walau bagaimanapun, adalah amat memberangsangkan bahawa pihak berkuasa yang berkenaan telah meningkatkan usaha untuk menangani

dagangan tidak sah ini meskipun isu ini masih signifikan. Sementara itu, kedudukan jenama-jenama unggul dan organisasi kami semakin kukuh sebagaimana ditunjukkan oleh pelbagai pengukuran prestasi. Dalam erti kata ini, 2006 adalah tahun yang sangat memuaskan.

Tidak dapat dinafikan bahawa tahun 2007 akan terus memberi lebih cabaran di dalam industri tembakau. Di British American Tobacco Malaysia, kami akan terus dipandu oleh fokus strategik kami terhadap penjaan Pertumbuhan, meningkatkan Produktiviti, menjalankan perniagaan kami secara Bertanggungjawab dan membangunkan Organisasi Cemerlang.

Dengan pengalaman lebih 90 tahun di dalam industri serta ketangkasan dan semangat untuk menggerakkan organisasi ke hadapan, saya yakin, British American Tobacco Malaysia akan terus merintis dan maju di masa hadapan.


Bart Alkemade

Pengarah Urusan

Ulasan Pengarah Kewangan

KEUNTUNGAN BERSIH MENINGKAT 21% PADA 2006

PENYATA PENDAPATAN YANG DISATUKAN

	12 bulan 2006 RM juta	12 bulan 2005 RM juta	Tambahan/ (Kurangan) %
Hasil	3,612	3,564	1
Kos jualan	(2,082)	(2,112)	(1)
Keuntungan kasar	1,530	1,452	(5)
Pendapatan operasi lain	9	14	(35)
Perbelanjaan operasi	(490)	(585)	(16)
Keuntungan daripada operasi	1,049	881	19
Kos kewangan	(47)	(48)	(2)
Keuntungan sebelum cukai	1,002	833	20
Perbelanjaan cukai	(282)	(240)	18
Keuntungan bagi tahun kewangan	720	593	21
Perolehan bersih sesaham - asas dan dicairkan (sen)	252.0	207.6	21
Dividen interim, akhir dan khas bersih sesaham (sen)	254.0	250.1	2
Margin keuntungan operasi	29%	25%	4%
Keuntungan Sebelum Cukai/Hasil	28%	23%	5%
Keuntungan Selepas Cukai/ Hasil	20%	17%	3%

Tahun 2006 menyaksikan kembalinya peningkatan untuk British American Tobacco Malaysia, dengan Kumpulan mencatat peningkatan keuntungan sebelum cukai sebanyak 20% berbanding dengan 2005. Ini mempamerkan hasil nilai perbelanjaan yang ditanggung pada 2005 untuk melindungi kedudukan Kumpulan sebagai peneraju utama dalam jangka masa panjang. Di kalangan tiga pengilang rokok yang terbesar, Kumpulan berjaya mengekalkan kedudukan peneraju utama dengan kemerosotan jumlah jualan pada paras 8.8% yang lebih rendah berbanding dengan pesaing terdekat. Ini disebabkan prestasi cemerlang jenama-jenama utama. Penguasaan pasaran Dunhill berkembang walaupun segmen premium susut, satu pencapaian cemerlang, dan penguasaan pasaran Pall Mall terus berkembang, mengukuhkan lagi kedudukannya dalam segmen nilai-untuk-wang. Walau bagaimanapun, prestasi cemerlang jenama-jenama utama kami telah diimbangi oleh kemerosotan

jenama kami yang lain, mengakibatkan pengurangan penguasaan pasaran korporat berbanding 2005. Dalam usaha untuk mengukuhkan lagi keupayaan jangka panjang, Kumpulan telah memulakan operasi penghantaran terus ke kedai-kedai di Lembah Kelang pada 2006. Usaha ini telah berjaya membawa perubahan yang ketara kepada keupayaan tenaga kerja Kumpulan dan mempertingkatkan daya saingan kami.

Walaupun bagaimanapun, persekitaran mencabar yang ditempuhi oleh industri tembakau tempatan pada 2005 berterusan ke 2006, menyaksikan penurunan dalam penggunaan rokok, pertumbuhan pesat rokok harga murah (ELPC) dan perdagangan tidak sah yang semakin ketara. Akibatnya, jumlah jualan industri yang diukur menerusi jualan oleh 'Tiga Syarikat Terbesar' rokok bagi 2006 merosot 10.4% berbanding 2005. Kadar penurunan perdagangan tercatat sepanjang 2006 akibat kenaikan harga berpunca dari

kenaikan duti eksais dan pengharaman penjualan rokok kurang dari 14 batang mulai Jun 2006. Faktor-faktor ini serta tekanan inflasi telah menyebabkan pertumbuhan dalam segmen ELPC dan perdagangan tidak sah.

Strategi kami kekal kukuh, bertumpu pada peningkatan jenama utama, peningkatan produktiviti dalam semua bidang, bertindak secara bertanggungjawab dalam industri yang kontroversi dan memastikan kami mengekal serta menjayakan satu organisasi cemerlang dengan pekerja yang berbakat dan bersemangat.

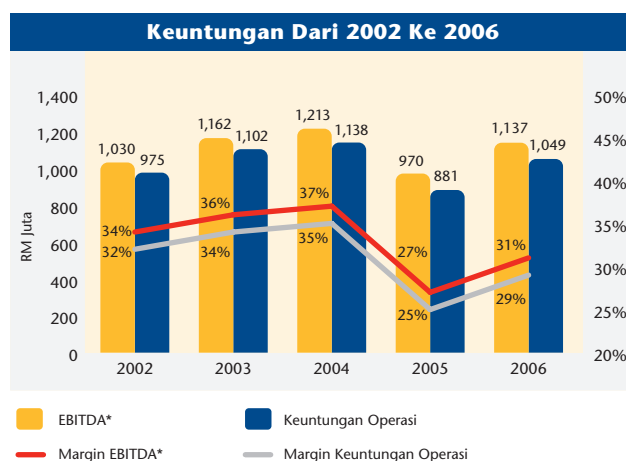
Menerusi komitmen berdedikasi terhadap strategi yang diterap dan diguna pakai dalam menghadapi hakikat evolusi ini, kedudukan Kumpulan adalah kukuh dalam menempuhi segala cabaran yang bakal mendatang dan mengesahkan komitmennya untuk memaksimumkan nilai jangka panjang pemegang saham.

Selepas tahun 2005 yang mencabar, Kumpulan telah muncul lebih kuat, mencatatkan peningkatan keuntungan dalam tahun 2006. Meskipun dengan peningkatan cabaran perdagangan tidak sah yang semakin berleluasa, Kumpulan tetap kukuh dengan komitmennya untuk menambahkan lagi kedudukan penerajunya dan mengesahkan komitmennya untuk memaksimumkan nilai jangka panjang pemegang saham.

Keputusan kewangan tahun 2006 mematuhi Piawaian Laporan Kewangan (FRS) yang baru, seperti yang diguna pakai oleh Lembaga Piawaian Perakaunan Malaysia bermula dari 1 Januari 2006. FRS yang baru ini membawa beberapa perubahan dari segi pembentangan dan pendedahan perakaunan.

Sebagaimana menurut FRS yang baru, terdapat perubahan di dalam pengolahan muhibah seperti yang diterangkan secara terperinci di dalam ringkasan dasar-dasar perakaunan penting yang terdapat di dalam penyata kewangan. Kumpulan akan mempertimbangkan kemungkinan penggunaan awal FRS 139 (Instrumen Kewangan: Pengolahan dan Pengukuran), (kerana Lembaga Piawaian Perakaunan Malaysia masih belum menetapkan tarikh efektif penggunaan) berserta dengan kemungkinan perubahan FRS 132 (Instrumen Kewangan: Pendedahan dan Pembentangan) selaras dengan perkembangan di dalam Piawaian Laporan Kewangan Antarabangsa 7.

Selanjutnya, walaupun impak kewangan ke atas Kumpulan tidak begitu ketara, demi ketelusan dan tadbir urus korporat yang baik, satu nota pendedahan yang menyeluruh mengenai bayaran berasaskan saham telah dimasukkan ke dalam akaun selaras dengan FRS 2.



* EBITDA adalah keuntungan operasi sebelum faedah, susut nilai, pelunasan dan perkara luar biasa

Tahun 2006 telah mencatatkan kekukuhan peningkatan keuntungan setelah melalui tahun 2005 yang mencabar. Keuntungan kasar meningkat ekoran kenaikan harga bersih dan keuntungan produktiviti; diimbangi separa oleh jualan yang lebih rendah. Keuntungan operasi meningkat 19% berbanding 2005 disebabkan ketiadaan kos sekali yang ketara pada 2005 seperti sumbangan kami terhadap penstrukturan semula industri penanaman tembakau tempatan, kerugian susut nilai dan aktiviti diskaun harga. Tambahan lagi, Kumpulan menghentikan pelunasan muhibah bermula 1 Januari 2006 selaras dengan FRS 3. Kumpulan turut menanggung kos penstrukturan semula organisasi berjumlah RM18.7 juta, di mana faedahnya akan dapat diperolehi sepanjang 2007. Dalam pengecualian impak-impak sekali, bagi memberi gambaran yang lebih jelas tentang prestasi, keuntungan dari operasi meningkat 8% berbanding 2005. Peningkatan cukai adalah sejajar dengan keuntungan yang meningkat dan kadar cukai efektif memperlihatkan kadar cukai statutori 28%.

Trend keuntungan dan margin operasi meningkat pada 2006, masing-masing mencatat pertumbuhan sebanyak 19% dan 4%; pendorong utama merupakan kenaikan harga bersih, ketiadaan pelunasan muhibah dan ketiadaan kos sekali yang ketara yang berlaku pada 2005. Faktor-faktor ini berserta kecekapan operasi yang berterusan bukan sahaja mengimbangi peningkatan cukai tidak langsung dan impak jualan lebih rendah, malahan menghasilkan margin yang lebih tinggi.

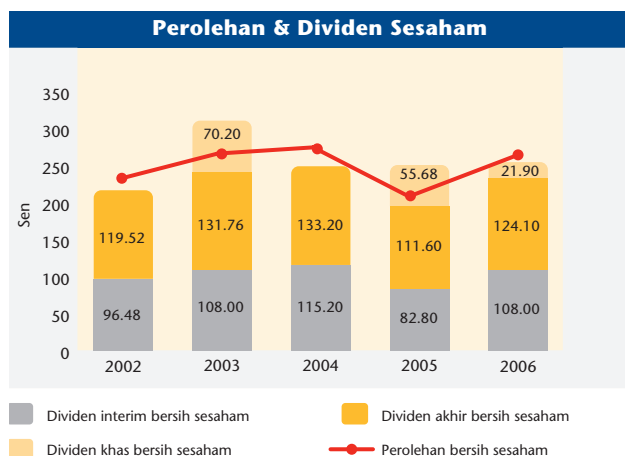
ULASAN PENGARAH KEWANGAN

TUNAI DARI OPERASI SEJAJAR MENINGKAT DENGAN PENINGKATAN KEUNTUNGAN PENYATA ALIRAN TUNAI YANG DISATUKAN

	12 bulan 2006 RM juta	12 bulan 2005 RM juta	Memuaskan/ (Sebaliknya) %
Keuntungan dari operasi	1,049	881	19
Pelarasan untuk:			
Pendapatan faedah	(8)	(9)	(15)
Harta tanah, loji dan peralatan:			
– susut nilai	78	76	(2)
– Kerugian/(Keuntungan) dari pelupusan	1	(2)	162
– (Kemasukan semula pengurangan nilai)/Pengurangan nilai	(4)	11	(136)
Pelunasan muhibah	-	22	(100)
Hapus kira cap dagang	-	2	(100)
Peruntukan/(Kemasukan semula) hutang ragu	1	(1)	200
Hutang lapuk dihapus kira	-	1	100
Inventori dihapus kira	1	1	-
Perubahan dalam modal kerja	(11)	(37)	70
Tunai daripada operasi	1,107	945	17
Cukai pendapatan dibayar	(272)	(211)	(29)
Perbelanjaan modal bersih	(56)	(78)	27
Kos kewangan bersih	(40)	(40)	-
Dividen dibayar	(786)	(617)	(27)
Pengurangan dalam tunai dan bersamaan tunai	(47)	(1)	(4,628)

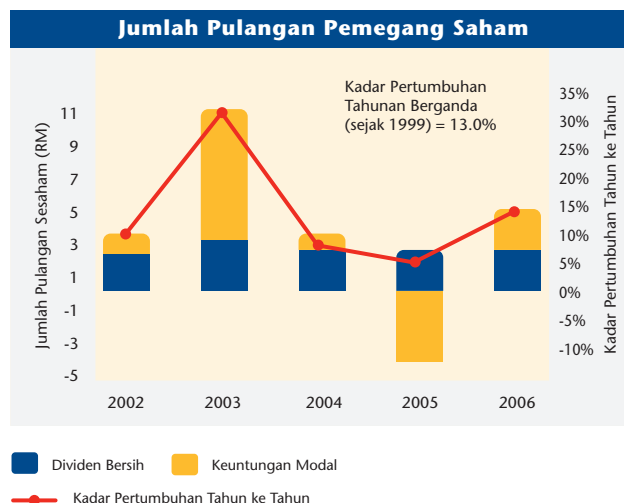
Wang tunai yang dijana daripada operasi meningkat 17% berbanding 2005 sejajar dengan peningkatan keuntungan dan hasil daripada peningkatan berterusan modal kerja, terutamanya keberkesanan pengurusan terhadap stok dan baki penghutang. Pembayaran cukai pendapatan meningkat sejajar dengan peningkatan keuntungan, sementara perbelanjaan aset tetap bersih telah berkurang kesan daripada penurunan perbelanjaan aset tetap dan peningkatan pulangan daripada pelupusan harta berlebihan. Dividen yang dibayar pada 2006 adalah lebih tinggi berikutan pembayaran dividen khas dan akhir bagi 2005 dan dividen interim bagi 2006.

JUMLAH BAYARAN DIVIDEN MENINGKAT LAGI



Polisi dividen kami ialah untuk mengagihkan dividen kepada pemegang saham daripada lebih tunai berbanding keperluan operasi. Oleh itu jika cadangan ini diluluskan oleh pemegang saham di mesyuarat Agung Tahunan akan datang, para pengarah dengan sukacita mencadangkan dividen bersih akhir khas sebanyak 21.9 sen sesaham dan dividen bersih akhir 124.1 sen sesaham bagi tahun kewangan berakhir 31 Disember 2006. Ini merupakan peningkatan jumlah bersih pembayaran dividen sebanyak 1.5% berbanding 2005. Pembayaran dividen pada 2006 mewakili 100.8% ke atas keuntungan selepas cukai tahun 2006.

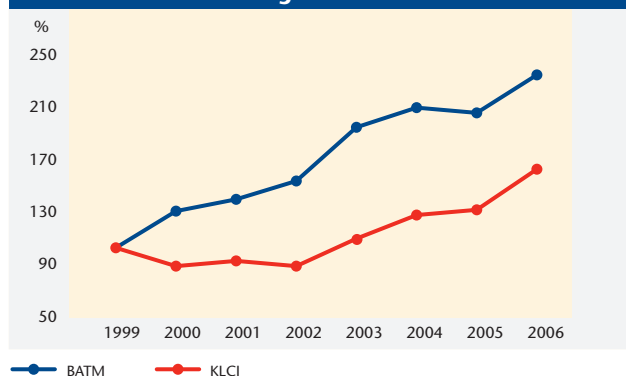
PERTUMBUHAN MENYELURUH PULANGAN PEMEGANG SAHAM



Jumlah pulangan kepada pemegang saham, dinilai menurut pergerakan harga saham sepanjang tahun kewangan dan jumlah dividen bersih yang dicadangkan untuk tahun itu, meningkat RM5.54 sesaham. Dividen bersih yang terus meningkat berserta kenaikan harga saham pada 2006, telah memberikan pulangan keseluruhan positif sebanyak 25%. Semenjak penggabungan MTC dan Rothmans untuk membentuk BAT Malaysia, jumlah pulangan pemegang saham telah merekodkan peningkatan kadar pertumbuhan tahunan sebanyak 13.0%. Jika dibandingkan dengan Indeks Komposit Kuala Lumpur (KLCI), jumlah pulangan pemegang saham Kumpulan telah mengatasi KLCI semenjak 1999. Keputusan ini jelas menunjukkan kejayaan strategi perniagaan kami dan komitmen Kumpulan untuk menambah nilai kepada pemegang saham untuk jangka masa panjang.

ULASAN PENGARAH KEWANGAN

**Jumlah Pulangan Pemegang Saham
Berbanding KLCI 1999-2006**



Nota: Jumlah pulangan pemegang saham adalah berdasarkan kepada pergerakan harga saham dan dividen kasar atau dividen yang dilabur semula

Kumpulan terus berusaha untuk memperincikan strategi jangka panjang agar dapat mengekal dan mengukuhkan kedudukan sebagai peneraju utama dalam industri tembakau tempatan. Imperatif yang jelas dan strategik bagi mencapai kejayaan telah dikenal pasti dan pelaburan telah dibuat bagi peningkatan, produktiviti, tanggungjawab dan kepimpinan untuk merealisasikan imperatif strategik ini. Imperatif dan rangka kerja pengurusan risiko yang komprehensif memainkan peranan penting bagi mencapai pertumbuhan keuntungan jangka masa panjang yang berkekalan dan memaksimumkan nilai pulangan jangka masa panjang pemegang saham.

OPERASI PERBENDAHARAAN DAN STRUKTUR MODAL YANG CEKAP

Fungsi Perbendaharaan yang utama ialah tanggungjawab mengurus risiko kewangan melalui pengurusan proaktif aliran tunai, kadar faedah dan pendedahan mata wang. Bagi tahun 2006 tiada keperluan untuk Kertas Komersil; hasil keberkesanan pengurusan modal kerja dan aliran tunai.

Pada Jun 2006, Agensi Penarafan Malaysia (Rating Agency Malaysia) telah menyarankan semula penarafan AAA Kumpulan bagi bon-bon sedia ada dan penarafan jangka pendek dan panjang P1 dan AAA masing-masing untuk Kertas Komersil/Nota Jangka Sederhana (CPs/MTNs). Pada masa ini Kumpulan sedang mengkaji semula pilihan bagi pembayaran balik bon-bon yang akan matang pada November 2007 dan pada masa sama memastikan struktur modal dioptimumkan serta memaksimumkan nilai pemegang saham.

BERPEGANG TEGUH PADA KOMITMEN MEMAKSIMUMKAN NILAI JANGKA PANJANG PEMEGANG SAHAM

Setelah melalui tahun 2005 yang mencabar, Kumpulan muncul lebih teguh dan berjaya memberi pulangan keuntungan yang mengagumkan bagi 2006. Mengekalkan momentum peningkatan yang berterusan adalah mencabar terutama dalam keadaan yang dibebani desakan isu-isu perdagangan tidak sah dan pertumbuhan pesat ELPC. Walau bagaimanapun, Kumpulan akan terus fokus dalam usaha menangani cabaran yang mendatang serta akan kekal dalam keteguhan komitmen bagi melindungi serta mempertingkatkan kedudukan sebagai peneraju utama dan untuk memaksimumkan nilai jangka panjang pemegang saham.

Robert James Clark
Pengarah Kewangan

Sorotan Kewangan Lima Tahun

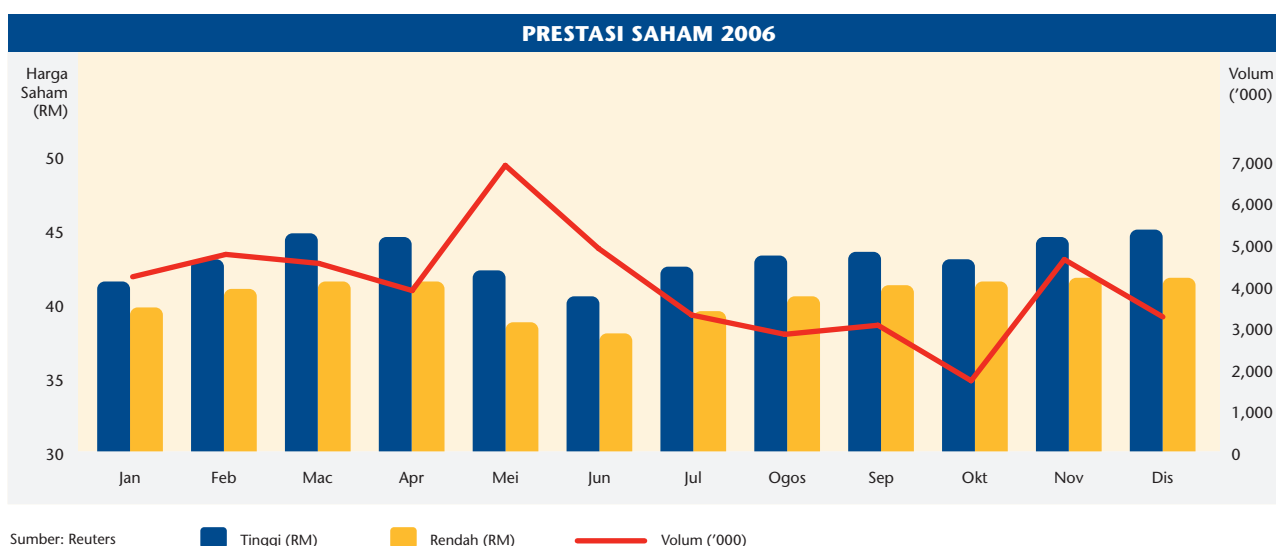
	Tahun kewangan dari 1.1.06 hingga 31.12.06 RM'000	Tahun kewangan dari 1.1.05 hingga 31.12.05* RM'000	Tahun kewangan dari 1.1.04 hingga 31.12.04* RM'000	Tahun kewangan dari 1.1.03 hingga 31.12.03* RM'000	Tahun kewangan dari 1.1.02 hingga 31.12.02* RM'000
Hasil	3,612,482	3,564,215	3,263,725	3,199,734	3,072,952
Keuntungan daripada operasi	1,049,414	881,440	1,138,262	1,101,821	974,597
Kos kewangan	(47,467)	(48,471)	(55,447)	(56,850)	(56,850)
Bahagian keputusan daripada syarikat bersekutu	-	-	-	1,654	2,591
Keuntungan sebelum cukai	1,001,947	832,969	1,082,815	1,046,625	920,338
Keuntungan bagi tahun kewangan	719,678	592,802	782,084	758,154	662,877
Dividen bersih tahunan	662,715	555,070	709,257	684,586	616,744
Dividen bersih khas	62,531	158,983	-	200,442	-
Modal saham	142,765	142,765	142,765	142,765	142,765
Dana pemegang saham	551,824	618,029	641,849	564,678	656,478
Harta tanah, loji dan peralatan	501,288	540,545	544,186	542,353	499,554
Harta tanah pelaburan	20,010	44,771	45,660	53,384	56,075
Cap dagang	-	-	2,067	2,067	2,067
Perisian komputer	14,100	616	-	-	-
Muhibah	411,618	411,618	433,474	455,330	477,186
Syarikat bersekutu & pelaburan tidak tercatat	-	-	-	-	25,357
Aset cukai tertunda	4,020	3,300	1,713	2,552	4,776
Aset semasa	669,175	718,142	720,367	679,862	703,779
Jumlah aset	1,620,211	1,718,992	1,747,467	1,735,548	1,768,794
Tanggungan bukan semasa	310,690	755,086	760,392	499,749	792,619
Tanggungan semasa	757,697	345,877	345,226	671,121	319,697
Jumlah tanggungan	1,068,387	1,100,963	1,105,618	1,170,870	1,112,316
Perolehan bersih sesaham (sen)	252.0	207.6	273.9	265.5	232.2
Dividen bersih sesaham (sen)	254.0	250.1	248.4	310.0	216.0
Pulangan bersih atas dana pemegang saham (%)	130.4	95.9	121.8	134.3	101.0
Sokongan aset ketara bersih sesaham (RM)	0.44	0.72	0.72	0.38	0.62
Bilangan pekerja	1,044	1,040	1,066	1,209	1,237

* Angka-angka perbandingan tertentu telah diklasifikasikan semula menurut pembentangan tahun semasa, dan kesan akibat perubahan tersebut ada diperincikan di dalam Ringkasan Dasar-Dasar Perakaunan Penting.

Kalendar Kewangan & Prestasi Saham

Keputusan Suku Pertama	27 April 2006
Pembayaran Dividen Akhir Tahun 2005	19 Mei 2006
Keputusan Suku Kedua	13 Julai 2006
Pembayaran Dividen Interim Tahun 2006	21 September 2006
Keputusan Suku Ketiga	20 Oktober 2006
Tahun Kewangan Berakhir	31 Disember 2006
Pengumuman Keputusan Tahun Kewangan	15 Februari 2007
Penerbitan Laporan Tahunan 2006	28 Mac 2007
Mesyuarat Agung Tahunan Keempat Puluh Enam	19 April 2007
Cadangan Tarikh Pembayaran Dividen Akhir dan Akhir Khas Tahun 2006	18 Mei 2007

	JAN	FEB	MAC	APR	MEI	JUN	JUL	OGOS	SEP	OKT	NOV	DIS
Tinggi (RM)	41.50	43.00	44.75	44.50	42.25	40.50	42.50	43.25	43.50	43.00	44.50	45.00
Rendah (RM)	39.75	41.00	41.50	41.50	38.75	38.00	39.50	40.50	41.25	41.50	41.75	41.75
Volum ('000)	4,211	4,749	4,532	3,880	6,888	4,893	3,292	2,828	3,046	1,713	4,626	3,308



Kepimpinan

Kepimpinan secara kuantitatif serta kualitatif sentiasa bergandingan tangan – Mencapai kedudukan peneraju volum adalah sama pentingnya bagi kami berbanding dengan usaha kami sebagai sebuah syarikat yang bertanggungjawab dengan perniagaan yang berterusan, tenaga kerja cemerlang dan produk yang unggul.

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Profil Korporat

British American Tobacco Malaysia adalah hasil gabungan perniagaan tembakau Rothmans of Pall Mall (Malaysia) Berhad dan Malaysian Tobacco Company Berhad pada 3 November 1999. Gabungan ini telah mengumpulkan bakat, pengalaman dan portfolio jenama antarabangsa yang tiada tandingan dan amat berjaya bagi mewujudkan syarikat tembakau terbesar di negara ini.

Hari ini, kami adalah peneraju ulung pasaran industri rokok Malaysia, dengan penguasaan lebih daripada 60% bahagian pasaran, menempatkan kami di antara 15 syarikat teratas di Bursa Malaysia Securities Berhad dari segi permodalan pasaran.

British American Tobacco Malaysia mengilang dan memasarkan produk tembakau yang bermutu tinggi bagi memenuhi pelbagai cita rasa pengguna. Portfolio kami terdiri daripada jenama-jenama antarabangsa yang unggul seperti Dunhill, Kent, Pall Mall, Peter Stuyvesant, Benson & Hedges dan Perilly's.

Kami mempunyai gabungan sejarah melebihi 90 tahun di Malaysia bermula sejak 1912. Kekayaan pengalaman ini berserta dengan teknologi terkini, penggunaan sistem dan proses yang cekap di semua aspek aktiviti perniagaan, telah memampatkan kebolehan kami mengharungi cabaran masa hadapan.

Pada masa ini, kami mempunyai kira-kira 1,100 orang pekerja yang terlibat secara langsung dalam spektrum penuh industri tembakau, bermula dengan pembelian dan pemprosesan daun tembakau hingga ke proses pengilangan, pemasaran dan pengedaran. Rangkaian pengedaran kami yang komprehensif merentasi seluruh negara bagi memastikan jenama-jenama kami boleh didapati di seluruh Malaysia.

Sasaran kami adalah untuk kekal menerajui industri ini dengan meningkatkan penguasaan pasaran perniagaan tembakau dan memenuhi permintaan pengguna dengan lebih baik dan lebih menguntungkan berbanding pesaing-pesaing kami. Untuk mencapai matlamat tersebut, kami pastikan ia dipasarkan dengan bertanggungjawab dan peka terhadap persekitaran. Bagi kami, penerajuan bukan sahaja dari aspek penguasaan pasaran, ia juga haruslah mengenai kepimpinan yang berkualiti – baik dari pandangan mata kami, dan juga dari pandangan pihak berkepentingan. Meskipun industri tembakau dianggap kontroversial oleh sesetengah pihak, ia juga merupakan industri penting yang mempunyai peranan untuk menyumbang kepada pertumbuhan dan pembangunan masyarakat setempat di mana ia beroperasi. Kami komited untuk memenuhi peranan tersebut.

www.batmalaysia.com

Maklumat Korporat

LEMBAGA PENGARAH

Tan Sri Abu Talib bin Othman

PMN, PSM, SIMP, SSSA, DGSM, DPMS,
DMPN, DCSM, JSM, KMN, PPT
Pengarah Bukan Eksekutif Bebas
(Pengerusi)

Bartholomeus Franciscus

Theodorus Alkemade

Pengarah Eksekutif Bukan Bebas
(Pengarah Urusan)
(Dilantik sebagai Pengarah pada 1 Mac 2006)
(Dilantik sebagai Pengarah Urusan pada
5 April 2006)

Andrew MacLachlan Gray

Pengarah Eksekutif Bukan Bebas
(Meletak jawatan pada 28 Februari 2006)

Tan Sri Kamarul Ariffin

bin Mohamed Yassin

PSM
Pengarah Bukan Eksekutif Bebas

Datuk Oh Chong Peng

PJN, JSM
Pengarah Bukan Eksekutif Bebas

James Richard Suttie

Pengarah Bukan Eksekutif Bukan Bebas
(Dilantik semula pada 20 Mac 2006)

Robert James Clark

Pengarah Eksekutif Bukan Bebas

Dato' Chan Choon Ngai

DSNS
Pengarah Eksekutif Bukan Bebas

SETIAUSAHA

Lee Oi Kuan (LS 06859)
(Berhenti pada 31 Disember 2006)

Ng Pei Ling (LS 09111)
(Dilantik pada 1 Januari 2007)

PEJABAT BERDAFTAR

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(No. Syarikat 118401-V)
Tingkat 20, Plaza Permata,
Jalan Kampar, Off Jalan Tun Razak,
50400 Kuala Lumpur.
Tel: 03-4041 2188
Faks: 03-4043 9233

JURUAUDIT

PricewaterhouseCoopers (AF 1146)
Tingkat 11, Wisma Sime Darby
Jalan Raja Laut
50706 Kuala Lumpur

BANK-BANK UTAMA

Citibank Berhad
(No. Syarikat 297089-M)
HSBC Bank Malaysia Berhad
(No. Syarikat 127776-A)
Malayan Banking Berhad
(No. Syarikat 3813-K)

PENYENARAIAH BURSA SAHAM

Papan Utama Bursa Malaysia
Securities Berhad
(No. Syarikat 635998-W)

Profil Lembaga Pengarah

TAN SRI ABU TALIB BIN OTHMAN

PMN, PSM, SIMP, SSSA, DGSM, DPMS, DMPN, DCSM, JSM, KMN, PPT

(Pengarah Bukan Eksekutif Bebas)

Pengerusi

Warganegara Malaysia, 68 tahun

Tan Sri Abu Talib bin Othman telah dilantik Pengerusi Syarikat yang dahulu dikenali sebagai Rothmans of Pall Mall (Malaysia) Berhad pada 1994, dan kini British American Tobacco (Malaysia) Berhad. Beliau adalah seorang peguam lulusan Lincoln's Inn, United Kingdom. Tan Sri Abu Talib mempunyai pengalaman bekerja lebih daripada 41 tahun yang mana 31 tahun daripadanya dalam Perkhidmatan Kehakiman dan Perundangan Malaysia. Beliau adalah bekas Ketua Peguam Negara Malaysia dari 1980 sehingga persaraannya pada Oktober 1993.

Tan Sri Abu Talib kini adalah Pengarah kepada beberapa syarikat awam dan swasta seperti IGB Corporation Berhad, Sime Darby Berhad, CYL Corporation Berhad, MUI Continental Insurance Berhad, Alliance Unit Trust Management Berhad, Alliance Capital Asset Management Sdn Bhd, Gleneagles Hospital (KL) Sdn Bhd dan Oncology Centre (KL) Sdn Bhd.

Beliau adalah Pengerusi Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Penamaan bagi Syarikat.

Tan Sri Abu Talib bin Othman telah menghadiri kesemua 6 mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

BARTHOLOMEUS FRANCISCUS THEODORUS ALKEMADE

(Pengarah Eksekutif Bukan Bebas)

Pengarah Urusan

Warganegara Belanda, 42 tahun

Encik Bart Alkemade telah dilantik sebagai Pengarah Urusan British American

Tobacco (Malaysia) Berhad pada 5 April 2006. Beliau mula menyertai Kumpulan British American Tobacco pada tahun 1997 sebagai Pengurus Besar di Suriname. Pada 1999, beliau dilantik sebagai Ketua Bahagian Pemasaran bagi Kawasan Afrika Timur yang baru ditubuhkan pada masa itu berikutan penggabungan British American Tobacco dan Rothmans International, dan pada 2002 sebagai Pengarah Jenama Global Dunhill di United Kingdom. Sebelum pelantikan beliau di Malaysia, Encik Alkemade adalah Pengarah Kawasan Timur Utara meliputi Taiwan, Hong Kong dan Macau. Beliau juga adalah Pengerusi British American Tobacco di Hong Kong, Pengerusi Institut Tembakau di Taiwan dan Pengerusi Persatuan Tembakau di Hong Kong. Encik Alkemade memegang ijazah ekonomi dari Universiti Erasmus di Rotterdam dan ijazah sarjana dari College of Europe. Beliau pernah bekerja untuk Procter & Gamble selama 8 tahun dalam pelbagai fungsi Pemasaran Jenama dan Dagangan.

Sejak pelantikannya ke Lembaga Pengarah British American Tobacco (Malaysia) Berhad, Encik Bart Alkemade menghadiri 4 Mesyuarat Lembaga yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini. Beliau adalah ahli Jawatankuasa Ganjaran bagi Syarikat.

TAN SRI KAMARUL ARIFFIN BIN MOHAMED YASSIN

PSM

(Pengarah Bukan Eksekutif Bebas)

Warganegara Malaysia, 72 tahun

Tan Sri Kamarul Ariffin bin Mohamed Yassin dilantik sebagai Pengarah Bukan Eksekutif Syarikat yang dahulu dikenali sebagai Rothmans of Pall Mall (Malaysia) Berhad pada Disember 1979, dan kini British American Tobacco (Malaysia) Berhad. Beliau adalah seorang peguam

lulusan Lincoln's Inn, United Kingdom dan mengamalkan guaman selama lebih 15 tahun. Tan Sri Kamarul adalah bekas Senator dan pernah memegang pelbagai jawatan di beberapa organisasi seperti Pengerusi Eksekutif Bank Bumiputra Malaysia Berhad, Utusan Melayu (Malaysia) Berhad, Pengerusi Majlis Perbankan ASEAN dan Presiden Dewan Perniagaan dan Industri Kebangsaan serta Pengerusi Dewan Bahasa dan Pustaka. Pada masa ini Tan Sri Kamarul Ariffin adalah Pengerusi Dutch Lady Milk Industries Berhad. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Ganjaran bagi Syarikat.

Tan Sri Kamarul Ariffin bin Mohamed Yassin telah menghadiri kesemua 5 Mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

DATUK OH CHONG PENG

PJN, JSM

(Pengarah Bukan Eksekutif Bebas)

Warganegara Malaysia, 62 tahun

Datuk Oh Chong Peng dilantik sebagai Pengarah Bukan Eksekutif Syarikat yang dahulu dikenali sebagai Rothmans of Pall Mall (Malaysia) Berhad pada Januari 1998, dan kini British American Tobacco (Malaysia) Berhad. Beliau menjalani latihan perakaunan di London dan berkecualan sebagai Akauntan Berkanun pada tahun 1969. Beliau juga adalah Fellow dari Institut Akauntan Berkanun di England dan Wales. Datuk Oh menyertai Coopers & Lybrand di London pada 1969 dan di Malaysia pada 1971. Beliau merupakan rakan kongsi Coopers & Lybrand Malaysia dari tahun 1974 sehingga persaraannya pada tahun 1997.

Datuk Oh kini adalah Pengerusi Land & General Berhad dan Malaysian Plantations Berhad. Beliau juga adalah

Pengarah Bukan Eksekutif bagi beberapa syarikat awam seperti, Star Publications (Malaysia) Berhad, IJM Corporation Berhad dan IJM Plantations Berhad.

Beliau juga merupakan ahli lantikan Kerajaan bagi Lembaga Perkhidmatan Kewangan Luar Pesisir Labuan (LOFSA), Pemegang Amanah bagi Yayasan Pendidikan Huaren dan Yayasan Pendidikan UTAR.

Jawatan beliau yang terdahulu termasuk menjadi ahli lantikan Kerajaan Bursa Saham Kuala Lumpur (1990 - 1996), ahli Majlis (1981 - 2002) dan bekas Presiden (1994 - 1996) Malaysian Institute of Certified Public Accountants (MICPA), pengarah kumpulan syarikat Rashid Hussain Berhad (1998 - 2003), Renong Berhad (2001 - 2003), Powertek Berhad (1997 - 2003) dan Nanyang Press Holdings Berhad (2001 - 2005).

Datuk Oh Chong Peng merupakan ahli Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Penamaan bagi Syarikat. Datuk Oh Chong Peng telah menghadiri kesemua 6 Mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

JAMES RICHARD SUTTIE

(Pengarah Bukan Eksekutif Bukan Bebas)
Warganegara Britain, 60 tahun

Encik James Richard Suttie telah dilantik sebagai Pengarah British American Tobacco (Malaysia) Berhad pada Mei 2002. Beliau adalah ahli Institute of Chartered Accountants of Scotland dan Ahli Bersekutu Chartered Institute of Taxation. Beliau menyertai Rothmans International p.l.c. sebagai Akauntan/Pengurus Komersial pada 1972 dan dilantik sebagai Pengarah Kewangan Carreras Jamaica Ltd pada 1982, Rothmans International Eropah pada 1984 dan Rothmans of Pall Mall

(Malaysia) Berhad pada 1992. Pada 1997, beliau dilantik sebagai Pengawal Kewangan Serantau untuk Rothmans International di Asia. Pada 1999 beliau dilantik sebagai Pengawal Kewangan Serantau, Afrika dan pada 2002 sebagai Pengawal Kewangan Serantau, Asia Pasifik British American Tobacco p.l.c sehingga persaraannya daripada British American Tobacco p.l.c pada 31 Disember 2006. Beliau juga adalah ahli Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Penamaan bagi Syarikat.

Encik James Richard Suttie telah dilantik semula sebagai pengarah di dalam Lembaga Pengarah Syarikat pada 20 Mac 2006 dan semenjak pelantikan semula, beliau telah menghadiri 3 Mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

ROBERT JAMES CLARK

(Pengarah Eksekutif Bukan Bebas)
Pengarah Kewangan
Warganegara Britain, 39 tahun

Encik Robert James Clark telah dilantik sebagai Pengarah British American Tobacco (Malaysia) Berhad pada Oktober 2004. Beliau memiliki MA dalam bidang Matematik dari Universiti Cambridge dan beliau juga adalah Akauntan Berkanun di England dan Wales. Encik Robert James Clark telah menyertai Kumpulan British American Tobacco sebagai Juruaudit Antarabangsa pada Julai 1993. Semasa memegang jawatan Juruaudit Antarabangsa, beliau telah berkhidmat di syarikat-syarikat yang beroperasi di Eropah, Asia dan Afrika termasuk Hong Kong, China, Indonesia dan Sri Lanka. Beliau menjadi Pengarah Kewangan yang pertama untuk syarikat usahasama British American Tobacco yang ditubuhkan di Kemboja pada tahun 1996 sebelum berpindah ke British American Tobacco Jerman sebagai Ketua Pemasaran

Kewangan pada tahun 1998. Pada tahun 2000, beliau dilantik sebagai Pengarah Kewangan British American Tobacco Switzerland SA berikutan penggabungan British American Tobacco dan subsidiari-subsidiari Rothmans di Switzerland.

Sebelum pelantikan beliau sebagai Pengarah Kewangan di British American Tobacco (Malaysia) Berhad, Encik Robert James Clark adalah Pengarah Kewangan Kawasan, Kawasan Timur Selatan Jauh merangkumi kesemua pasaran ASEAN kecuali Malaysia dan Brunei.

Encik Robert James Clark telah menghadiri kesemua 6 Mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

DATO' CHAN CHOON NGAI

DSNS
(Pengarah Eksekutif Bukan Bebas)
Pengarah Operasi
Warganegara Malaysia, 51 tahun

Dato' Chan Choon Ngai dilantik sebagai Pengarah Syarikat yang dahulu dikenali sebagai Rothmans of Pall Mall (Malaysia) Berhad pada Oktober 1995, dan kini British American Tobacco (Malaysia) Berhad. Beliau adalah graduan Ijazah Sarjana Muda Kejuruteraan Mekanikal dari Universiti Birmingham, United Kingdom. Beliau menyertai Rothmans of Pall Mall (Malaysia) Berhad pada tahun 1979 dan pernah memegang pelbagai jawatan penting di bahagian pengeluaran termasuk Pengarah Pengeluaran dan Pengurus Kilang. Berkuatkuasa Julai 2000, Dato' Chan dilantik sebagai Pengarah Operasi British American Tobacco (Malaysia) Berhad. Beliau pernah menjadi Pengarah Tien Wah Press Holdings Berhad dari Mei 1997 hingga Jun 2003.

Dato' Chan Choon Ngai telah menghadiri kesemua 6 mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berakhir 31 Disember 2006 ini.

Profil Kumpulan Pengurusan Kanan

*Bartholomeus Franciscus Theodorus Alkemade

Pengarah Urusan

*Robert James Clark

Pengarah Kewangan

*Dato' Chan Choon Ngai

Pengarah Operasi

Ricardo Cesar de Almeida Oberlander

Pengarah Pemasaran

Allen Lim

Pengarah Pembangunan Perniagaan Strategik

Sigrid Erdmann

Pengarah Sumber Manusia

Christine Lee Oi Kuan

Pengarah Hal Ehwal Korporat dan Perundangan

Zainal Arifin Khalid

Pengarah Teknologi Maklumat

* Profil lanjut di muka surat 164 dan 165.

Ricardo Cesar de Almeida Oberlander

Pengarah Pemasaran

Warganegara Brazil, 43 tahun

Encik Ricardo Cesar de Almeida Oberlander dilantik sebagai Pengarah Pemasaran British American Tobacco (Malaysia) Berhad pada Januari 2004. Beliau memegang ijazah Statistik dan Sarjana dalam Pentadbiran Perniagaan. Beliau menyertai Souza Cruz, subsidiari British American Tobacco di Brazil pada tahun 1989 sebagai Pengurus Projek Penyelidikan Pasaran sebelum berpindah ke British American Tobacco Co. pada tahun 1991 di United Kingdom. Beliau telah menjawat pelbagai jawatan pemasaran di Souza Cruz daripada tahun 1994 hingga tahun 2000. Jawatan terakhir beliau adalah Pengurus Pemasaran Jenama, Segmen Premium dan Antarabangsa sebelum menyertai syarikat telekomunikasi terbesar di Brazil sebagai Pengarah Perniagaan sehingga tahun 2002. Sebelum pelantikan jawatan sekarang, Encik Ricardo Oberlander merupakan Ketua Wawasan Pemasaran & Pembangunan di British American Tobacco Amerika Latin dan Caribbean.

Allen Lim

Pengarah Pembangunan Perniagaan

Warganegara Malaysia, 50 tahun

Encik Allen Lim menyertai sebagai Akauntan Komersil Rothmans of Pall Mall (Malaysia) Berhad pada tahun 1990 yang kini dikenali sebagai British American Tobacco (Malaysia) Berhad. Beliau memegang ijazah Perdagangan dari Universiti Melbourne dan Sarjana dalam Pentadbiran Perniagaan dari Universiti Monash di Australia. Beliau berkhidmat di pelbagai jawatan yang merangkumi kedua-dua fungsi Teknologi Maklumat dan Kewangan. Berikutan pengumuman mengenai penggabungan Rothmans of Pall Mall dan Malaysian Tobacco Company pada tahun 1999, Encik Allen Lim telah dilantik sebagai Pengurus Integrasi. Kemudian beliau menjawat

jawatan Pengurus Kewangan Korporat selama 2 tahun sebelum menjadi Ketua Kewangan Pemasaran Jenama pada tahun 2004 dan seterusnya sebagai Ketua Kewangan Pemasaran pada tahun 2005. Pada April 2006, Encik Allen Lim menjawat jawatan Ketua Pembangunan Perniagaan Strategik dan pada September 2006 beliau dilantik sebagai Pengarah Pembangunan Perniagaan.

Sigrid Erdmann

Pengarah Sumber Manusia

Warganegara Jerman, 44 tahun

Cik Sigrid Erdmann telah dilantik sebagai Pengarah Sumber Manusia, British American Tobacco (Malaysia) Berhad pada April 2005. Beliau memegang Ijazah Psikologi dari Ruhr-Universitaet, Bochum, Jerman. Cik Erdmann menyertai kumpulan British American Tobacco pada tahun 1988 sebagai Pengurus Sumber Manusia dan telah berkhidmat dengan British American Tobacco sejak 19 tahun lalu. Beliau menjawat Ketua Sumber Manusia untuk pelbagai fungsi sepanjang kerjayanya di Jerman sebelum menyertai Ibu Pejabat Global British American Tobacco sebagai Ketua Perancangan & Latihan/Pembangunan Pekerja, Bahagian Korporat dan Hal Ehwal Perundangan pada tahun 2001. Sebelum jawatannya kini, Cik Sigrid Erdmann merupakan Pengarah Sumber Manusia di British American Tobacco Hungary.

Christine Lee Oi Kuan

Pengarah Hal Ehwal Korporat dan Perundangan

Warganegara Malaysia, 48 tahun

Cik Christine Lee menyertai British American Tobacco (Malaysia) Berhad pada Ogos 2001 sebagai Ketua Perkhidmatan Perundangan dan Kesetiausahaan. Beliau memegang Ijazah Perundangan dari Universiti Malaya. Cik Christine Lee memulakan kerjaya perundangannya dengan Jabatan Peguam Negara pada tahun 1983 dan telah berkhidmat di Bahagian Pendakwaan dan Penasihat dan Bahagian Perundangan Antarabangsa

di Jabatan Peguam Negara sebelum menyertai sektor swasta sebagai pengurus perundangan dan setiausaha syarikat di dua buah syarikat tersenarai awam, Hong Leong Industries Berhad dan Malaysia Pacific Industries Berhad. Cik Christine Lee telah dilantik ke Kumpulan Pengurusan Kanan British American Tobacco (Malaysia) Berhad pada 1 Januari 2006. Pada 1 September 2006, Cik Christine Lee dilantik sebagai Pengarah Hal Ehwal Korporat dan Perundangan British American Tobacco (Malaysia) Berhad.

Zainal Arifin Khalid

Pengarah Teknologi Maklumat

Warganegara Malaysia, 48 tahun

Encik Zainal Arifin Khalid telah dilantik sebagai Pengarah Teknologi Maklumat British American Tobacco (Malaysia) Berhad pada Januari 2001. Beliau memegang sarjana Master of Science dari University Kentucky USA. Beliau menyertai Malaysian Tobacco Company Berhad pada 1983, dan pernah berkhidmat di kedua-dua Jabatan Teknologi Maklumat dan Pemasaran sebelum menyertai Nestle (Malaysia) Berhad pada tahun 1990. Pada tahun 1991 beliau menyertai semula British American Tobacco (Malaysia) Berhad sebagai Pengurus Perkhidmatan Pengurusan. Pada tahun 1996, Encik Zainal Arifin menyandang jawatan Ketua IT ASEAN yang menyediakan perkhidmatan perkongsian Teknologi Maklumat kepada semua pasaran British American Tobacco di rantau ASEAN. Pada masa itu, Encik Zainal Arifin memulakan British American Tobacco Asia Pacific Data Centre di Malaysia yang menjadi salah satu daripada 3 pusat perkhidmatan perkongsian global IT untuk British American Tobacco Group dibawah Group Services Delivery. Lewat tahun 1998, beliau dipindahkan ke Thailand sebagai Pengurus Negara untuk British American Tobacco (U.K. & Export) Ltd. sehingga Oktober 2000 apabila beliau kembali ke Malaysia.

Pertumbuhan

Pertumbuhan penguasaan volum serta nilai akan terus didorong oleh fokus kami terhadap pengukuhan jenama-jenama unggul dan model pemasaran dagangan & pengedaran.

168 Jenama Unggul Memberi Kesan

170 Merevolusikan Pemasaran
Dagangan Dan Pengedaran

Pertumbuhan

Jenama Unggul Memberi Kesan

2006 merupakan satu lagi tahun yang memberangsangkan. Jenama-jenama unggul kami Dunhill, Pall Mall dan Kent kekal menerajui serta mengukuhkan lagi kedudukan kami sebagai peneraju pasaran rokok di Malaysia. Prestasi hebat ini adalah hasil sinergi di antara strategi yang kukuh dan inisiatif pembangunan jenama yang konsisten.

DUNHILL

DUNHILL: PERTUMBUHAN PENGUSAHAAN PASARAN TERTINGGI DALAM 4 TAHUN

Tahun berakhir dengan kecemerlangan Dunhill. Dengan menguasai 39.5% pasaran, ia mencatatkan penguasaan tumbuhan tertinggi selama 4 tahun. Penguasaan Dunhill dalam segmen premium turut meningkat kepada 57.8%, pencapaian tertinggi dalam sejarah jenama tersebut.

HOUSE OF DUNHILL:

NILAI JENAMA YANG TIADA BANDINGAN

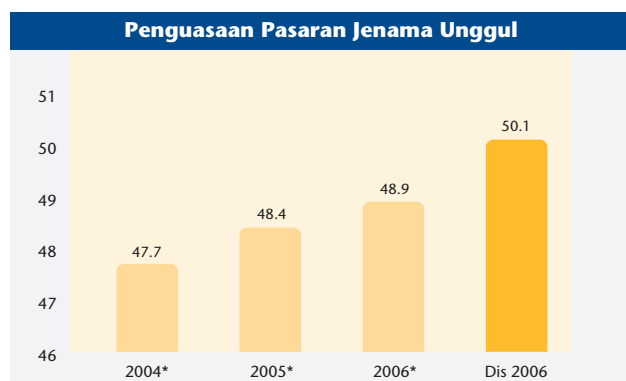
Dunhill mengekalkan prestasi kukuh dan kejayaan di Malaysia dengan memfokuskan 3 teras utama:

- **Tenaga Kerja** - para profesional yang pakar dan berdedikasi di sebalik jenama
- **Kualiti** - Usaha gigih yang tiada kompromi untuk menghasilkan yang terbaik
- **Warisan** - warisan tembakau yang bermutu berasal dari London

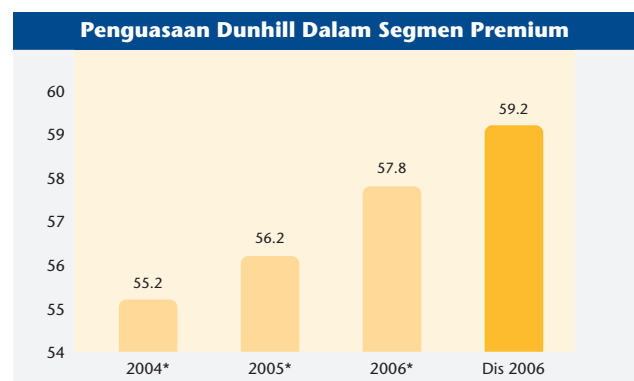
Teras utama ini mencerminkan produk-produk yang ditawarkan di bawah House of DUNHILL yang terdiri daripada Cerut Signed Range, Top Leaf, Fine Cut, D360 dan rokok-rokok King Size. Komitmen menawarkan pelbagai produk berkualiti unggul bagi kategori jenama rokok premium ditonjolkan melalui seruan kata Dunhill, "Pakar Kesempurnaan Dalam Tembakau".

SOROTAN 2006 DUNHILL:

- **Siri Dunhill Signature** – Sempena pelancaran Lights dan Menthol pek 14, Siri Pek Edisi Terhad Dunhill Signature telah dikeluarkan secara khas dan berada di pasaran dalam tempoh terhad.
- **Dunhill D360** – Dunhill D360 adalah produk baru yang menggantikan Dunhill Button dan dikekalkan sebagai produk tambahan dalam rangkaianannya. Dunhill D360 membawa Dunhill ke peringkat lebih tinggi melalui kisaran adunan 100% tembakau yang diimport sepenuhnya.



Sumber: ACNielsen, Audit Runcit * Purata



Sumber: ACNielsen, Audit Runcit * Purata

DUNHILL MENYAMBUT ULANG TAHUN GLOBALNYA KE-100

Tahun 2007 merupakan ulang tahun ke-100 Dunhill di seluruh dunia. Bagi memperingati sambutan ini, kami akan melancarkan pek-pek edisi terhad Dunhill dan Dunhill Fine Cut. Dengan Fine Cut, daun-daun tembakau premium dipotong 46 potongan setiap inci (hampir dua kali ganda halus berbanding produk-produk tembakau lain), meningkatkan lagi kekompleksan dan kelembutan produk. Kami percaya rangkaian Fine Cut akan mengukuhkan lagi ekuiti jenama serta kedudukan Dunhill di pasaran.

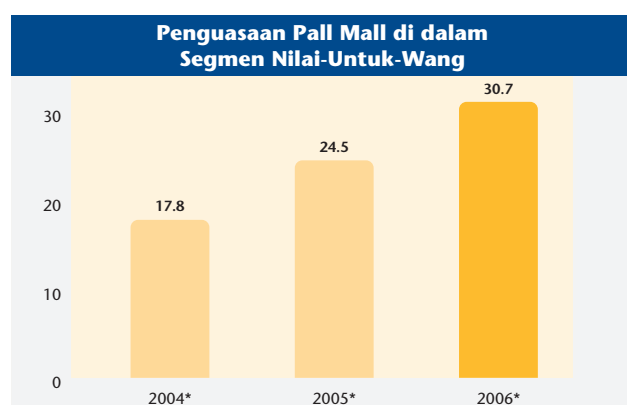
PALL MALL

SEMAKIN HAMPIR MENERAJUI NILAI UNTUK WANG

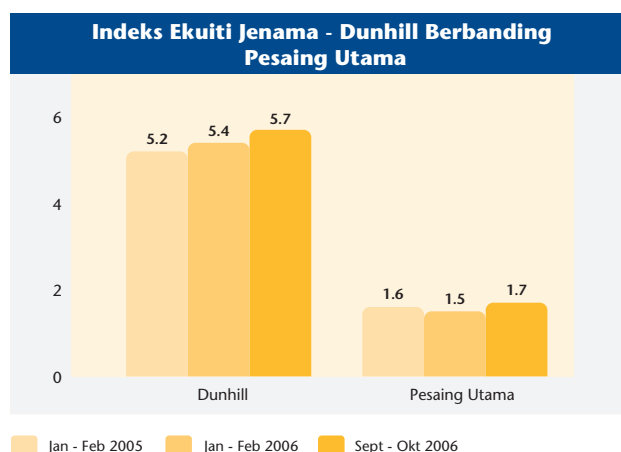
2006 menunjukkan jenama ini mengembangkan penguasaan pasarannya sehingga akhir tahun dengan 7.9% penguasaan pasaran – hanya 0.5% mata penguasaan untuk mencapai kedudukan peneraju segmen nilai-untuk-wang (VFM). Dari segi penguasaan dalam segmen VFM, Pall Mall telah mengatasi pesaing-pesaing utamanya dengan mencatatkan peningkatan sebanyak 5.8 mata untuk mengakhiri 2006 dengan menguasai 30.7% segmen tersebut.

Jenama ini juga:

- kekal sebagai peneraju bagi kategori VFM Lights dan Menthol
- menjadi peneraju VFM dalam saluran perhotelan, restoran dan kafe buat pertama kali
- meningkatkan imej jenama serta merapatkan jurang indeks ekuiti jenama dibanding pesaing utama.



Sumber: Audit Runcit * Purata



Indeks Ekuiti Jenama: Ukuran Ekuiti Rokok Jenama Utama di dalam Pasaran, ukuran oleh ACNielsen

SOROTAN 2006 PALL MALL:

- **Pek Global Baru**
 - Pembaharuan bungkusan Pall Mall Penuh Perisa, Lights dan Menthol (pek 20 dan pek 14). Pek metalik berbucu bulat memperlihatkan Pall Mall yang lebih moden dan bergaya.
- **Pek Edisi Terhad "Kisah Produk" Pall Mall**
 - Dua set Pek Edisi Terhad telah dilancarkan untuk memperkenalkan tembakau Virginia flue-cured berkualiti tinggi, berwarna subur untuk perisa lebih hebat.
- **Pall Mall pek 25 dan pek 23**
 - Pall Mall telah melancarkan pek 25 dan pek 23 untuk memberi perokok lebih pilihan.
- **Siri Edisi Terhad "Kehidupan Bandar" Pall Mall**
 - Pek Edisi Terhad Pall Mall pek 20 (Full Flavour, Lights dan Menthol) untuk mengukuhkan kedudukan jenama Pall Mall "Imaginasi dalam Tembakau" bagi meningkatkan ekuiti jenama.

KENT

Kent kekal menjadi pilihan masyarakat dewasa bandar terutamanya di Lembah Klang, dan inisiatif pembangunan jenama akan terus membantu meningkatkan imej moden dan inovatif jenama ini.

JENAMA LAIN BRITISH AMERICAN TOBACCO MALAYSIA

Portfolio jenama British American Tobacco Malaysia juga termasuk Benson & Hedges, Peter Stuyvesant, Rothmans International, Lucky Strike, Perilly's, Virginia Gold, White Horse Yellow, Matterhorn dan John Player Gold Leaf.

PERTUMBUHAN

Merevolusikan Pemasaran Dagangan Dan Pengeedaran

Program Kecemerlangan Pemasaran Dagangan dan Pengeedaran (TMDX) telah dimulakan bagi melaksanakan strategi laluan-ke-pasaran baru serta mempertingkatkan kerja pemasaran dagangan.

Pelaksanaan tersebut telah menyaksikan penyediaan infrastruktur, peningkatan proses, latihan bagi pekerja kami serta menaiktarafkan teknologi maklumat.

INFRASTRUKTUR:

PUSAT KECEMERLANGAN PEMASARAN DAGANGAN DAN PENGEEDARAN (COE) DI MALAYSIA

CoE merupakan yang pertama seumpamanya bagi British American Tobacco Asia Pasifik. Ia menerapkan amalan terbaik di dalam pemasaran dagangan dan pengeedaran serta kemudahan latihan terkini, termasuk pusat simulasi peruncitan.

Dengan kejayaan tersebut, British American Tobacco Malaysia memainkan peranan penting dalam pemindahan keupayaan pemasaran dagangan dan pengeedaran kepada tenaga kerja serantau. Pejabat British American Tobacco di rantau Eropah Timur kini sedang merangka CoE mereka sendiri daripada apa yang dipelajari dari Malaysia.

PROSES:

PENGEEDARAN JUALAN LANGSUNG

Pengeedaran Jualan Langsung (DSD) yang kedua telah dimulakan pada 2006 di Lembah Klang bagi meningkatkan taraf pengeedaran. DSD milik penuh British American Tobacco Malaysia, menyasarkan untuk meningkatkan kecekapan tenaga kerja dan pasukan pengurusan dalam menjalankan aktiviti pengeedaran dan pemasaran dagangan.

LATIHAN:

TENAGA KERJA KHUSUS

Kemahiran tenaga kerja kami dalam Pemasaran Dagangan serta Jualan dan Pengeedaran telah dipertingkatkan melalui satu inisiatif yang dikhususkan pada 2006. Sejumlah 256 ahli tenaga kerja mengikuti latihan intensif dan kejurulatihan, melengkapkan mereka dengan pengetahuan, peralatan dan penguasaan untuk membuat keputusan serta untuk memberi perkhidmatan terbaik kepada 97,000 peruncit di seluruh negara.

SISTEM:

MENAIKTARAF TEKNOLOGI MAKLUMAT

Dalam Pemasaran Dagangan dan Pengeedaran, pengurusan maklumat adalah amat penting. Ia membantu kita untuk lebih memahami serta bertindak dengan cepat untuk pembangunan pasaran.

Pada 2006, sistem teknologi maklumat baru bagi meningkatkan ketepatan perancangan dan pelaksanaan telah berjaya dilaksanakan kepada kedua-dua DSD di Lembah Klang. Sistem ini akan diselenggarakan kepada pengedar lain di seluruh negara pada akhir 2007.

MENIKMATI GANJARAN

Program TMDX telah berjaya meningkatkan prestasi kemajuan signifikan, dari segi pengurangan produk yang dipulangkan daripada pasaran kepada penambahan perolehan produk serta peningkatan keberkesanan jualan kepada peruncit.

“Tiada hari yang membosankan dengan pasukan pemasaran dagangan dan pengeedaran! Cara baru untuk membuat sesuatu, program pembangunan yang baru, teknologi baru memastikan kami sentiasa peka dan memberikan yang terbaik.”

Ismadi Ariffin, Wakil Pemasaran Dagangan dan Chen Yong Ming, Pengurus DSD.

Produktiviti

Pendekatan kami adalah bersepadu – dengan sasaran mengoptimalkan kos sambil meningkatkan kualiti produk dan kepantasan ia sampai ke pasaran, dan juga keberkesanan kami dari segi penggunaan modal dan tenaga kerja.

172 Breakthrough 2+

173 Peningkatan Berterusan (CI)

174 Perolehan Kecekapan dari
Pemindahan ke Perkhidmatan
Perkongsian

Produktiviti

Breakthrough 2+

BT2+ dilancarkan untuk memantapkan lagi kerjasama di antara Operasi dan Pemasaran dalam meningkatkan kepantasan ke pasaran produk-produk baru yang diperkenalkan.

Program Breakthrough (BT) telah dilancarkan pada tahun 2002 dengan tujuan asal untuk meningkatkan prestasi kilang. Dalam beberapa tahun ini, ia berkembang lebih daripada tujuan asalnya, untuk memenuhi persekitaran perniagaan yang sentiasa berubah. Pada tahun 2005, BT2 telah diperkenalkan untuk meningkatkan produktiviti di dalam rangkaian pembekalan pangkal ke hujung melalui empat projek:

- **Projek 100** - untuk mengenalpasti kerumitan serta pengurangan kos bagi memperoleh keberkesanan kos Operasi secara optimum
- **Projek E2E** - untuk melaraskan proses rangkaian pembekalan dari pangkal ke hujung dan meningkatkan respons serta ketangkasan dalam operasi bagi mencapai kepantasan ke pasaran
- **Projek Pasukan Cemerlang** - untuk menggerakkan pembangunan insan bagi kesinambungan perniagaan
- **Projek Q** - untuk menyediakan produk-produk berkualiti selaras dengan memenuhi jangkaan pasaran pada kos optimum

BT2 telah diperluaskan dengan penekanan tambahan terhadap “rangkai pembekalan tumpuan pelanggan”. Breakthrough 2+ (BT2+) dilancarkan untuk memantapkan lagi kerjasama di antara Operasi dan Pemasaran dalam meningkatkan kepantasan ke pasaran produk-produk baru yang diperkenalkan.

PENCAPAIAN BT2+ DALAM TAHUN 2006

Projek 100 - mengurangkan kos pembuatan produk setiap 1,000 batang rokok sebanyak 4.8% dari 2004 hingga 2006 meskipun kadar kemudahan meningkat sebanyak 12% dan kenaikan 19% kos berkaitan gaji.

Projek Q - memperkenalkan Peta Kualiti yang menjadi alat penyelesaian masalah bagi pekerja-pekerja kilang. Ini berjaya meningkatkan indeks kualiti runcitan sebanyak 12.4% dan indeks kualiti pembuatan sebanyak 1.3% meskipun unit penyimpanan stok naik 28%.

Projek E2E - mencapai khidmat yang cemerlang dengan “Tepat Pada Masa Dan Lengkap” pada tahap 99.2%, dan meningkat dalam penarafan kepuasan perkhidmatan pada 2006 berdasarkan kaji selidik yang dikendalikan oleh Operasi dengan Pemasaran.

Projek Pasukan Cemerlang - menjalankan inisiatif pembangunan pasukan, latihan penjelasan tentang peranan dan program-program yang menekankan kebolehan kepimpinan. Ini menyumbang kepada perubahan budaya dan cara berfikir yang membolehkan pasukan untuk terus menjangkau sasaran prestasi.

Menyedari hakikat bahawa yang tetap kekal adalah perubahan, maka pengurusan kanan Operasi telah menjalankan proses pembangunan program perubahan seterusnya. Penilaian strategi pada September 2006 telah berjaya memastikan masa depan yang dikehendaki pasukan Operasi dan potensi optima serta mengenalpasti program dan projek-projek selanjutnya.



Peningkatan Berterusan (CI)

Program CI yang melibatkan pekerja di semua peringkat pada dasarnya menggalakkan mereka untuk terus meningkatkan Produktiviti, Kualiti, Pemudahan Kerja, Ergonomik, Keselamatan, Penjagaan 5S dan Penjimatan Kos.

OPERASI TELAH MELANCARKAN PROGRAM PENINGKATAN BERTERUSAN (CI) PADA SEPTEMBER 2006.

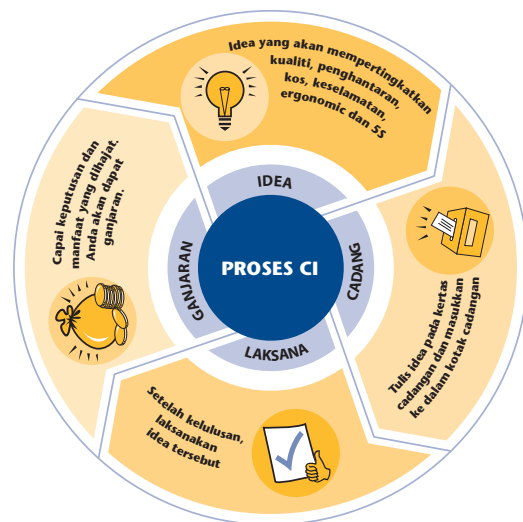
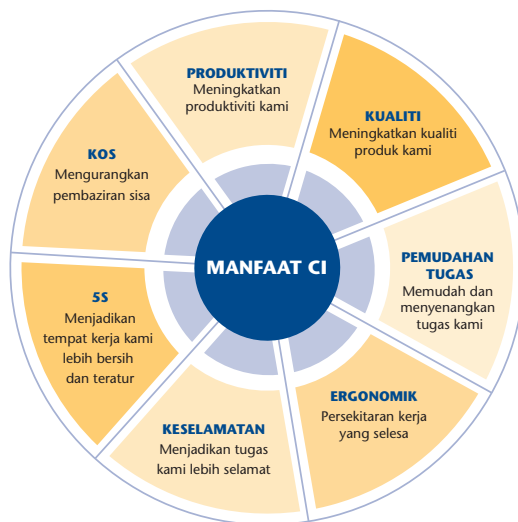
Berdasarkan sistem 'Kai-zen' Jepun, program CI yang melibatkan pekerja di semua peringkat pada dasarnya menggalakkan mereka untuk terus meningkatkan Produktiviti, Kualiti, Pemudahan Kerja, Ergonomik, Keselamatan, Penjagaan 5S dan Penjimatan Kos.

Cogan kata bagi program CI yang memaparkan "1 Peningkatan, 1 Orang, Setiap Bulan" menggalakkan semua kakitangan supaya melakukan sekurang-kurangnya satu peningkatan setiap bulan.

"Saya mampu membawa perubahan! 1 peningkatan, 1 orang, setiap bulan adalah apa yang kami semua perlu lakukan."

Rossidi bin Shamsudin, Penyelia Teknikal Kumpulan, ahli dalam pasukan CI yang telah menyumbang inovasi CI yang terbanyak.

PRODUKTIVITI



Pada 31 Disember 2006, sejumlah 263 CI yang dilaksanakan telah didaftarkan. Ini termasuk:

- 26%** - Peningkatan produktiviti kerja
- 24%** - Peningkatan dalam penjagaan 5S
- 17%** - Pemudahan kerja
- 11%** - Pengurangan kos (penjimatan > RM65 ribu)
- 10%** - Peningkatan dalam keselamatan
- 6%** - Peningkatan dalam kualiti produk
- 6%** - Peningkatan dalam ergonomik

INNOVASI CI

PENINGKATAN KESELAMATAN – Pemasangan penghadang ke atas peralatan bagi mengelak kemungkinan kecederaan.

PENINGKATAN KECEKAPAN – Pemasangan label dan aturan paip penapisan secara sistematik membawa kepada pemudahan mengenalpasti dan akses, yang menghasilkan kitaran pembuatan dan kerja-kerja penyelenggaraan pencegahan yang lebih efisien, untuk mengurangkan kemungkinan kesilapan manusia.

PEROLEHAN KECEKAPAN DARI PEMINDAHAN KE PERKHIDMATAN PERKONGSIAN

Fungsi pemprosesan transaksi kewangan British American Tobacco Malaysia seperti pembayaran, penerimaan, lejar umum dan aset tetap, dipindahkan ke Pusat Perkhidmatan Perkongsian Kewangan Asia Pasifik (AP FSS) pada September 2006.

Pusat ini, adalah sebahagian daripada BAT Aspac Service Centre Sdn Bhd, subsidiari 100% milik British American Tobacco plc. yang ditubuhkan untuk menyediakan penyelesaian kewangan 'in-sourcing' bagi syarikat-syarikat beroperasi British American Tobacco di rantau Asia Pasifik.

Melalui proses dan sistem yang dipertingkatkan, AP FSS dijangka dapat memberi British American Tobacco Malaysia dan syarikat beroperasi lain perolehan kecekapan di antara 30 hingga 35 peratus setahun.

Tanggungjawab

Kami akan terus beriltizam untuk mencapai pertumbuhan
mapan jangka panjang dan memberi sumbangan
kepada masyarakat.

- 176** Tanggungjawab Sosial Korporat
- 182** Piawai Perlakuan Perniagaan
- 183** Penyata Tadbir Urus Korporat
- 194** Penyata Kawalan Dalaman
- 196** Laporan Jawatankuasa Audit
- 200** Laporan Mengenai Pengurusan
Risiko Korporat

Tanggungjawab Sosial Korporat

CSR Menjadi Amalan Kami

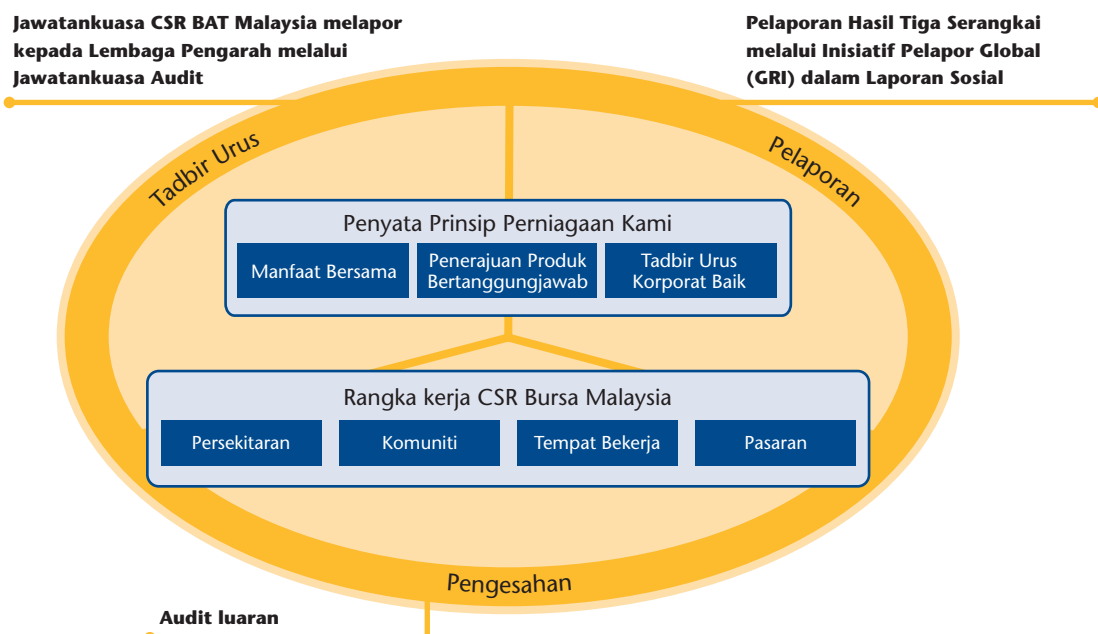
Elemen-elemen Tanggungjawab Sosial Korporat (CSR) telah menjadi amalan Syarikat kami berdekad lamanya. Enam tahun dahulu, kami merupakan syarikat tembakau tempatan yang pertama merintis pelaporan sosial. Kami menyahut seruan Kerajaan yang menyarankan agar syarikat-syarikat memenuhi Tanggungjawab Sosial Korporat dengan lebih berkesan seperti yang diumumkan dalam Bajet Kebangsaan 2007.

PIAGAM CSR BRITISH AMERICAN TOBACCO MALAYSIA

Kami gembira melihat Piagam CSR kami selaras dengan rangka kerja CSR yang dilancarkan oleh Bursa Malaysia Berhad baru-baru ini sebagai garis panduan kepada syarikat-syarikat tersenarai awam di Malaysia. Kami amat menekankan tadbiran urus piagam CSR kami untuk memastikan integriti yang

bertaraf tinggi dan usaha jangka panjang kami berkekalan. Jawatankuasa CSR British American Tobacco Malaysia yang terdiri daripada kesemua ahli Kumpulan Pengurusan Kanan Syarikat beroperasi berdasarkan Terma Rujukan dan melapor kepada Lembaga Pengarah melalui Jawatankuasa Audit. Ia juga melapor kepada Jawatankuasa CSR Serantau British American Tobacco, yang seterusnya melapor kepada Jawatankuasa CSR Global British American Tobacco.

PIAGAM CSR BRITISH AMERICAN TOBACCO MALAYSIA



Pasukan CSR yang berdedikasi menguruskan operasi harian piagam CSR di British American Tobacco Malaysia. Demi ketelusan dan pelaporan komprehensif yang memuaskan, proses pelaporan sosial kami dihantar untuk diaudit luaran dan ia telah menjadi sebahagian daripada rutin perniagaan kami untuk membentangkan rekod yang objektif terhadap usaha-usaha utama kami di dalam CSR.

Di muka surat ini, kami menyediakan beberapa sorotan terhadap usaha-usaha CSR kami. Untuk keterangan lanjut, sila rujuk Laporan Sosial 2005-06 di dalam CD Rom yang dilampirkan.

PERSEKITARAN

Kami memandang berat terhadap tanggungjawab yang dipikul bagi mengurangkan impak operasi kami terhadap persekitaran. Kami mengguna pakai sistem pengurusan persekitaran yang menyeluruh dan telus, berusaha untuk mengawal dan mengurangkan impak operasi kami terhadap persekitaran dengan mengamalkan 'prinsip 4R': Kurangkan, Guna Semula, Kitar Semula dan Membaik Pulih (Reduce, Reuse, Recycle and Recover).

MENGURUS OPERASI DENGAN BERTANGGUNGJAWAB

Subsidiari pengilangan milik penuh kami, Tobacco Importers and Manufacturers Sdn Bhd telah membangun dan mengimplementasikan sistem pengurusan bersepadu yang bertujuan mendorong kakitangan agar mencapai tahap piawai produktiviti dan kualiti yang lebih tinggi di samping mengurangkan risiko-risiko persekitaran, kesihatan dan keselamatan. Pada tahun 2003, kami dianugerahkan tiga pensijilan antarabangsa termasuk:

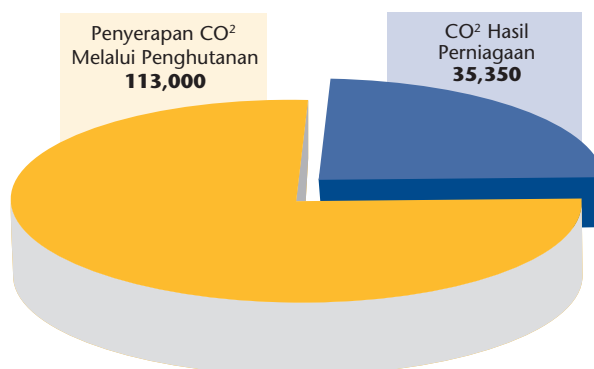
- ISO 9001 - untuk sistem pengurusan kami yang berkualiti
- ISO 14001 - untuk sistem pengurusan persekitaran kami
- OHSAS 18001 - untuk sistem keselamatan pekerja dan pengurusan kesihatan

Semenjak itu, kami berjaya memperbaharui pensijilan tersebut setiap tahun.

PENGHUTANAN

Pada tahun 2002, kami mengusahakan program penghutan dengan objektif untuk mencapai keneutralan karbon. Melalui inisiatif ini, seluas 3,132 hektar ditanam dengan pokok di Hutan Simpan Ulu Tunggud di Sabah dan mampu menyerap 113,000 tan karbon dioksida berbanding 35,350 tan yang dihasilkan dari aktiviti perniagaan kami – lebih tiga kali ganda jumlah yang dihasilkan melalui aktiviti operasi kami. Sebagaimana pada tahun 2005, kami telah berjaya menjangkau keneutralan karbon untuk mencapai status positif karbon. Kedudukan ini membolehkan kami mengekalkan status perniagaan positif karbon sehingga 2010.

**Penyerapan CO² Melalui Penghutanan
Berbanding CO² Hasil Perniagaan**



PENGURUSAN SISA

Kami telah berjaya mengurangkan secara progresif sisa yang dihasilkan oleh aktiviti perniagaan kami. Kami terus berusaha untuk memperbaiki cara rawatan bagi emisi dari kilang dengan memasang penapis-bio kedua di kilang pembuatan di Virginia Park, Petaling Jaya. Fasa terakhir pemasangan tersebut akan siap pada tahun 2008.

TANGGUNGJAWAB SOSIAL KORPORAT

KOMUNITI

Kami melihat diri kami sebagai lebih daripada sebuah entiti korporat. Setelah 94 tahun berada di sini, British American Tobacco Malaysia menambahbaikkan nilai kepada komuniti di mana kami beroperasi dengan memberi sokongan dalam pelbagai sektor yang merangkumi pendidikan hinggalah kebajikan sosial.

MENYEDIKAN PELUANG MELALUI PENDIDIKAN

Yayasan BAT Malaysia yang ditubuhkan pada tahun 1983 (dahulu dikenali sebagai Yayasan MTC) menyasarkan untuk:

- meningkatkan peluang pendidikan
- memperuntukkan dan menyumbang kepada institusi tempatan atau kebangsaan
- menganjur, menyokong serta melaksanakan skim bagi meringankan kesengsaraan, meningkatkan taraf hidup dan perawatan kesihatan dan penyakit

Dua program utama – program biasiswa dan program Pendahuluan Pendidikan Tinggi (PPT) - memenuhi komitmen Yayasan yang pertama. Sejak ditubuhkan, Yayasan telah melabur lebih RM13 juta bagi menyediakan peluang pengajian tinggi untuk lebih 500 pelajar.

Pada tahun 2006, program biasiswa telah dikhususkan kepada anak-anak kakitangan dan buat pertama kalinya, untuk kakitangan British American Tobacco Malaysia yang berhasrat untuk mendapatkan ijazah atau diploma mereka yang pertama. Bagi tahun 2006, 15 biasiswa telah dianugerahkan kepada 13 orang anak-anak kakitangan dan 2 orang kakitangan, menyertai 71 pemegang biasiswa yang kini di bawah naungan Yayasan BAT Malaysia.

Pada tahun 2002, Yayasan BAT Malaysia melaksanakan sebuah program khusus untuk anak-anak daripada komuniti peladang tembakau, PPT. Lembaga Tembakau Negara (LTN) telah menyertai inisiatif ini pada tahun 2003. Program ini menyasarkan pembiayaan kos yang diperlukan bagi kemasukan ke institusi-institusi pengajian tinggi seperti perbelanjaan buku, pakaian, pengangkutan dan sebagainya. Sejak itu, seramai 1,044 anak-anak peladang dan pengawet tembakau menerima biasiswa tersebut yang berjumlah RM522,000 di bawah PPT. Pada tahun 2006, Yayasan dan LTN telah menyampaikan biasiswa berjumlah lebih daripada RM146,000 kepada 292 penerima.

TANGGUNGJAWAB SOSIAL DI DALAM PERLADANGAN

Komuniti peladang tembakau menjadi nadi dalam rangkaian bekalan kami. Tiga buah pejabat daun di Kota Bharu, Chang Loon dan Keningau bekerjasama erat dengan LTN serta peladang dan pengawet untuk terus mengembang serta membangunkan sektor ini. Pada tahun 2001, British American Tobacco Malaysia melaksanakan program Tanggungjawab Sosial dalam Pengeluaran Tembakau (SRTP) yang mentakrifkan peranan kami dari segi tanggungjawab terhadap rangkaian pembekalan Daun.

Sepanjang tahun 2006, kami telah menjalankan pelbagai inisiatif yang melibatkan 1,400 para penanam-pengawet dan 80 usahawan. Aktiviti-aktiviti seperti bengkel, program kesedaran dan jayawara telah diadakan untuk mendidik peladang terhadap langkah keselamatan dalam pengendalian agrokimia dan amalan terbaik pertanian serta impak dan implikasi skim Kawasan Perdagangan Bebas ASEAN – Skim Tarif Keutamaan Sama Rata (AFTA-CEPT).

TEMPAT BEKERJA

AGENDA TENAGA KERJA KAMI

Spektrum saluran komunikasi terbuka dua hala disediakan kepada tenaga kerja di semua peringkat. Taklimat suku-tahunan pengurusan dan bukan-pengurusan, Bengkel Pengurusan Tahunan, Forum Pengurus Kanan merupakan sebahagian saluran berterusan di antara ahli Pasukan Pengurusan Kanan dan pekerja bagi memastikan kejelasan matlamat dan objektif organisasi. Sebagai tambahan, surat berita 2-kali sebulan untuk pekerja, portal pekerja yang dikemas kini secara harian serta papan notis yang tersedia di seluruh premis Syarikat merupakan sumber maklumat utama pekerja kami.

TEMPAT PASARAN

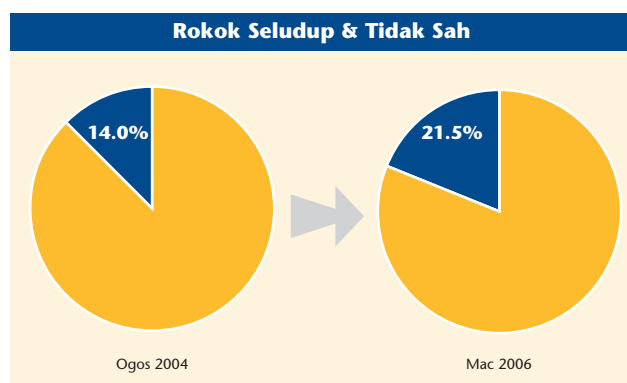
PERHUBUNGAN DENGAN PIHAK BERKEPENTINGAN LUARAN

Kebangkitan semula rokok tidak sah di dalam negara ini merupakan kerisauan utama kepada industri dan Kerajaan. Perdagangan rokok tidak sah menghalang Kerajaan memperoleh hasil percukaian, menggalakkan kegiatan jenayah, menjejaskan jenama kami, memberi impak terhadap permintaan daun tembakau tempatan dan mengelirukan pengguna membeli produk tembakau yang kualitinya diragui. Ia juga menggugat pengawalseliaan undang-undang industri tembakau yang sah.

Dalam menyahut jangkaan pihak berkepentingan kami yang diperolehi daripada lima dialog pihak berkepentingan kebangsaan yang dijalankan pada tahun 2005 berserta persatuan peruncit dan pihak berkuasa yang berkaitan, British American Tobacco Malaysia melalui Gabungan Pengilang Tembakau Malaysia (CMTM) telah bekerjasama dengan Kastam Diraja Malaysia (RMC) dan Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna (MDTCA), dan persatuan-persatuan peruncit utama untuk melaksanakan beberapa program bertujuan untuk mewujudkan kesedaran berkenaan isu perdagangan rokok tidak sah di Malaysia.

Di antara inisiatif tersebut adalah:

- Risalah dalam Bahasa Malaysia dan Cina telah diedarkan kepada lebih daripada 97,000 peruncit diseluruh negara. Ia menerangkan jenis rokok tidak sah, undang-undang dan hukuman berkaitan perdagangan tembakau tidak sah serta panduan pengenalan pastian rokok sah.
- Nombor hotline pihak berkuasa pada pelekat kalis air untuk dipamerkan di kaunter juga telah diedarkan kepada semua peruncit dalam negara untuk meningkatkan kesedaran bahawa terdapat saluran untuk peruncit membuat laporan aduan berkenaan insiden perdagangan tembakau tidak sah.
- Sesi-sesi taklimat telah diadakan dengan usaha sama RMC, MDTCA, dan CMTM untuk lebih daripada 300 ahli persatuan peruncit dalam negara.
- Sesi-sesi dialog telah diadakan di skim rancangan FELDA di Melaka bagi memperolehi perspektif yang lebih mendalam terhadap insiden rokok tidak sah di kawasan pendalaman Malaysia. Sesi-sesi tersebut melibatkan wakil-wakil badan penguatkuasa, pengurusan FELDA, industri dan peruncit dari skim rancangan.



■ tidak sah

Sumber: Gabungan Pengilang Tembakau Malaysia (CMTM)

TANGGUNGJAWAB SOSIAL KORPORAT



PEMBABITAN PIHAK BERKEPENTINGAN DALAMAN

Kami percaya dalam sentiasa membabitkan pekerja kerana mereka adalah pihak berkepentingan utama Syarikat. Pada tahun 2006, Syarikat telah melibatkan pekerja melalui 'Suara Anda' yang merupakan kaji selidik pekerja yang komprehensif dan diterapkan secara bebas yang telah menyediakan laporan terperinci ke atas persepsi pekerja terhadap 16 kategori yang dinilai. Seterusnya, kumpulan sasaran, Jawatankuasa Suara Anda dan pasukan petugas telah ditubuhkan bagi menangani isu-isu yang dibangkitkan melalui kaji selidik tersebut.

"Ini adalah tahun kelima kami melaksanakan pelaporan sosial. Ambillah satu salinan Laporan Sosial kami untuk memahami kemajuan serta komitmen kami terhadap CSR."

*Eileen Mohan, Pelatih Pengurusan;
Chuah Sze Phing, Pengurus Hal-Ehwal Korporat
dan Ikram Mayeen, Pengurus CSR – pasukan
yang menguruskan program CSR bagi Syarikat.*

MAKLUMAT PENGGUNA

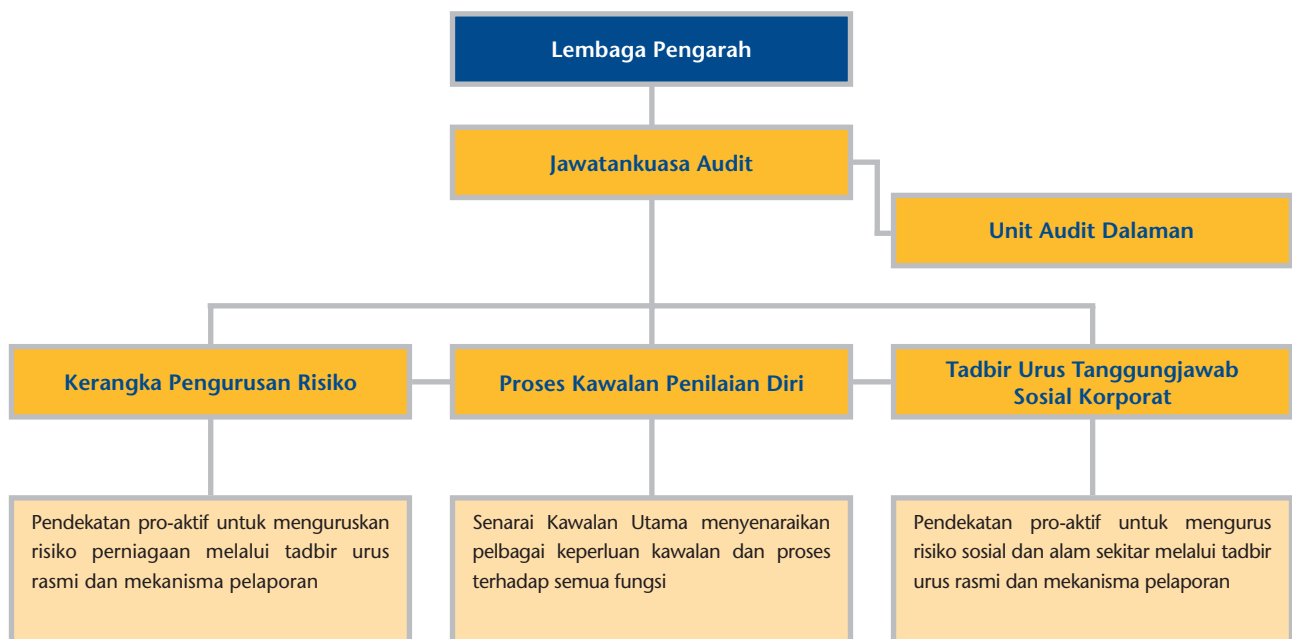
Pada September 2006, British American Tobacco Malaysia menerajui industri tembakau tempatan dengan menyiarkan secara sukarela mengenai bahan yang digunakan di dalam produk kami. Ini merupakan langkah yang penting dalam penyediaan lanjutan maklumat produk kepada pengguna dewasa, membuktikan komitmen kami untuk terus menjalankan perniagaan secara bertanggungjawab.

Senarai bahan untuk produk British American Tobacco Malaysia boleh didapati di dalam ramuan global British American Tobacco di laman web www.bat-ingredients.com. Ia juga boleh diakses melalui laman web korporat kami di www.batmalaysia.com. Sebahagian daripada maklumat yang tertera di laman web ramuan ini termasuklah:

- bahan rokok di 94 negara seluruh Eropah, Amerika Selatan dan sebahagian Asia dan Afrika
- bahan di dalam cerut, 'snus' tanpa asap, tembakau menghisap dan di kunyah di 23 negara Eropah

Kami percaya perniagaan kami mesti berpegang kepada tahap tingkah laku dan integriti yang tinggi. Kami melihatnya sebagai peranan komuniti perniagaan, Kerajaan dan masyarakat secara keseluruhan untuk bertindak terhadap amalan perniagaan yang tidak boleh diterima pakai. Di pihak kami, kami akan bekerjasama dengan rakan niaga utama untuk mempromosikan piawai perlakuan yang tinggi dan akan berusaha untuk memastikan kakitangan kami terus meneruskan berpegang kepada piawai perlakuan yang tinggi dalam melaksanakan tanggungjawab mereka. Kami komited dalam menyokong mekanisma yang efektif yang direka untuk memastikan pematuhan undang-undang dan Piawai Perlakuan Perniagaan. Matlamat kami ialah untuk menggalakkan penghormatan yang sejagat ke atas piawai perniagaan yang tinggi.

Sistem Tadbir Urus Korporat komprehensif di British American Tobacco Malaysia:



Panduan tingkah laku kakitangan melalui sistem nilai komprehensif:



Piawai Perlakuan Perniagaan

Warga kerja Kumpulan kami mematuhi Piawai Perlakuan Perniagaan ("Piawai") yang merupakan sebahagian penting tadbir urus korporat Kumpulan. Bersama-sama dengan Penyata Prinsip Perniagaan, ia terus menjadi teras komitmen kami ke arah tanggungjawab korporat yang berpiawaian tinggi.

Piawai ini mengharuskan semua pekerja beroperasi berlandaskan piawai integriti perniagaan yang tinggi, mematuhi undang-undang dan peraturan. Pekerja harus mengamalkan kejujuran, objektiviti dan ketelitian dalam bekerja dan harus memastikan bahawa Piawai kami tidak di kompromi demi hasil semata-mata.

Piawai ini adalah sebahagian penting tadbir urus korporat Kumpulan dan direka untuk:

- (a) memastikan keputusan dan pertimbangan yang dibuat oleh pekerja mematuhi undang-undang dan menurut piawai etika yang tinggi;
- (b) menetapkan corak dan budaya untuk organisasi supaya ia boleh dianggap sebagai warga korporat yang baik;
- (c) membantu pekerja yang perlu membuat pertimbangan yang sukar dalam menjalankan tugas mereka; dan
- (d) memberi keyakinan kepada pihak berkepentingan yang mengurus niaga dengan Kumpulan.

Bidang yang meliputi Piawai ini adalah:

- Kepentingan Bertentangan
- Maklumat Dalaman dan Peluang Korporat
- Kepentingan dalam Perniagaan Pesaing
- Urus niaga Dalaman
- Sogokan dan Rasuah
- Sumbangan Politik
- Sumbangan Kebajikan
- Undang-undang Saingan
- Maklumat Sensitif Harga
- Urus niaga Produk-produk Kumpulan
- Pelaburan Wang Haram
- Sekatan
- Laporan Salah Laku
- Kerahsiaan Maklumat
- Keraian dan Hadiah
- Panduan Eksport Am
- Pembayaran Komisen
- Hubungan Rapat Peribadi
- Aktiviti Luaran
- Salah Guna Sumber

Pematuhan terhadap Piawai ini sentiasa dipantau oleh Lembaga Pengarah dan Jawatankuasa Audit Syarikat. Ketua Audit Dalaman, dengan Ketua Perundangan/Setiausaha Syarikat Kumpulan diberi tanggungjawab untuk melaporkan kepada Lembaga Pengarah pada setiap tahun mengenai pematuhan terhadap Piawai ini oleh Kumpulan serta warga kerjanya.

Penyata Tadbir Urus Korporat

Lembaga Pengarah terus komited dalam mencapai dan mengekalkan piawaian terulung tadbir urus korporat ke seluruh Kumpulan sebagai tanggungjawab terpenting di dalam pengurusan perniagaan dan hal ehwal Kumpulan. Rangka kerja tadbir urus korporat Syarikat bermatlamat ke arah mencapai objektif utama perniagaan Syarikat dalam tatalaku yang bertanggungjawab dan selaras dengan tahap tertinggi kejujuran, ketelusan dan kebertanggungjawaban.

Dalam menggerakkan piawaian tertinggi tadbir urus korporat, Lembaga Pengarah tertakluk kepada Kod Tadbir Urus Korporat Syarikat, yang digubal berdasarkan prinsip serta amalan terbaik seperti yang terkandung di dalam Kod Tadbir Urus Korporat Malaysia ("Kod") dan juga pembentukan amalan terbaik yang diiktiraf secara global. Prinsip dan amalan terbaik ini diamalkan oleh keseluruhan Kumpulan sebagai prinsipal dasar dalam melaksanakan tanggungjawab Lembaga Pengarah dan untuk memastikan ketelusan dan kebertanggungjawaban korporat.

Penyata ini melaporkan prinsipal Kod yang dilaksanakan oleh Syarikat serta menggariskan laporan rasmi Syarikat terhadap pematuhan Kod sepanjang 12 bulan berakhir 31 Disember 2006, selaras dengan Keperluan Penyenaraian Bursa Sekuriti.

LEMBAGA PENGARAH

Lembaga

Lembaga bertanggungjawab terhadap pemegang saham bagi keseluruhan kejayaan Kumpulan, hala tuju yang strategik, nilai dan tadbir urus. Dalam melaksanakan tanggungjawab, Lembaga berpandukan kepada Piawai Perlakuan Perniagaan Kumpulan (Piawai) dan

Penyata Prinsip Perniagaan. Piawai Kumpulan menggariskan tahap tertinggi kejujuran, tanggungjawab, ketelusan dan kebertanggungjawaban. Piawai telah diguna pakai sejak beberapa tahun dan sering dikaji bagi memastikan ia kekal sebagai keutamaan dalam amalan terbaik perniagaan. Lembaga memastikan pematuhan terhadap Piawai Kumpulan dipantau melalui proses yang mana deklarasi diperolehi daripada semua pekerja pengurusan terhadap pematuhan mereka dan ini termasuk pendedahan sebarang situasi konflik kepentingan.

Lembaga bertanggungjawab terhadap undang-undang dan perkara berkanun, mengkaji dan melaksana pelan strategik Kumpulan, mengenal pasti risiko utama dan memastikan pelaksanaan sistem yang sewajarnya bagi menangani risiko tersebut, mengkaji keberkesanan dan integriti sistem kawalan dalaman Kumpulan serta sistem informasi pengurusan termasuk sistem pematuhan undang-undang yang berkaitan, peraturan, syarat, arahan dan garis panduan. Lembaga meluluskan penyata kewangan dan polisi perakaunan Kumpulan. Selain Piawaian, Lembaga juga menetapkan prosedur dan memantau pematuhan terhadap polisi-polisi lain Kumpulan.

Lembaga turut memastikan Kumpulan berpegang teguh kepada prinsip perniagaan dan teras perniagaan di dalam Penyata Prinsip Perniagaan yang meliputi isu-isu utama yang menjadi asas tanggungjawab sosial korporat bagi sebuah perniagaan multinasional dan lebih khusus, sifat-sifat unik perniagaan tembakau itu sendiri. Butiran terperinci mengenai setiap prinsip tersebut yang disokong oleh beberapa pegangan asas dibentangkan di dalam CD Laporan Sosial yang dilampirkan bersama ini dan juga melalui laman web korporat Kumpulan di www.batmalaysia.com.

Lembaga di bawah Penyata Pengamanahan Kuasa Syarikat, telah memperuntukkan beberapa perkara mengenai hak membuat keputusan, termasuk keputusan menceburi bidang perniagaan baru, pelan strategik tahunan, meluluskan perbelanjaan modal yang besar, pemerolehan dan penjualan perniagaan atau ekuiti, pinjaman dan semua penstrukturan semula korporat. Berhubung hal ehwal pengurusan operasi Kumpulan dan tahap bidang kuasa berkaitan yang diberikan kepada pengurusan, Lembaga Pengarah telah menetap dan meluluskan Had Kuasa Korporat, yang disertakan dengan Penyata Pengagihan Kuasa Syarikat. Lembaga menyediakan kepimpinan yang perlu bagi membolehkan objektif perniagaan Kumpulan selaras dengan rangka kerja kawalan dalaman seperti diuraikan di dalam Penyata ini, serta memastikan bahawa obligasi Syarikat terhadap pemegang saham dan yang lain dicapai.

Imbangan Lembaga

Sepanjang tahun kewangan berakhir 31 Disember 2006, Lembaga telah mengekalkan imbangan keahliannya yang terdiri daripada Pengarah Eksekutif dan Bukan Eksekutif yang berlatar belakangkan profesional dalam pelbagai bidang serta mempunyai pengalaman kemahiran dan kepakaran yang meluas. Para Pengarah Eksekutif bertanggungjawab untuk melaksanakan polisi dan keputusan yang telah dibuat oleh Lembaga, meninjau keseluruhan operasi selain memastikan koordinasi dan pelaksanaan strategi perniagaan dan korporat. Para Pengarah Bukan Eksekutif Bebas memberikan pandangan yang objektif dan bebas, nasihat dan pertimbangan sebelum sebarang keputusan Lembaga dengan mengambil kira kepentingan Kumpulan, pemegang saham, pekerja, pelanggan dan pembekal.

PENYATA TADBIR URUS KORPORAT

Lembaga mempunyai 7 orang ahli, terdiri daripada 4 Pengarah Bukan Eksekutif (termasuk Pengerusi) dan 3 Pengarah Eksekutif. Daripada 4 Pengarah Bukan Eksekutif, 3 adalah bebas. Lembaga telah mengkaji saiz Lembaga dan mendapati saiz semasa yang optimum dan efektif berdasarkan skop, saiz dan kerumitan perniagaan serta hal ehwal Kumpulan. Syarikat mematuhi kriteria Pengarah Bebas yang ditetapkan di bawah Keperluan Penyenaraian Bursa Sekuriti.

Profil ringkas setiap Pengarah dilampirkan di muka surat 164 dan 165 dalam Laporan Tahunan ini.

Pembahagian peranan dan tanggungjawab antara Pengerusi dan Pengarah Urusan

Peranan Pengerusi dan Pengarah Urusan adalah berbeza, dan masing-masing mempunyai tanggungjawab yang digariskan dengan jelas dan terperinci. Pembahagian peranan dan tanggungjawab memastikan bahawa terdapat imbalan kuasa dan autoriti serta memastikan tiada kelebihan kuasa membuat pada Pengerusi ataupun Pengarah Urusan.

Pengerusi bertanggungjawab menentukan Lembaga berfungsi secara efisien dan efektif serta memastikan semua Pengarah menerima maklumat relevan yang secukupnya terhadap perkara berkaitan kewangan dan bukan kewangan untuk penglibatan aktif mereka dalam sebarang keputusan Lembaga. Setelah objektif dan strategi dikaji dan diterima pakai oleh Lembaga, Pengarah Urusan bertanggungjawab terhadap keuntungan operasi dan kemajuan Kumpulan. Dia juga bertanggungjawab meneraju aset Kumpulan dan bersama-sama Pengerusi,

mewakili Kumpulan untuk hal ehwal luaran. Tugas dan tanggungjawab Pengerusi dan Pengarah Urusan digariskan secara jelas di dalam Kod Tadbir Urus Korporat Syarikat.

Lembaga dipengerusikan oleh Tan Sri Abu Talib bin Othman sebagai Pengerusi Bukan Eksekutif Bebas dan pengurusan eksekutif Syarikat diterajui Pengarah Urusan, Encik Bartholomeus Franciscus Theodorus Alkemade. Tan Sri Kamarul Ariffin bin Mohamed Yassin telah dilantik oleh Lembaga sebagai Pengarah Kanan Bukan Eksekutif Bebas yang dipertanggungjawabkan terhadap sebarang kemusykilan yang timbul.

Penyampaian Maklumat

Agenda formal dan laporan pengurusan terperinci serta cadangan akan diedarkan kepada semua Pengarah, paling kurang 5 hari sebelum mesyuarat Lembaga, bagi membolehkan ahli Lembaga mengkaji dan mempertimbangkan butiran agenda tersebut sebelum dibincangkan dalam mesyuarat Lembaga. Ini bagi membolehkan Pengarah mengkaji, mempertimbangkan, dan jika perlu, memperolehi maklumat lanjut atau kajian terhadap perkara yang akan diperbincangkan bagi memastikan penyediaan sewajarnya pada mesyuarat Lembaga. Dokumen Lembaga termasuk laporan komprehensif pengurusan, minit mesyuarat Jawatankuasa Lembaga, kertas cadangan dan dokumen sokongan.

Lembaga Pengarah menyedari bahawa proses membuat keputusan bergantung kepada kualiti maklumat yang dibekalkan. Oleh yang demikian, semua Pengarah diberi akses tanpa had untuk mendapatkan segala maklumat mengenai Syarikat. Pengarah diberikan

maklumat terkini berkenaan keperluan undang-undang dan peraturan berkaitan tugas dan tanggungjawab mereka sebagai Pengarah. Satu prosedur formal telah diluluskan oleh Lembaga untuk membolehkan semua Pengarah, sama ada dalam kapasiti Lembaga penuh atau secara individu, untuk mendapatkan nasihat profesional bebas, apabila perlu, dan perbelanjaan ini ditanggung oleh Kumpulan.

Mesyuarat Lembaga

Bagi memastikan Kumpulan ini diurus dengan efektif, Lembaga bermesyuarat paling kurang 4 kali setahun, seperti yang dijadualkan. Apabila diperlukan mesyuarat tambahan khas akan diadakan untuk membincang dan mengkaji cadangan atau isu-isu perniagaan yang memerlukan keputusan segera dari Lembaga. Semua isu berbangkit, perbincangan dan segala keputusan yang dibuat di mesyuarat Lembaga akan diminitkan. Semua minit mesyuarat Lembaga dan Jawatankuasa Lembaga akan diedarkan kepada semua Pengarah untuk semakan mereka sebelum minit tersebut disahkan pada mesyuarat berikutnya.

Staf pengurusan kanan atau penasihat luar mungkin dijemput menghadiri mesyuarat Lembaga dan Jawatankuasa Lembaga untuk memberi nasihat dan maklumat serta penerangan lanjut berkaitan perkara yang relevan di dalam agenda yang dibentangkan kepada Lembaga dan Jawatankuasa Lembaga bagi membolehkan keputusan yang terperinci dibuat.

Pengarah-pengarah Bukan Eksekutif Bebas dibayar imbuhan tahunan dan elaun kehadiran bagi setiap mesyuarat Lembaga dan mesyuarat Jawatankuasa

Lembaga yang dihadiri. Sepanjang 12 bulan berakhir 31 Disember 2006, 6 Mesyuarat Lembaga Pengarah telah diadakan dan kehadiran majoriti Pengarah di setiap mesyuarat telah dicapai dalam jangka masa tersebut.

Laporan Salah Laku

Kumpulan percaya bahawa kesalahan tatalaku di dalam mana-mana syarikat seperti melanggar undang-undang, peraturan dan arahan, kesilapan pembuatan, penipuan, pelanggaran keselamatan dan kesihatan atau rasuah seringkali diketahui dahulu oleh mereka yang bekerja di dalam atau dengan syarikat. Sistem amaran awal seperti polisi memberi maklumat dapat membantu Kumpulan mengesan salah laku dan memaklumkan kepada Kumpulan untuk mengambil tindakan pemulihan sebelum sesuatu masalah menjadi krisis. Sistem memberi maklumat mengukuhkan dan menyokong pengurusan baik dan pada masa sama mempamerkan kebertanggungjawaban, pengurusan risiko yang baik dan amalan tadbir urus korporat yang mantap. Lembaga percaya bahawa sistem memberi maklumat akan dapat meningkatkan keyakinan pelabur terhadap Kumpulan.

Selaras dengan amalan tadbir urus korporat yang kukuh, pekerja Kumpulan adalah sangat digalakkan untuk membangkitkan sebarang syak salah laku, penyelewengan atau kesalahan di dalam pengurusan terhadap perniagaan Kumpulan melalui prosedur pemberian maklumat dalaman yang dilaksanakan menurut Piawaian. Prosedur ini menggariskan bila, bagaimana dan kepada siapa sesuatu kebimbangan harus diutarakan, membezakan antara kebimbangan dan keresahan peribadi,

membolehkan pemberi maklumat peluang untuk menimbulkan kebimbangan di luar bidang pengurusan dan dalam kerahsiaan. Pengenal pemberi maklumat akan dirahsiakan dan akan dilindungi dari sebarang ancaman atau pembalasan. Sebarang kebimbangan yang dibangkitkan akan disiasat dan laporan terkini diserahkan kepada Lembaga Pengarah, melalui Jawatankuasa Audit.

PELANTIKAN KE LEMBAGA

Proses Pelantikan

Lembaga Pengarah melantik ahli-ahlinya melalui satu proses formal yang konsisten dengan Tataurusan Pertubuhan British American Tobacco (Malaysia) Berhad. Pelantikan baru, jika ada, akan ditimbang dan dinilai oleh Jawatankuasa Penamaan yang ditubuhkan oleh Lembaga Pengarah, sebelum sebarang cadangan dibuat bagi pelantikan mereka di Lembaga. Calon yang dicadangkan mesti diluluskan dan dilantik oleh Lembaga. Proses yang sama diguna pakai oleh Pengarah yang berhasrat untuk dilantik atau dipilih semula pada Mesyuarat Agung Tahunan Syarikat.

Pemilihan Semula atau Perlantikan Semula Para Pengarah

Tataurusan Pertubuhan British American Tobacco (Malaysia) Berhad mensyaratkan paling kurang satu pertiga ahli Lembaga bersara secara bergilir pada setiap Mesyuarat Agung Tahunan. Pengarah yang akan bersara pada tahun tersebut adalah Pengarah yang paling lama memegang tugas iaitu dari tarikh pelantikan atau tarikh pelantikan semula mereka. Pengarah yang bersara, layak untuk dilantik semula dan ini memberi peluang kepada para pemegang saham untuk memperbaharui mandat mereka.

Bagi membantu para pemegang saham dalam membuat keputusan, maklumat yang mencukupi mengenai setiap Pengarah yang akan bertanding seperti profil peribadi, rekod kehadiran ke mesyuarat dan jumlah pegangan saham dalam Kumpulan akan dimuatkan dalam penyata berasingan yang disertakan bersama Notis Mesyuarat Agung Tahunan.

Jawatankuasa Penamaan telah membuat syor kepada Lembaga berkenaan Pengarah yang ditentukan untuk pemilihan semula atau perlantikan semula di Mesyuarat Agung Tahunan.

Latihan Para Pengarah

Semua Pengarah telah melengkapkan Program Akreditasi Mandatori ("MAP") dan menghadiri pelbagai program latihan di bawah Program Pendidikan Berterusan ("CEP") menurut keperluan Bursa Malaysia Securities Berhad. Berikutan pemansuhan keperluan CEP yang diiktiraf oleh Bursa Malaysia Securities Berhad berkuat kuasa 1 Januari 2005, Lembaga Pengarah akan terus menilai dan menentukan keperluan latihan para Pengarah bagi membantu mereka dalam menjalankan tanggungjawab sebagai Pengarah.

Semua Pengarah yang dilantik ke Lembaga, selain menghadiri MAP dan CEP yang diiktiraf oleh Bursa Malaysia Securities Berhad, telah mengikuti program latihan relevan yang lain untuk meningkatkan kemahiran dan tahap profesionalisme mereka dalam menjalankan tugas terhadap Kumpulan. Menurut perenggan 15.09(2) dan Apendiks 9C (Bahagian A, Perenggan 27) Keperluan Penyenaaraan Bursa Sekuriti, Pengarah telah, sepanjang

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tahun kewangan berakhir 31 Disember 2006, mengikuti program-program latihan kepimpinan, tadbir urus korporat, kewangan, pengurusan risiko, pengurusan jenama dan strategi kompetitif.

Jawatankuasa Lembaga

Bagi membantu Lembaga menjalankan tugas mereka, pelbagai Jawatankuasa Lembaga telah ditubuhkan. Jawatankuasa Lembaga yang ditubuhkan oleh Lembaga adalah Jawatankuasa Penamaan, Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Tanggungjawab Sosial ("CSR"). Setiap Jawatankuasa Lembaga mempunyai fungsi, terma rujukan dan prosedur operasi yang termaktub dan yang mana perlu, mematuhi cadangan Kod.

Setiap Jawatankuasa Lembaga menyerahkan kepada Lembaga, laporan-laporan prosiding dan perbincangan mereka. Pengerusi Jawatankuasa Lembaga masing-masing akan melapor kepada Lembaga mengenai semua keputusan mesyuarat Jawatankuasa Lembaga dan semua laporan tersebut digabungkan di dalam minit mesyuarat Lembaga. Lembaga mengekalkan tanggungjawab penuh terhadap hala tuju serta pengawalan Kumpulan.

1. Jawatankuasa Penamaan

Jawatankuasa Penamaan secara eksklusif terdiri daripada Pengarah Bukan Eksekutif, majoriti adalah bebas. Ahli Jawatankuasa Penamaan sebagaimana pada 31 Disember 2006 adalah:

Tan Sri Abu Talib bin Othman :
Pengerusi, Pengarah Bukan Eksekutif Bebas

Datuk Oh Chong Peng :
Pengarah Bukan Eksekutif Bebas

James Richard Suttie :
Pengarah Bukan Eksekutif Bukan Bebas (dilantik semula pada 20 Mac 2006)

Jawatankuasa Penamaan diberi kuasa oleh Lembaga termasuk mencadangkan calon yang sesuai kepada Lembaga untuk dilantik sebagai Pengarah, memastikan Lembaga mempunyai imbalan kemahiran, kepakaran, ciri serta kecekapan teras ahli-ahlinya, dan mengkaji profil, kemahiran, kepakaran, ciri serta kecekapan teras yang diperlukan untuk menjadi ahli Lembaga dan Lembaga Jawatankuasa.

Pengarah yang akan bersara dan melalui pemilihan atau perantaraan semula akan mengecualikan diri daripada terlibat dalam semua perbincangan mengenai pemilihan atau perantaraan semulanya sebagai Lembaga dan ahli Jawatankuasa Lembaga.

Mesyuarat Jawatankuasa Penamaan diadakan apabila perlu, dan paling kurang sekali setahun. Jawatankuasa Penamaan telah bermesyuarat 3 kali pada tahun kewangan berakhir 31 Disember 2006 ini.

Kuasa dan terma rujukan Jawatankuasa Penamaan adalah seperti berikut:

a. Kuasa

Jawatankuasa Penamaan diberikuasa oleh Lembaga untuk tindakan berikut:

- Mencadangkan kepada Lembaga calon-calon sesuai untuk dilantik sebagai pengarah;

- Memastikan Lembaga mempunyai imbalan kemahiran, kepakaran, ciri serta kecekapan teras ahli-ahlinya;
- Secara kerap mengkaji profil, kemahiran, kepakaran, ciri serta kecekapan teras yang diperlukan untuk menjadi Lembaga;
- Menilai pelan penggantian bagi ahli-ahli Lembaga;
- Mencadangkan kepada Lembaga para pengarah yang akan mengisi kedudukan di dalam jawatankuasa Lembaga; dan
- Menilai secara tahunan keberkesanan Lembaga, jawatankuasa Lembaga dan sumbangan setiap pengarah.

b. Mesyuarat

- Jawatankuasa Penamaan akan bermesyuarat paling kurang sekali setahun atau atas permintaan mana-mana ahli.
- Majoriti kehadiran ahli-ahli mestilah pengarah bebas bagi melengkapkan kuorum mesyuarat.
- Setiausaha Syarikat akan merekod, menyedia dan mengedar minit-minit mesyuarat Jawatankuasa Penamaan serta memastikan minit-minit tersebut disimpan dengan baik dan diserahkan untuk pemeriksaan jika diperlukan.
- Jawatankuasa Penamaan akan melapor kepada Lembaga dan minit-minit akan dibentang dan disahkan oleh Lembaga.

2. Jawatankuasa Audit

Fungsi, komposisi dan keahlian Jawatankuasa Audit dibentangkan dengan lebih lanjut dari muka surat 196 hingga 199 Laporan Tahunan ini. Jawatankuasa Audit terdiri daripada 4 Pengarah, majoriti daripadanya adalah bebas.

3. Jawatankuasa Ganjaran

Jawatankuasa Ganjaran terdiri daripada Pengarah Bukan Eksekutif dan ahli-ahli Jawatankuasa Ganjaran sebagaimana pada 31 Disember 2006 adalah:

Tan Sri Abu Talib bin Othman :
Pengerusi, Pengarah Bukan Eksekutif Bebas

Tan Sri Kamarul Ariffin bin Mohamed Yassin :
Pengarah Bukan Eksekutif Bebas

Datuk Oh Chong Peng :
Pengarah Bukan Eksekutif Bebas

Andrew MacLachlan Gray :
Pengarah Eksekutif Bukan Bebas
(Meletak jawatan pada 28 Februari 2006)

James Richard Suttie :
Pengarah Bukan Eksekutif Bukan Bebas
(Dilantik semula pada 20 Mac 2006)

Bartholomeus Franciscus Theodorus Alkemade :
Pengarah Eksekutif Bukan Bebas
(Dilantik pada 1 Mac 2006)

Jawatankuasa Ganjaran diberi kuasa oleh Lembaga untuk mencadangkan rangka kerja ganjaran bagi para Pengarah serta pakej ganjaran bagi Pengarah Eksekutif serta ahli-ahli Kumpulan Pengurusan Kanan Syarikat. Pengarah yang mana pakej ganjaran sedang dipertimbangkan akan mengecualikan dirinya daripada semua perbincangan mengenai cadangan pakej ganjarannya.

Jawatankuasa Ganjaran bermesyuarat paling kurang sekali setahun dan sepanjang tahun kewangan berakhir

31 Disember 2006, Jawatankuasa Ganjaran telah bermesyuarat sebanyak 4 kali. Mesyuarat tersebut dihadiri oleh majoriti ahli Jawatankuasa Ganjaran. Setiap Pengarah mengecualikan diri daripada terlibat di dalam perbincangan dan keputusan berkaitan pakej ganjaran mereka sendiri.

Kuasa dan Terma Rujukan Jawatankuasa Ganjaran adalah seperti berikut:

a. Kuasa

Jawatankuasa Ganjaran disahkan oleh Lembaga untuk tindakan berikut:

- Mencadangkan kepada Lembaga rangka kerja polisi Syarikat bagi terma pengambilan pengarah eksekutif, ahli-ahli Kumpulan Pengurusan Kanan dan pekerja Gred 38 dan ke atas;
- Mencadangkan kepada Lembaga terhadap semua elemen pembayaran ganjaran dan ganti rugi pengarah eksekutif, ahli-ahli Kumpulan Pengurusan Kanan dan pekerja Gred 38 dan ke atas;
- Mengkaji dan meluluskan bonus tahunan dan kenaikan gaji pengarah eksekutif, ahli-ahli Kumpulan Pengurusan Kanan dan pekerja Gred 38 dan ke atas; dan
- Menilai serta mencadangkan kepada Lembaga ganjaran para pengarah bukan eksekutif.

b. Mesyuarat dan Minit

- Jawatankuasa Ganjaran akan bermesyuarat paling kurang sekali setiap tahun atau bila mana diputuskan.

- Majoriti kehadiran ahli mestilah pengarah bukan eksekutif bagi melengkapkan kuorum mesyuarat.
- Pengarah eksekutif dan pengarah bukan eksekutif akan mengecualikan diri daripada terlibat di dalam perbincangan dan keputusan berkaitan ganjaran mereka sendiri sama ada pada tahap Jawatankuasa Ganjaran atau Lembaga.
- Jawatankuasa Ganjaran adalah layak untuk meminta nasihat sama ada secara dalaman daripada Jabatan Sumber Manusia dan/atau sumber luaran jika perlu.
- Setiausaha Syarikat akan merekod, menyedia dan mengedar minit-minit mesyuarat Jawatankuasa Ganjaran serta memastikan minit-minit tersebut disimpan dengan baik, dan diserahkan untuk pemeriksaan jika diperlukan.
- Jawatankuasa Ganjaran akan melapor kepada Lembaga dan minit-minit Mesyuarat Jawatankuasa Ganjaran akan dibentang dan disahkan oleh Lembaga.

4. Jawatankuasa Tanggungjawab Sosial Korporat ("Jawatankuasa CSR")

Jawatankuasa CSR bertanggungjawab mengkaji pengurusan tanggungjawab sosial korporat Syarikat serta memantau keseimbangannya terhadap Penyata Prinsip Perniagaan.

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Ahli Jawatankuasa CSR pada 31 Disember 2006 adalah seperti berikut:

Bartholomeus Franciscus	
Theodorus Alkemade	: Pengerusi
Robert James Clark	: Ahli
Dato' Chan Choon Ngai	: Ahli
Ricardo Oberlander	: Ahli
Sigrid Erdmann	: Ahli
Zainal Arifin Khalid	: Ahli
Christine Lee Oi Kuan	: Ahli
Allen Lim	: Ahli

Ahli Jawatankuasa CSR terdiri daripada ahli Kumpulan Pengurusan Kanan Syarikat bersama-sama dengan Pengurus Perkhidmatan Korporat yang bertindak sebagai setiausaha kepada Jawatankuasa CSR. Jawatankuasa CSR melapor kepada Lembaga melalui Jawatankuasa Audit. Jawatankuasa CSR bermesyuarat 2 kali sepanjang tahun kewangan berakhir 31 Disember 2006.

Terma Rujukan Jawatankuasa CSR adalah seperti berikut:

a. Tujuan

Jawatankuasa CSR mengkaji pengurusan CSR Syarikat termasuk memantau keseimbangannya dengan Penyata Prinsip Perniagaan.

Jawatankuasa CSR berhasrat memberi fokus terhadap prestasi persekitaran dan sosial Syarikat yang mana risiko dan isu persekitaran dan sosial dikenal pasti dan tindakan tepat dan bersesuaian diambil bagi menangani isu tersebut. Jawatankuasa CSR juga bertindak sebagai forum yang mencerminkan bahawa prinsip CSR dilaksanakan secara efektif ke seluruh Syarikat.

b. Kuasa

Jawatankuasa CSR diberi kuasa oleh Lembaga Pengarah bagi mengkaji aktiviti Syarikat, yang berada di bawah pengurusan tanggungjawab sosial korporat Syarikat. Dalam melaksanakan tugasnya, Jawatankuasa CSR juga diberi kuasa oleh Lembaga Pengarah untuk mendapatkan nasihat profesional bebas luaran serta pandangan pihak ketiga dengan kepakaran dan pengalaman yang relevan, serta pihak dari kalangan Syarikat.

Jawatankuasa CSR akan bermesyuarat paling kurang 2 kali setahun.

c. Objektif

Objektif spesifik Jawatankuasa CSR adalah:

- Mengenal pasti dan mengurus isu-isu utama persekitaran dan sosial;
- Mengenal pasti dan hubungan dengan pemegang taruh;
- Memantau keberkesanan dan ketepatan sistem dan kawalan pengurusan CSR;
- Memastikan ketepatan maklumat pengurusan prestasi persekitaran dan sosial; dan
- Memantau pergerakan sejajar dengan Penyata Prinsip Perniagaan Syarikat.

d. Hubungan dengan Audit Dalaman

Wakil-wakil daripada Audit Dalaman mungkin dijemput untuk menghadiri mesyuarat Jawatankuasa CSR serta memberi pandangan sebarang hal ehwal CSR yang memberi kesan kepada Syarikat. Audit Dalaman melapor terus kepada Pengerusi Jawatankuasa CSR mengenai sebarang perkara berkaitan CSR.

KEHADIRAN DI MESYUARAT LEMBAGA DAN JAWATANKUASA LEMBAGA

	Lembaga Pengarah		Jawatankuasa Audit		Jawatankuasa Penamaan		Jawatankuasa Ganjaran	
	Jumlah kehadiran	Peratus (%)	Jumlah kehadiran	Peratus (%)	Jumlah kehadiran	Peratus (%)	Jumlah kehadiran	Peratus (%)
Tan Sri Abu Talib bin Othman (Pengarah Bukan Eksekutif Bebas)	6/6	100	4/4	100	3/3	100	4/4	100
Andrew MacLachlan Gray # (Pengarah Eksekutif Bukan Bebas)	2/2	100	-	-	-	-	1/1	100
Bartholomeus Franciscus Theodorus Alkemade* (Pengarah Eksekutif Bukan Bebas)	4/4	100	-	-	-	-	3/3	100
Tan Sri Kamarul Ariffin bin Mohamed Yassin (Pengarah Bukan Eksekutif Bebas)	5/6	83	3/4	75	-	-	3/4	75
Datuk Oh Chong Peng (Pengarah Bukan Eksekutif Bebas)	6/6	100	4/4	100	3/3	100	4/4	100
James Richard Suttie ** (Pengarah Bukan Eksekutif Bukan Bebas)	3/3	100	3/3	100	N/A##	N/A##	2/3	67
Robert James Clark (Pengarah Eksekutif Bukan Bebas)	6/6	100	-	-	-	-	-	-
Dato' Chan Choon Ngai (Pengarah Eksekutif Bukan Bebas)	6/6	100	-	-	-	-	-	-

* Dilantik pada 1 Mac 2006

** Dilantik semula pada 20 Mac 2006

Mr Andrew MacLachlan Gray meletak jawatan pada 28 Februari 2006 selepas Mesyuarat Lembaga Pengarah yang diadakan pada Januari dan Februari 2006.

Mr James Richard Suttie dilantik selepas mesyuarat Jawatankuasa Penamaan bagi tahun kewangan berakhir 31 Disember 2006 diadakan.

Sekiranya seorang pengarah dilantik di pertengahan tahun kewangan, penghitungan minimum jumlah kehadiran ke mesyuarat lembaga bagi tujuan mematuhi kehadiran 50% bagi tahun kewangan tersebut hanya diambil kira terhadap mesyuarat yang diadakan pada atau selepas pelantikannya.

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SETIAUSAHA SYARIKAT

Setiausaha Syarikat memberikan sokongan kepada Pengerusi Syarikat dengan memastikan Lembaga berfungsi dengan efektif dan memberi panduan kepada Lembaga mengenai tanggungjawab mereka di bawah undang-undang berkaitan serta keperluan perundangan lain yang mana mereka harus patuhi dan bagaimana tanggungjawab tersebut dilaksanakan sewajarnya. Setiausaha Syarikat merekod, menyedia serta mengedarkan minit mesyuarat Lembaga serta memastikan minit-minit tersebut disimpan dengan baik dan menyerahkannya untuk tujuan pemeriksaan jika diperlukan.

Setiausaha Syarikat juga secara kerap memberi maklumat terkini kepada Lembaga tentang pindaan terhadap catatan senarai keperluan dan amalan daripada Bursa Malaysia Securities Berhad serta menasihati Lembaga mengenai impak, jika ada, kepada Syarikat dan Lembaga. Setiausaha Syarikat dilantik dan dipecat oleh Lembaga secara keseluruhan.

GANJARAN PENGARAH

Polisi untuk ganjaran Pengarah adalah untuk menyediakan pakej ganjaran yang diperlukan bagi menarik, mengekal dan

memotivasikan Pengarah terhadap kualiti yang diperlukan untuk menguruskan perniagaan Kumpulan. Bagi Pengarah Bukan Eksekutif, tahap ganjaran mencerminkan pengalaman dan tahap tanggungjawab dibawa oleh Pengarah Bukan Eksekutif. Strategi ganjaran untuk Pengarah Eksekutif Kumpulan adalah pembayaran yang kompetitif, dan melalui struktur gabungan pembayaran dan manfaat, untuk memberi ganjaran terhadap prestasi korporat dan individu bagi menyumbang ke arah Organisasi Cemerlang. Strategi ganjaran mencerminkan sifat kompetitif operasi Kumpulan, mengenal pasti keperluan untuk menarik, memotivasi dan mengekalkan eksekutif berkaliber dan berkualiti tinggi.

Maklumat yang disediakan oleh konsultan bebas dan data kajiselidik terhadap amalan ganjaran syarikat perbandingan diambil kira dalam menentukan pakej ganjaran untuk Pengarah Eksekutif dan Bukan Eksekutif. Jawatankuasa Ganjaran mencadangkan kepada Lembaga, pakej ganjaran untuk Pengarah Eksekutif dan adalah menjadi tanggungjawab utama Lembaga secara keseluruhan untuk meluluskan pakej ganjaran bagi Pengarah Eksekutif.

Pakej ganjaran untuk Pengarah mengandungi elemen di bawah:

- **Yuran dan Elaun Mesyuarat**

Pembayaran yuran bagi setiap Pengarah Bukan Eksekutif ditentukan oleh Lembaga yang diberi kuasa oleh pemegang saham Syarikat. Semua Pengarah Bukan Eksekutif dibayar elaun mesyuarat seperti ditentukan oleh Lembaga sebagai pembayaran balik untuk perbelanjaan ditanggung untuk menghadiri Mesyuarat Lembaga. Ia adalah amalan Kumpulan untuk melepaskan yuran bagi Pengarah Bukan Eksekutif Bukan Bebas.

- **Gaji Asas**

Gaji asas untuk Pengarah Eksekutif dicadangkan oleh Jawatankuasa Ganjaran kepada Lembaga untuk kelulusan Lembaga Pengarah.

- **Faedah Seumpama**

Faedah biasa seperti pembayaran sewa, kenderaan bermotor, keahlian kelab dan perbelanjaan peribadi disediakan kepada Pengarah selaras dengan polisi Kumpulan.

- **Emolumen**

Emolumen seperti bonus, faedah persaraan, peruntukan cuti, elaun, sumbangan statutori dan insentif di dalam bentuk saham/opsyen di dalam saham British American Tobacco p.l.c. menurut skim saham British American Tobacco p.l.c.

Butiran ganjaran para Pengarah bagi tahun kewangan berakhir 31 Disember 2006 adalah seperti berikut :

Pengarah	Yuran (RM)	Gaji (RM)	Emolumen lain* (RM)	Faedah seumpamanya** (RM)	Jumlah (RM)
Bukan Eksekutif					
Tan Sri Abu Talib bin Othman	312,000	-	-	27,058	339,058
Tan Sri Kamarul Ariffin bin Mohamed Yassin	51,000	-	-	-	51,000
Datuk Oh Chong Peng	57,000	-	-	-	57,000
James Richard Suttie ¹	-	-	-	-	-
Eksekutif					
Andrew Maclachlan Gray ²	-	575,686	699,777	211,102	1,486,565
Bartholomeus Franciscus Theodorus Alkemade ³	-	1,248,218	977,905	247,275	2,473,398
Robert James Clark	-	1,371,472	1,126,212	335,381	2,833,065
Dato' Chan Choon Ngai	-	717,678	1,275,410	94,865	2,087,953

* Emolumen lain termasuk bonus, faedah persaraan, peruntukan cuti, elaun, sumbangan statutori serta insentif dalam bentuk saham/opsyen saham British American Tobacco p.l.c di bawah skim saham British American Tobacco p.l.c.

** Faedah seumpamanya termasuk pembayaran sewa, kenderaan, keahlian kelab, dan perbelanjaan peribadi.

1 Dilantik semula pada 20 Mac 2006

2 Meletak jawatan pada 28 Februari 2006

3 Dilantik pada 1 Mac 2006

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PEMEGANG SAHAM

Komunikasi dengan pemegang saham dan pelabur

Kumpulan menyedari betapa pentingnya mengekalkan ketelusan dan kebertanggungjawaban terhadap pemegang saham dan pelabur. Kumpulan mengekalkan polisi komunikasi yang aktif dan konstruktif bagi membolehkan Lembaga Pengarah dan pengurusan berkomunikasi secara berkesan dengan pemegang saham dan pelabur supaya objektif ketelusan dan kebertanggungjawaban dapat dicapai.

Satu saluran penting untuk menyampaikan maklumat perniagaan, kewangan serta aktiviti penting Syarikat kepada pemegang saham dan pelabur adalah melalui Laporan Tahunan Syarikat yang mana kandungannya sentiasa dipertingkatkan dengan perkembangan terbaru termasuk berkaitan tadbir urus korporat.

Mesyuarat Agung Tahunan adalah saluran utama yang digunakan oleh Syarikat untuk berdialog dengan pemegang sahamnya serta mengambil peluang untuk mengumpul pandangan dan menjawab kemusykilan terhadap semua isu yang berkaitan dengan Kumpulan. Pada Mesyuarat Agung Tahunan tersebut, pemegang saham digalakkan untuk mengajukan soalan mengenai resolusi yang dicadangkan atau mengenai operasi Kumpulan secara umumnya. Ahli Lembaga Pengarah, para pengurus kanan serta penasihat yang berkaitan akan hadir untuk menjawab soalan-soalan yang diajukan serta memberi penjelasan yang diperlukan oleh pemegang saham.

Aspek penting dalam menjamin polisi komunikasi yang aktif serta konstruktif ialah penyampaian maklumat yang dibuat dalam jangka masa yang bersesuaian kepada pemegang saham serta pelabur. Pihak Syarikat akan menghantar Notis Mesyuarat Agung Tahunan dan dokumen berkaitan kepada para pelabur paling kurang 21 hari sebelum tarikh mesyuarat untuk membolehkan pemahaman dan penilaian mendalam mengenai isu-isu berbangkit. Sebagai tambahan, satu sidang

media akan diadakan sejurus selepas Mesyuarat Agung Tahunan diadakan yang mana Pengerusi, Pengarah Urusan dan Pengarah Kewangan akan memaklumkan resolusi yang telah diluluskan serta menjawab soalan-soalan mengenai Kumpulan.

Keputusan kewangan suku tahun akan diumumkan dalam jangka masa bersesuaian kepada para pemegang saham bagi membolehkan mereka mendapat tinjauan menyeluruh tentang prestasi dan operasi Kumpulan. Pihak Syarikat juga mengadakan taklimat setiap suku tahun untuk pengurus-pengurus dana, pelabur institusi dan penganalisis pelaburan selepas pengumuman keputusan suku tahun kepada Bursa Malaysia Securities Berhad. Taklimat atau jaya wara akan diadakan jika bersesuaian untuk menerangkan strategi Kumpulan, prestasi dan pembangunan utama.

Komunikasi dipertingkatkan melalui pelbagai pengumuman dan surat pekeliling, apabila perlu, dibuat sepanjang tahun selaras dengan keperluan peraturan pendedahan pihak berkuasa. Sebagai tambahan, Kumpulan telah mewujudkan laman web di www.batmalaysia.com yang mana pemegang saham boleh mengakses maklumat termasuk maklumat korporat, kenyataan media, maklumat kewangan, harga saham, perhubungan dengan pelabur dan taklimat, tanggungjawab sosial, isu tembakau serta peluang kerjaya.

Sementara Syarikat berusaha untuk menyampaikan seberapa banyak maklumat kepada pemegang saham dan pemegang kepentingan, ia prihatin terhadap rangka kerja perundangan serta peraturan yang mengawal penyaluran bahan-bahan dan maklumat yang mempengaruhi harga. Sebarang maklumat yang dianggap penting yang tidak boleh disebarkan mengenai Kumpulan tidak akan disampaikan kepada mana-mana pemegang saham atau kumpulan pemegang saham.



KEBERTANGGUNGJAWABAN DAN AUDIT

Laporan Kewangan

Lembaga Pengarah menasaskan untuk menyedia dan membentangkan penilaian yang jelas, adil dan komprehensif tentang prestasi kewangan Kumpulan dan prospek di akhir tahun kewangan, terutamanya melalui penyata kewangan tahunan, pengumuman keputusan suku dan separuh tahun kepada para pemegang saham dan juga kenyataan Pengerusi dan tinjauan operasi di dalam laporan tahunan. Lembaga Pengarah dibantu oleh Jawatankuasa Audit untuk memantau proses pelaporan kewangan Kumpulan dan mutu laporan kewangan tersebut.

Penyata Tanggungjawab Pengarah dari segi penyediaan Penyata Kewangan yang Diaudit

Lembaga Pengarah bertanggungjawab memastikan penyata kewangan memberi gambaran yang benar dan adil mengenai kedudukan Kumpulan dan Syarikat pada akhir tempoh perakaunan dan penyata untung rugi serta aliran tunai untuk tempoh itu. Dalam menyediakan penyata kewangan, para Pengarah memastikan piawai perakaunan yang diluluskan oleh Lembaga Piawaian Perakaunan ("MASB") di Malaysia, polisi perakaunan dan peruntukan Akta Syarikat 1965, telah diaplikasikan dan pertimbangan, anggaran serta penilaian cermat dan berpatutan telah dilaksanakan. Para Pengarah juga bertanggungjawab secara keseluruhan untuk mengambil langkah-langkah yang berpatutan dan terbuka kepada mereka bagi mengawal aset Kumpulan dan penggunaan berterusan sistem perakaunan dan sistem kawalan dalaman untuk mengelak dan mengesan pemalsuan dan penyelewengan lain.

Kawalan Dalaman

Adalah amat penting untuk menekankan bahawa tanggungjawab keseluruhan bagi memastikan sistem kawalan dalaman yang kukuh dan pengkajian semula keberkesanan sistem tersebut tertakluk kepada Lembaga Pengarah. Lembaga menetapkan polisi dan prosedur untuk kawalan dalaman dan memantau pelaksanaan sistem kawalan dalaman telah dilaksanakan dengan baik oleh pengurusan eksekutif. Kajian semula dijalankan paling kurang setiap tahun, meliputi semua kawalan material termasuk kewangan, operasi dan kawalan pematuan serta sistem pengurusan risiko. Lembaga memperoleh jaminan berpatutan daripada laporan-laporan yang dikemukakan oleh jawatankuasa yang relevan terhadap pengurusan risiko dan kawalan dalaman.

Penyata Kawalan Dalaman

Penyata Kawalan Dalaman dikemukakan di muka surat 194 dan 195 di dalam Laporan Tahunan ini menyediakan tinjauan menyeluruh mengenai tahap kawalan dalaman di dalam Kumpulan.

Perhubungan dengan Juruaudit Luaran

Ciri utama yang menjadi asas perhubungan Jawatankuasa Audit dengan Juruaudit Luaran dimasukkan dalam terma rujukan Jawatankuasa Audit. Tugas Jawatankuasa Audit dengan kuasa diberi oleh Lembaga Pengarah adalah untuk mengkaji sebarang perkara berkaitan pelantikan dan pelantikan semula, yuran audit, pemberhentian atau pemecatan juruaudit luaran serta mengkaji dan menilai faktor-faktor berhubung kebebasan juruaudit luaran dan membantu mereka mengekalkan kebebasan. Ringkasan mengenai aktiviti Jawatankuasa Audit sepanjang tahun termasuk penilaian proses audit bebas dinyatakan dalam Laporan Jawatankuasa Audit dari muka surat 196 hingga 199 di dalam Laporan Tahunan ini.

Pematuan Terhadap Kod

Kumpulan telah mematuhi Kod Tadbir Urus Korporat Malaysia sepanjang tahun kewangan berakhir 31 Disember 2006. Penyata ini dibuat selaras dengan resolusi Lembaga Pengarah bertarikh 9 Mac 2007.

Penyata Kawalan Dalam

TANGGUNGJAWAB

Lembaga Pengarah menyedari kepentingan kawalan dalam serta pengamalan pengurusan risiko yang kukuh menjurus kepada tadbir urus korporat yang baik. Lembaga Pengarah menegaskan tanggungjawab keseluruhan mereka terhadap sistem kawalan dalam Kumpulan termasuk mewujudkan persekitaran kawalan dan rangka kerja yang bersesuaian serta mengkaji semula kemampuan dan integritinya. Oleh kerana terdapat beberapa pembatasan yang sedia ada dalam mana-mana sistem kawalan dalam, sistem ini direka untuk mengurus dan bukannya menghapuskan risiko yang boleh menggugat pencapaian objektif perniagaan Kumpulan. Oleh yang demikian, ia hanya dapat menyediakan jaminan munasabah dan bukan jaminan sepenuhnya terhadap sebarang salah nyata atau kerugian yang ketara. Sistem kawalan dalam meliputi antara lain, kawalan kewangan, operasi dan pematuhan serta prosedur-prosedur pengurusan risiko.

Kumpulan mempunyai satu proses yang sedang berjalan bagi mengenal pasti, menilai, memantau serta mengurus risiko-risiko penting yang dihadapi oleh Kumpulan dan proses ini termasuk menilai dan mengemas kini sistem kawalan dalam untuk mengambil kira perubahan perundangan dan persekitaran perniagaan. Proses ini sentiasa dikaji oleh Lembaga melalui Jawatankuasa Audit dan selaras dengan Penyata Kawalan Dalam: Garis Panduan untuk Pengarah Syarikat Awam Tersenarai.

Lembaga Pengarah memastikan supaya pihak pengurusan mengambil tindakan yang sewajarnya dalam melaksanakan polisi dan prosedur bagi risiko dan kawalan yang telah diluluskan oleh Lembaga, di mana pihak pengurusan akan mengenal pasti dan menilai risiko yang dihadapi, kemudian mencorak, melaksanakan dan memantau kawalan dalam yang sesuai untuk mengurangkan dan mengawal risiko tersebut.

PENGURUSAN RISIKO

Pengurusan risiko diterap kukuh dalam sistem pengurusan Kumpulan dan merupakan tanggungjawab setiap pekerja, kerana Kumpulan percaya bahawa pengurusan risiko adalah kritikal untuk keuntungan berterusan Kumpulan dan penambahan nilai pemegang saham.

Pada bulan April dan Oktober 2006, Pasukan Pengurusan Risiko dan pihak pengurusan telah bersama-sama mengemaskinikan daftar risiko dan pelan tindakan pengurangan risiko.

Sepanjang tahun dalam kajian, pelan kesinambungan perniagaan (atau pelan kontingensi) terpilih dikaji semula, dikemas kini dan/atau diuji. Sebagai tambahan, pengurusan-pengurus kanan yang memiliki pelan kesinambungan perniagaan masing-masing telah membuat pembentangan secara rasmi kepada Kumpulan Pengurusan Kanan mengenai tahap kesediaan mereka menghadapi krisis.

Jawatankuasa Audit telah diberi taklimat oleh Pengurus Risiko Perniagaan mengenai Program Pengurusan Risiko Kumpulan pada April dan Oktober 2006.

PROSES KAWALAN DALAM UTAMA

Paling penting untuk sistem pengurusan kawalan dalam dan risiko adalah proses Penilaian Kawalan Sendirinya ("CSA") yang telah dihasilkan dan terus menampakkan kemajuan dari semasa ke semasa. Satu senarai semakan kawalan utama telah dihasilkan dan membentangkan pelbagai kawalan utama dan keperluan proses bagi semua fungsi di dalam Kumpulan, dan ia dikemas kini setiap tahun dengan mengambil kira profil risiko yang sering berubah, berikutan perubahan dalam suasana perniagaan dan perundangan, strategi dan aktiviti fungsi dari semasa ke semasa. Semua unit perniagaan diwajibkan mendokumentasikan kawalan dan proses bagi mengurus risiko serta menilai keberkesannya setiap tahun. Senarai semakan kawalan utama dan analisis haluan dilaporkan kepada Jawatankuasa Audit.

ELEMEN UTAMA LAIN SISTEM KAWALAN DALAMAN

Selain daripada yang dinyatakan di atas, lain-lain elemen utama pada sistem kawalan dalaman Kumpulan yang telah dikaji dan diluluskan oleh Lembaga adalah seperti berikut:

(a) Polisi, Prosedur dan Tahap Autoriti

- Pembahagian tanggungjawab yang ditakrif dengan jelas kepada Jawatankuasa Lembaga dan pihak pengurusan termasuk struktur organisasi dan tahap autoriti yang sesuai; dan
- Polisi-polisi dalaman, piawai dan prosedur yang didokumentasikan dengan jelas dan dikemas kini dari semasa ke semasa untuk mencerminkan risiko yang sering berubah atau menangani kelemahan operasi. Semua polisi dan piawai diluluskan oleh Lembaga dan kes-kes ketidakpatuhan dilaporkan kepada Lembaga secara pengecualian. Ini juga bergantung pada fungsi Audit Dalaman Kumpulan serta pendekatan CSA yang dinyatakan di atas.

(b) Pelan Perniagaan Strategik, Belanjawan dan Laporan

- Maklumat kerap dan menyeluruh disediakan oleh pihak pengurusan bagi memantau prestasi berbanding pelan strategik, meliputi semua petunjuk kewangan dan operasi utama. Setiap suku tahun, Pengarah Urusan bersama dengan Lembaga mengkaji semula semua isu yang meliputi, tetapi tidak terhad kepada, strategi, prestasi, sumber dan piawai perlakuan perniagaan;
- Proses belanjawan terperinci yang diwujudkan, memerlukan semua unit perniagaan menyediakan belanjawan tahunan yang dibincangkan dan diluluskan oleh Lembaga; dan
- Sistem laporan yang efektif yang mendedahkan perbezaan yang ketara berbanding belanjawan dan rancangan diwujudkan untuk memantau prestasi. Perbezaan utama akan dipantau oleh pengurusan dan dilaporkan kepada Lembaga.

(c) Insurans dan Perlindungan Fizikal

- Insurans dan perlindungan fizikal yang sewajarnya diambil ke atas aset utama bagi memastikan bahawa aset Kumpulan dilindungi secukupnya daripada sebarang kemalangan yang akan mengakibatkan kerugian ketara bagi Kumpulan.

(d) Mesyuarat Kumpulan Pengurusan

- Mesyuarat Kumpulan Pengurusan, yang merupakan mesyuarat pengurusan kanan diadakan secara kerap bagi mengkaji, mengenal pasti, membincang dan menyelesaikan isu-isu strategik, operasi, kewangan dan isu pengurusan utama.

(e) Lain-lain Hal

- Mesyuarat kerap diadakan di antara Pengarah Kewangan dan penganalisis dengan pembentangan rasmi dibuat pada hari keputusan kewangan dikeluarkan selepas kelulusan Lembaga, bagi memastikan hubungan yang telus dan berdialog secara terbuka dengan para pelabur dan pemegang saham; dan
- Deklarasi bertulis daripada semua kakitangan pengurusan bagi mengesahkan pematuhan kepada Piawai Perlakuan Perniagaan Kumpulan di mana situasi kepentingan yang bercanggah didedahkan.

Sistem kawalan dalaman adalah memuaskan dan tidak menimbulkan sebarang kerugian yang ketara, luar jangkaan atau ketidakpastian yang perlu dilaporkan di dalam Laporan Tahunan Kumpulan.

Laporan Jawatankuasa Audit

KEAHLIAN DAN KEHADIRAN

Keahlian dan butiran kehadiran setiap ahli di mesyuarat Jawatankuasa Audit sepanjang tahun 2006 adalah seperti berikut:

Komposisi Jawatankuasa Audit	Bilangan Mesyuarat Jawatankuasa Audit		%
	Diadakan	Dihadiri	
Tan Sri Abu Talib bin Othman Pengerusi (Pengarah Bukan Eksekutif Bebas)	4	4	100
Tan Sri Kamarul Ariffin bin Mohamed Yassin (Pengarah Bukan Eksekutif Bebas)	4	3	75
Datuk Oh Chong Peng (Pengarah Bukan Eksekutif Bebas)	4	4	100
James Richard Suttie* (Pengarah Bukan Eksekutif Bukan Bebas)	3	3	100

*Dilantik semula pada 20 Mac 2006

Jawatankuasa Audit telah mengadakan 4 mesyuarat sepanjang tahun ini yang dihadiri oleh sebilangan besar ahlinya. Di atas jemputan Jawatankuasa Audit, Pengarah Urusan, Pengarah Kewangan, wakil juruaudit luaran dan Ketua Audit Dalaman menghadiri kesemua mesyuarat. Dari semasa ke semasa ahli-ahli pengurusan kanan yang lain juga menghadiri mesyuarat di atas jemputan Jawatankuasa Audit.

KOMPOSISI DAN TERMA RUJUKAN

(a) Komposisi

Jawatankuasa Audit harus terdiri daripada paling kurang 3 orang Pengarah, yang sebilangan besar daripada mereka adalah bebas. Lembaga Pengarah akan melantik ahli Jawatankuasa Audit dan kesemua ahli Jawatankuasa Audit termasuk Pengerusi adalah Pengarah Bukan Eksekutif.

Sekurang-kurangnya seorang daripada ahli Jawatankuasa Audit adalah ahli Institut Akauntan Malaysia atau secara alternatifnya mempunyai paling kurang 3 tahun pengalaman bekerja dan telah lulus ujian yang dinyatakan dalam Bahagian 1 Jadual Pertama Akta Akauntan, 1967 atau merupakan seorang ahli dalam salah sebuah pertubuhan yang dinyatakan dalam Bahagian II Jadual tersebut atau mempunyai ijazah/sarjana/falsafah dalam bidang perakaunan atau kewangan dan paling kurang 3 tahun pengalaman bekerja selepas lulus di bidang perakaunan atau kewangan atau merupakan ahli pertubuhan perakaunan profesional yang disahkan sebagai ahli penuh Persekutuan Akauntan Antarabangsa dan paling kurang 3 tahun pengalaman bekerja selepas lulus di bidang perakaunan atau kewangan atau paling kurang 7 tahun pengalaman bekerja sebagai ketua pegawai kewangan sesebuah syarikat atau bekerja dalam fungsi yang mana tanggungjawab utamanya ialah pengurusan kewangan sebuah syarikat.

Pengarah gantian tidak akan dilantik sebagai ahli Jawatankuasa Audit. Lembaga akan mengkaji tempoh jawatan dan prestasi ahli-ahli Jawatankuasa Audit paling kurang sekali setiap 3 tahun bagi menentukan sama ada ahli-ahli telah melaksanakan tanggungjawab mereka selaras dengan terma rujukan mereka.

Jika berlaku sebarang kekosongan di dalam Jawatankuasa Audit yang mengakibatkan ketidakpatuhan kepada subpara 15.10(1) Keperluan Penyenaraian Bursa Malaysia Securities Berhad, Lembaga harus mengisi kekosongan tersebut dalam tempoh 3 bulan daripada tarikh kekosongan tersebut.

(b) Pengerusi

Seorang Pengarah Bukan Eksekutif Bebas akan menjadi Pengerusi Jawatankuasa Audit.

(c) Mesyuarat dan Minit

Jawatankuasa Audit perlu bermesyuarat paling kurang 4 kali setahun. Walau bagaimanapun, Jawatankuasa Audit perlu mengadakan mesyuarat dengan juruaudit luaran tanpa kehadiran para Pengarah Eksekutif paling kurang sekali setahun. Tahun ini, Jawatankuasa Audit telah bermesyuarat dengan juruaudit luaran sekali tanpa kehadiran Pengarah-Pengarah Eksekutif dan pihak pengurusan.

Selain dari keadaan yang pada pandangan Pengerusi tidak sesuai, Pengarah Kewangan, Ketua Audit Dalam dan wakil juruaudit luaran lazimnya akan menghadiri semua mesyuarat Jawatankuasa Audit dan mengemukakan pandangan mereka mengenai sebarang perkara yang sedang dalam pertimbangan Jawatankuasa Audit, atau pada pendapat mereka, harus diketengahkan untuk perhatian Jawatankuasa Audit. Jawatankuasa Audit diberi kuasa, pada dan apabila perlu, untuk menjemput ahli-ahli Lembaga lain dan ahli-ahli pengurusan kanan untuk menghadiri mesyuarat.

Setiausaha Syarikat dilantik sebagai Setiausaha Jawatankuasa Audit dan perlu merekod, menyedia dan mengedar minit mesyuarat Jawatankuasa Audit serta memastikan minit tersebut disimpan dengan rapi dan dikemukakan untuk pemeriksaan sekiranya perlu. Jawatankuasa Audit harus melaporkan kepada Lembaga dan minit mesyuarat harus dibentangkan dan disahkan oleh Lembaga.

(d) Kuorum

Sebilangan besar ahli yang hadir mesti terdiri daripada Pengarah Bebas bagi membentuk kuorum untuk mengadakan mesyuarat tersebut.

(e) Autoriti

Jawatankuasa Audit diberi autoriti oleh Lembaga untuk menyemak sebarang aktiviti dalam bidang terma rujukan Jawatankuasa Audit. Ia diberi kuasa untuk mendapatkan maklumat yang diperlukan daripada mana-mana Pengarah atau ahli pengurusan dan mempunyai akses tidak terhad sepenuhnya kepada sebarang maklumat berkenaan dengan Kumpulan dan pengurusan, serta semua kakitangan Kumpulan perlu mematuhi permintaan Jawatankuasa Audit.

Jawatankuasa Audit diberi autoriti oleh Lembaga untuk mendapatkan nasihat profesional luar dan mengundang kehadiran pihak luar yang mempunyai pengalaman dan kepakaran yang berkaitan jika difikirkan perlu, dan perbelanjaannya akan ditanggung oleh Syarikat.

Jika mana-mana ahli Jawatankuasa Audit perlu mendapatkan khidmat profesional luar untuk melaksanakan tanggungjawabnya, beliau perlu berunding dan mendapatkan kelulusan daripada Pengerusi Jawatankuasa Audit terlebih dahulu.

Jawatankuasa Audit akan mempunyai saluran komunikasi secara langsung dan boleh menjalankan mesyuarat dengan juruaudit luaran tanpa kehadiran ahli bukan bebas Jawatankuasa Audit, apabila difikirkan perlu.

TANGGUNGJAWAB DAN TUGAS

Tanggungjawab dan tugas Jawatankuasa Audit adalah:

(a) Pelaporan Kewangan

- Untuk mengkaji semua penyata kewangan suku tahunan, dan tahunan Syarikat, tumpuan terutamanya pada:
 - sebarang perubahan ketara pada polisi dan amalan perakaunan;
 - pengubahsuaian ketara yang timbul daripada audit;
 - pematuhan terhadap piawai perakaunan dan lain-lain keperluan perundangan; dan
 - andaian berlarutan.

(b) Urus niaga Berulang Pihak Berkaitan

- Untuk mengkaji semula sebarang urus niaga berulang pihak berkaitan dan situasi kepentingan yang bercanggah yang mungkin timbul dalam Kumpulan, termasuk sebarang urus niaga, prosedur atau perilaku yang menimbulkan persoalan terhadap integriti pengurusan.

(c) Laporan Audit

- Untuk menyediakan laporan tahunan Jawatankuasa Audit kepada Lembaga, termasuk komposisi Jawatankuasa Audit, terma rujukan, bilangan mesyuarat yang diadakan, ringkasan aktiviti, dan kewujudan unit Audit Dalam dan ringkasan aktiviti unit tersebut untuk dimasukkan ke dalam Laporan Tahunan; dan

LAPORAN JAWATANKUASA AUDIT

- Untuk mengkaji penyata Lembaga berkenaan pematuhan Kod Tadbir Urus Korporat Malaysia untuk dimasukkan ke dalam Laporan Tahunan.

(d) Kawalan Dalam

- Untuk mempertimbangkan setiap tahun, Rangka Kerja Pengurusan Risiko Perniagaan yang diterima pakai dalam Kumpulan, dan memastikan bahawa kaedah yang digunakan adalah memuaskan dari segi pengenalan, penganalisisan, penilaian, pemantauan dan komunikasi risiko secara teratur dan tepat pada masanya, bagi membolehkan Kumpulan mengurangkan kerugian dan memaksimumkan peluang-peluang;
- Untuk memastikan bahawa sistem kawalan dalaman dibentuk dengan baik, tersusun, ditadbir secara berkesan dan dipantau secara teratur;
- Memastikan kajian dibuat ke atas tahap pematuhan terhadap polisi dalaman, piawai, perancangan dan prosedur yang melingkungi sebagai contoh, Piawai Perlakuan Perniagaan Kumpulan;
- Mendapatkan jaminan bahawa perancangan kawalan yang berkesan telah dihasilkan sebelum memulakan perubahan penting dalam Kumpulan; dan
- Untuk mencadangkan kepada Lembaga, langkah-langkah untuk memperbaiki sistem kawalan dalaman yang boleh dirumuskan daripada penemuan juruaudit dalaman dan luaran, dan daripada rundingan Jawatankuasa Audit itu sendiri.

(e) Audit Dalam

- Untuk memastikan bahawa strategi, perancangan, penyelenggaraan dan organisasi untuk audit dalaman disampaikan kepada seluruh Kumpulan. Khususnya:
 - untuk mengkaji rancangan audit dalaman dan berpuas hati dengan keseragaman Rangka Kerja Pengurusan Risiko Perniagaan yang digunakan, ketepatan liputan dan kaedah audit yang digunakan;
 - untuk memastikan bahawa unit Audit Dalam dalam Kumpulan mempunyai sumber dan kedudukan yang bersesuaian bagi membolehkan mereka menyempurnakan mandat dan rancangan audit yang diluluskan;

- untuk mengkaji status laporan daripada Audit Dalam dan memastikan tindakan yang sesuai diambil ke atas cadangan-cadangan Audit Dalam. Untuk mencadangkan sebarang kajian mendalam yang difikirkan perlu, lanjutan dari isu atau masalah yang dikenal pasti;
- untuk mengkaji semula sebarang penilaian atau penaksiran prestasi ahli-ahli Audit Dalam, meluluskan sebarang pelantikan atau pemecatan ahli kanan Audit Dalam dan memaklumkan sebarang peletakan jawatan ahli Audit Dalam, dan sebab-sebabnya;
- untuk memastikan Audit Dalam mempunyai akses penuh, bebas dan tidak terhad kepada semua aktiviti, rekod, hartanah dan pekerja yang diperlukan untuk menjalankan tugas-tugasnya; dan
- untuk meminta dan mengkaji semula sebarang audit khas yang difikirkan perlu.

(f) Audit Luar

- Untuk mengkaji semula jenis dan skop rancangan audit luaran, laporan audit, penilaian kawalan dalaman dan koordinasi juruaudit luaran. Jawatankuasa Audit akan menyelaraskan satu gabungan pendapat mengenai kualiti audit luaran dalam salah satu mesyuaratnya;
- Untuk mengkaji semula Penyata Kawalan Dalam Kumpulan bersama juruaudit luaran, untuk dimasukkan ke dalam Laporan Tahunan;
- Untuk mengkaji semula sebarang perkara berhubung dengan pelantikan dan pelantikan semula, yuran audit dan sebarang persoalan mengenai peletakan jawatan atau pemecatan juruaudit luaran;
- Untuk mengkaji semula dan menilai faktor-faktor berkaitan dengan kebebasan juruaudit luaran dan membantu mereka mengekalkan kebebasan tersebut;
- Memaklumkan berkenaan dengan penggunaan juruaudit luaran yang ketara dalam melaksanakan khidmat bukan audit dalam Kumpulan, dan menimbang kedua-dua jenis perkhidmatan yang diberikan serta yuran yang terlibat, supaya kedudukan mereka sebagai juruaudit tidak dikatakan telah dikompromi; dan

- Untuk mengkaji semula penemuan juruaudit luaran yang timbul daripada audit, khususnya sebarang komen dan maklum balas surat pengurusan serta bantuan yang diberikan oleh pekerja Kumpulan supaya berpuas hati bahawa tindakan sesuai sedang diambil.

(g) Lain-lain Hal

- Untuk bertindak terhadap sebarang perkara lain yang diarahkan oleh Lembaga.

RINGKASAN AKTIVITI

Sepanjang tahun ini, Jawatankuasa Audit telah melaksanakan tugas-tugas mereka menurut terma rujukannya. Isu utama lain yang dikaji semula oleh Jawatankuasa Audit adalah seperti berikut:

- Program Pengurusan Risiko Kumpulan, termasuk program insurans dan keselamatan;
- Impak FRS 139 terhadap Laporan Kewangan pro-forma yang diserahkan kepada Suruhanjaya Sekuriti;
- Pematuhan terhadap Piawai Perlakuan Perniagaan Kumpulan; dan
- Laporan terkini mengenai Penyata Prinsip Perniagaan Kumpulan.

UNIT AUDIT DALAMAN

Kumpulan mempunyai unit audit dalaman yang mantap, yang melapor kepada Jawatankuasa Audit serta membantu Jawatankuasa melaksanakan tugas dan tanggungjawabnya.

Ketua Audit Dalaman melapor terus kepada Jawatankuasa Audit dan mempunyai akses secara langsung kepada Pengerusi Jawatankuasa Audit berhubung kait dengan semua perkara kawalan dan audit. Semua cadangan pengurusan berkenaan pelantikan, pemindahan dan penyingkiran Ketua Audit Dalaman Kumpulan memerlukan kelulusan daripada Jawatankuasa Audit terlebih dahulu. Sebarang batasan yang tidak sesuai terhadap skop audit perlu dilaporkan kepada Jawatankuasa Audit.

Pelan audit dalaman diluluskan oleh Jawatankuasa Audit semasa mesyuarat pertamanya setiap tahun. Sebarang perubahan berikutnya terhadap pelan audit dalaman diluluskan oleh Jawatankuasa Audit. Skop audit dalaman meliputi audit bagi semua unit dan operasi, termasuk semua subsidiari.

Unit audit dalaman telah menerima pakai pendekatan yang berasaskan risiko terhadap perancangan dan pelaksanaan audit yang mana pengendalian ini konsisten dengan rangka kerja Kumpulan dalam pembentukan, pelaksanaan dan pemantauan sistem kawalannya. Proses pemantauan Kumpulan dan pengendalian Penilaian Kawalan Sendiri yang mantap adalah sejajar dengan amalan untuk menghasilkan pengurusan risiko yang berkemampuan dan budaya risiko yang boleh diterima dalam organisasi.

Aktiviti utama lain yang dilaksanakan oleh unit audit dalaman adalah seperti berikut:

- mengkaji prosedur kelulusan berhubung urusan niaga berulang pihak berkaitan;
- mengkaji rangka kerja dan proses yang diterapkan oleh Kumpulan bagi memenuhi inisiatif laporan korporat dan sosial; dan
- melakukan kajian khusus yang diminta oleh Jawatankuasa Audit dan/atau pihak pengurusan.

Sistem kawalan dalaman adalah memuaskan dan tidak mengakibatkan sebarang kerugian ketara, luar jangkaan dan ketidakpastian yang perlu dilaporkan dalam Laporan Tahunan Kumpulan.

Laporan Jawatankuasa Audit dibuat selaras dengan resolusi Lembaga Pengarah bertarikh 15 Februari 2007.

Laporan Mengenai Pengurusan Risiko Korporat

PENGURUSAN RISIKO

Pengurusan risiko yang efektif berkaitan semua aspek perniagaan Kumpulan adalah kritikal bagi memaksimumkan nilai pemegang saham Kumpulan.

Risiko perniagaan Kumpulan disebabkan beberapa faktor, akan tetapi bukan semuanya di bawah kawalan Kumpulan. Segala cabaran luaran termasuk pendedahan risiko perniagaan seperti isu-isu reputasi korporat, perlindungan, persekitaran, kesihatan & keselamatan, kualiti produk dan teknologi maklumat sentiasa dikaji sebagai sebahagian daripada program Pengurusan Risiko Perniagaan Kumpulan.

Kumpulan telah menggunakan pendekatan yang proaktif terhadap program Pengurusan Risiko Perniagaan Kumpulan dengan objektif seperti berikut:

- Memastikan bekalan produk yang berterusan kepada pengguna sepanjang masa
- Melindungi aset dan reputasi
- Memelihara keselamatan dan kesihatan para pekerja
- Memastikan bahawa operasi Kumpulan tidak meninggalkan kesan negatif terhadap jiran tetangga dan persekitaran
- Melindungi kepentingan semua pihak berkepentingan
- Mematuhi Kod Tadbir Urus Korporat Malaysia, garis panduan Ibu pejabat dan semua undang-undang Malaysia yang berkaitan
- Menekankan budaya kesedaran risiko yang efektif yang mana pengurusan risiko adalah aspek asas dalam sistem pengurusan Kumpulan.

Pasukan Pengurusan Risiko yang diketuai oleh Pengarah Kewangan, terdiri dari para pengurusan kanan dari setiap bahagian dalam Kumpulan bertanggungjawab terhadap Pengurusan Risiko Perniagaan Kumpulan. Kumpulan ini bertanggungjawab terhadap:

- Memacu program Pengurusan Risiko Perniagaan Kumpulan
- Menekankan budaya kesedaran risiko secara proaktif di dalam Kumpulan
- Mengendalikan penilaian tahunan risiko perniagaan
- Mengkoordinasi pembangunan pelan tindakan pengurangan risiko
- Membangun dan mengemaskinikan Pelan Kesenambungan Perniagaan bagi risiko perniagaan utama
- Merancang dan mengkoordinasikan ujian Pelan Kesenambungan Perniagaan
- Mengadakan latihan dan pendidikan pengurusan risiko untuk pekerja
- Mengawasi keputusan petunjuk prestasi utama
- Memastikan tadbir urus korporat yang baik

Pengurusan Risiko diterap kukuh ke dalam sistem pengurusan Kumpulan dan ia menjadi tanggungjawab setiap pekerja.

PROSES PENGURUSAN RISIKO

Proses Pengurusan Risiko Perniagaan Kumpulan mengandungi lima fasa, iaitu:



Dalam proses mengenal pasti risiko, semua segi risiko perniagaan akan dikenal pasti.

Risiko perniagaan yang dikenal pasti akan seterusnya dinilai berdasarkan:

- KECENDERUNGAN menampakkan risiko
- TAHAP KEBURUKAN
- Tahap kawalan dalaman dan menempatkan langkah-langkah pengurusan risiko

		KECENDERUNGAN		
		R	S	T
TAHAP KEBURUKAN	T	Tinggi	Tinggi	Tinggi
	S	Sederhana	Sederhana	Tinggi
	R	Rendah	Rendah	Sederhana

Hasil daripada proses mengenal pasti dan menilai risiko adalah catatan risiko yang mendokumentasikan semua risiko perniagaan yang dikenal pasti, tahap risiko serta pelan tindakan untuk menangani risiko perniagaan tersebut.

Pembahagian kategori risiko perniagaan ini membolehkan Kumpulan memperuntukkan sumber secara lebih efektif untuk menangani risiko perniagaan dari pelbagai tahap. Kombinasi tindakan pengurusan risiko kemudian dipilih untuk menangani risiko perniagaan ini.

TINDAKAN PENGURUSAN RISIKO	SUB-KATEGORI	CONTOH
HINDAR	Penghindaran	Memutuskan untuk tidak bertindak terhadap aktiviti yang berkemungkinan berisiko tinggi, di mana boleh diamalkan
MENGEKALKAN	Menghindari kerugian	Mengambil tindakan proaktif mengurangkan risiko untuk mengurangkan kecenderungan Kemungkinan tindakan: • Jaminan Kualiti • Persekitaran, kesihatan & keselamatan • Penyelenggaraan pencegahan • Keselamatan • Kawalan kewangan • Pengurusan projek • Latihan & pendidikan • Pengawasan • Penyelidikan & Pembangunan (R&D)
	Pengurangan kerugian	Melaksanakan tindakan pengurangan risiko secara aktif untuk mengurangkan tahap keburukan. Kemungkinan tindakan: • Pelan kesinambungan perniagaan • Pelan tindak balas kecemasan • Pengasingan yang terdedah • Menduplikasi yang terdedah • Kepelbagaian • Pelan portfolio
	Insuran-sendiri	Risiko tanpa perlindungan insurans, kos insurans tidak nyata
PEMINDAHAN	Insurans	Pembelian insurans untuk risiko boleh dilindungi seperti kebakaran, nyawa, kecurian dan sebagainya
	Kontrak	Klausa perlindungan di dalam kontrak seperti klausa ganti-rugi
	Perkongasian risiko	Usaha sama, perkongsian

LAPORAN MENGENAI PENGURUSAN RISIKO KORPORAT

Pemantauan risiko yang berterusan dijalankan bagi menilai keberkesanan implementasi tindakan pengurangan risiko untuk semua risiko perniagaan yang dikenal pasti dan mengambil tindakan pemulihan di mana perlu.

Kajian semula risiko dijalankan bagi mengkaji keberkesanan komponen individu program Pengurusan Risiko Perniagaan dan dipertingkatkan di mana perlu. Ia dilengkapi oleh amalan kawalan dalaman seperti penyata pematuhan Kod Tadbir Urus Korporat Malaysia dan Senarai semak Kawalan Utama Kumpulan BAT.

PROMOSI KESEDARAN RISIKO

Bagi menyokong usaha Kumpulan mempromosi budaya kesedaran risiko, Pasukan Pengurusan Risiko memaklumkan berkenaan Program Pengurusan Risiko Kumpulan kepada pekerja di peringkat yang bersesuaian serta pihak berkepentingan lain melalui saluran yang sesuai. Pekerja digalakkan memberi maklum balas mengenai isu pengurusan risiko dan memberi cadangan untuk pembaikan.

MENGAJI PROGRAM PENGURUSAN RISIKO PERNIAGAAN KUMPULAN

Pasukan Pengurusan Risiko bermesyuarat tiga kali sepanjang tahun lalu iaitu pada Mac, Julai dan Oktober 2006 bagi mengkaji profil risiko Kumpulan serta kemajuan Pelan Kesenambungan Perniagaan.

Sepanjang tahun, pelan kesinambungan perniagaan telah dikaji, dikemas kini dan diuji. Pelan kesinambungan perniagaan baru juga telah dihasilkan bagi mengenal pasti risiko baru perniagaan.

Pada September 2006, Pasukan Pengurusan Risiko dengan usaha sama pihak pengurusan telah mengemas kini catatan risiko dan pelan tindakan pengurangan risiko. Jawatankuasa Audit telah dimaklumkan oleh Pengurus Risiko Perniagaan berkenaan program Pengurusan Risiko Perniagaan Kumpulan pada April dan Oktober 2006.

PASUKAN PENGURUSAN KRISIS

Sebagai tambahan kepada Pasukan Pengurusan Risiko, Kumpulan juga menubuhkan Pasukan Pengurusan Krisis bagi menyediakan kepimpinan dan keputusan tepat sekiranya berlaku krisis. Pasukan Pengurusan Krisis dibantu oleh Pasukan Tindak Balas Krisis yang diamanahkan untuk bertindak segera terhadap krisis, begitu juga dengan Pasukan Komunikasi, yang bertanggungjawab mengkoordinasi strategi komunikasi dengan pemegang berkepentingan utama.



Organisasi Cemerlang

Mempunyai bakat berprestasi tinggi serta budaya yang terbuka dan berkeyakinan adalah sangat penting bagi organisasi kami.

204 Mengukuhkan Organisasi
Cemerlang Kami

205 Tempat Bekerja Yang Unggul

207 Kalendar 2006

Organisasi Cemerlang

Mengukuhkan Organisasi Cemerlang Kami

Pekerja Cemerlang dan Tempat Bekerja Yang Unggul

– merupakan dua teras lonjakan ke arah Organisasi Cemerlang pada 2006.

PENCARIAN & PEMILIHAN BAKAT

Pada tahun 2006, kami telah secara aktif menyertai pameran kerjaya dan perekrutan di dalam negeri, serantau dan antarabangsa yang mana telah berjaya menarik minat lebih daripada 100,000 hadirin. Kami juga menempatkan iklan tawaran pekerjaan yang sesuai, bekerjasama dengan agensi-agensi bakat bereputasi serta melancarkan Program Rujukan Pekerja British American Tobacco Malaysia. Dengan semua usaha gigih ini, kami berjaya mengisi 82% jawatan pelatih pengurusan dan hampir 80% jawatan kerjaya di pertengahan.

PROGRAM RUJUKAN PEKERJA

Program Rujukan Pekerja (ERP) yang dilancarkan pada 2006, melibatkan pekerja kami dalam proses merekrut. Melalui pelbagai insentif, serta melalui pengenalan jaringan dan hubungan profesional dan sosial mereka sendiri, rujukan pekerja telah membantu kami mengisi kekosongan jawatan kanan di dalam Syarikat.

PEMBANGUNAN BAKAT

Pembangunan pekerja telah dipertingkatkan pada 2006, merekodkan kenaikan 3 kali ganda untuk purata waktu latihan setiap pekerja berbanding tahun sebelumnya – dengan menekankan kepimpinan, kebolehan fungsi dan pembangunan tenaga kerja seluruh negara.

Kebimbingan dianggap sebagai aspek penting terhadap pembangunan bakat yang dapat membangun, membina dan mengekalkan pembelajaran sebuah organisasi. Pada 2006, kami melancarkan jurang pembimbingan serta merumus perancangan untuk meningkatkan pembimbingan bagi pekerja.

PERANCANGAN PENGGANTIAN

Perancangan penggantian memastikan kesinambungan di dalam kepimpinan jawatan utama, pembangunan kemahiran dan pengetahuan serta peningkatan dan kemajuan individu.

Bakat kami sentiasa dipantau dan dinilai semula pada Mesyuarat Penilaian Bakat (TRM) yang dijalankan di peringkat pasaran-sekutu, fungsi serantau dan global. Matlamat kami adalah untuk mengenal pasti lingkungan pengganti berkaliber bagi jawatan kanan utama di dalam Syarikat.

LALUAN KERJAYA

Pada 2006, kami telah melancarkan rangka kerja Laluan Kerjaya bagi setiap fungsi di dalam Syarikat.

Inisiatif ini yang menyelaraskan aspirasi pekerja dengan model perniagaan Syarikat, menggalakkan pemilikan pekerja serta ketelusan berkaitan peluang kerjaya. Kami yakin rangka kerja Laluan Kerjaya akan membantu kami mengekalkan dan menarik minat pekerja yang sesuai dan berkemahiran untuk mencapai matlamat perniagaan.

SKIM PENGHARGAAN PEKERJA

Selaras dengan amalan terbaik serantau, kami menghargai serta memberi ganjaran kepada pekerja, khususnya mereka yang menjangkau usaha bagi mencapai matlamat perniagaan kami. Pada suku akhir 2006, kami memperkenalkan Skim Penghargaan Pekerja British American Tobacco Malaysia – merangkumi pelbagai elemen seperti kad ucapan terima kasih, plak dan baucar tunai, setiap satu memainkan peranan berbeza dalam memotivasikan serta menghargai pekerja kami.

“Gandingan pengalaman yang mantap dengan tenaga dan perspektif yang baru merupakan kombinasi yang kukuh. Dengan itu, kami di BAT memandang berat terhadap latihan dan bimbingan.”

Khaw Teik Lye, Pengurus Pembangunan Saluran & Penjenamaan dan Wong Yin Lin, Pelatih Pengurusan.

Tempat Bekerja Yang Unggul

Kami berpendapat penukaran sementara bekerja sebagai platform pembangunan bakat yang efektif serta cara untuk memotivasikan pekerja melalui pengalaman berharga bekerja di negara berbeza dengan budaya kerja yang berbeza.

Dengarkan sebahagian kisah pekerja pertukaran sementara yang telah pulang ke Malaysia.

Samantha Lee

Penganalisis Kanan Perniagaan, IT

Saya berpendapat bahawa penukaran sementara antarabangsa merupakan satu perkara terbaik khususnya dalam organisasi global seperti British American Tobacco, yang mana kami mempunyai Syarikat-syarikat Operasi di seluruh dunia.

Sepanjang penukaran sementara saya di British American Tobacco Australia, saya menjalankan projek SRM, yang terdiri daripada kumpulan antarabangsa – saya daripada Malaysia serta rakan-rakan daripada Singapura, Afrika Selatan, Pakistan, Mexico, UK dan Australia. Ia bagaikan sebuah Pertubuhan Bangsa-bangsa Bersatu yang kecil! Saya bukan hanya belajar tentang perbezaan budaya tetapi juga mendapat perspektif baru tentang pelbagai perkara. Saya bersama British American Tobacco Australia selama setahun dan berpeluang bekerja dengan kumpulan yang amat menarik dan amat gigih bekerja dalam suasana bekerja yang amat menyenangkan. Saya khasnya suka jamuan ringan bulanan jabatan yang membolehkan kami bermesra serta merapatkan hubungan sambil makan dan minum di mana semasa perjumpaan, sebarang kejayaan atau kenaikan pangkat individu turut diraikan.

Tugasan di luar negara – pengalaman berharga tidak ternilai!

Khairil Hakma Kamarudin

Pengurus Logistik dan Pengkelasan Daun

Pada 2001, saya ditukarkan sementara ke Jabatan Daun British American Tobacco Vietnam dan bertanggungjawab untuk menggabungkan tembakau cara Vietnam kepada cara yang boleh digunakan untuk British American Tobacco. Dalam dua tahun pertama, saya banyak terlibat dengan pelaksanaan projek agronomi, melatih peladang dan juruteknik, serta pembangunan kemudahan pemulihan baru. Kejayaan ketara usaha pasukan di Vietnam ialah apabila kami mengeksport 3.1 juta kg tembakau ke Singapura daripada permulaan sederhana penghantaran permulaan sederhana sebanyak 300,000 kg - saya bangga menjadi sebahagian daripada usaha ini!

Isteri dan anak-anak saya menyertai saya pada 2002 dan mereka juga mendapat faedah melalui pengalaman penukaran sementara ini. Mereka dapat menyesuaikan diri dalam jangka masa singkat dan menikmati segala yang ditawarkan di Ho Chi Minh. Ketika bertugas di sini saya dapat melawat 36 daripada 65 daerah di Vietnam. Kemesraan serta kemurahan hati, perbezaan dialek bahasa, makanan, budaya dan keindahan landskap Vietnam telah memastikan tiada waktu yang membosankan ketika di sana. Selama lima setengah tahun berkhidmat di sana, setiap saat amat bernilai! Pengalaman yang diperolehi memantapkan serta meningkatkan pengetahuan saya secara menyeluruh terhadap kerjaya saya dan British American Tobacco sebagai sebuah organisasi.

ORGANISASI CEMERLANG

ORANG KITA DI SELURUH DUNIA

Nama		Jawatan	Lokasi Semasa
1.	William Toh	Pengurus Besar	Pakistan
2.	Nicholas Soon	Pengurus Perbendaharaan Serantau	Singapura
3.	Lim Suat Kim	Ketua Pengeluaran	Singapura
4.	Mohd Azhar bin Abdullah	Pengurus Penyelenggaraan Produk	Vietnam
5.	Tang Chung Leong	Pengarah Operasi	Vietnam
6.	Claire Chan Soo Fong	Pengurus Perancangan Strategik & Wawasan	Thailand
7.	Shaiful Bahari Mahpar	Ketua Hal-Ehwal Korporat dan Perundangan	Bangladesh
8.	Bruce Richard Jalleh	Pengurus Kewangan Komersil	Korea
9.	Liew Fui Yew	Pengurus Produk & Daun	Korea
10.	Hasnol Ibrahim	Pakar Produk	Globe House, UK
11.	Karl Yap Chee Keong	Pengurus Kanan Jenama (Kent) Antarabangsa	Globe House, UK
12.	Ng Shu-Theng	Pengurus Pembangunan Kewangan Pemasaran	Globe House, UK

Kalendar 2006

2006 merupakan tahun yang cemerlang bagi kami. Sorotan aktiviti ini tidak merangkumi semua peristiwa yang telah berlaku tetapi hanya sepintas lalu, sebahagian daripada inisiatif yang telah kami laksanakan.

JANUARI

- Penerbitan Laporan Sosial British American Tobacco Malaysia 2004 - 05.
- Pengenalan Edisi Terhad Pek Pall Mall "Kisah Produk".

FEBRUARI

- Taklimat Penganalisis Kewangan diadakan mengenai keputusan kewangan 2005 Kumpulan.
- Taklimat Suku Tahunan Pengurusan dijalankan bagi memastikan maklumat disampaikan kepada pekerja.
- Latihan pengkhususan dibentangkan bagi meningkatkan kemahiran tenaga kerja jualan dan pengedaran bagi seluruh negara.
- Kumpulan sasar dijalankan bagi mengesahkan maklum balas dan kebimbangan pekerja.

MAC

- 41 Pasukan Petugas dibentuk bagi menangani maklum balas/kebimbangan yang diutarakan oleh pekerja melalui kaji selidik pekerja.
- Sumbangan kepada Rumah Perlindungan untuk Wanita dan Kanak-kanak Dera di Seremban, Negeri Sembilan.

APRIL

- Mesyuarat Agung Tahunan dijalankan di PJ Hilton.
- Taklimat Penganalisis Kewangan diadakan mengenai laporan kewangan S1 2006 Kumpulan.
- Pengenalan Pek Global Baru Pall Mall.
- British American Tobacco Malaysia melalui Gabungan Pengilang Tembakau Malaysia membantu di dalam penyebaran risalah berkenaan larangan penjualan rokok di dalam pek kurang daripada 14 batang dan satu batang kepada 97,000 peruncit di seluruh negara.

MEI

- Dianugerahkan Laporan Sosial Terbaik 2005 oleh Association of Chartered Certified Accountants (ACCA) Malaysia.
- Pengenalan Pek Edisi Terhad Siri Dunhill Signature.
- Taklimat Suku Tahunan Pengurusan dijalankan bagi memastikan maklumat disampaikan kepada pekerja.
- Hari Keluarga untuk pekerja dijalankan di Taman Tema Hiburan Genting Highlands.

JUN

- Kempen Peningkatan Berterusan dilancarkan untuk meningkatkan produktiviti dan keberkesanan di kalangan pekerja kilang.
- Yayasan British American Tobacco Malaysia dengan kerjasama Lembaga Tembakau Negara menganugerahkan Pendahuluan Pendidikan Tinggi (PPT) kepada 292 anak-anak di kalangan komuniti penanam tembakau.
- Sumbangan kepada PT. Tabung Bantuan Gempa Bumi British American Tobacco Indonesia - Yogya Gempa Bumi.
- Sumbangan kepada Tabung Bantuan Persatuan Bulan Sabit Merah Malaysia - Yogyakarta Tabung Bantuan Gempa Bumi.

JULAI

- Y.B. Datuk Seri Dr. Fong Chan Onn, Menteri Sumber Manusia dan Dato' Ismail B. Hj Rahim, Ketua Pengarah Kementerian Sumber Manusia melawat Pusat Kecemerlangan Pemasaran dan Pengedaran Dagangan, Puchong.
- Taklimat Penganalisis Kewangan dijalankan mengenai keputusan kewangan S2 2006 Kumpulan.
- British American Tobacco Malaysia melalui Gabungan Pengilang Tembakau Malaysia mengedarkan risalah berkenaan perdagangan tidak sah serta pelekat dengan nombor hotline pihak berkuasa kepada peruncit seluruh negara.
- Taklimat Suku Tahunan Pengurusan dijalankan bagi memastikan maklumat disampaikan kepada pekerja.

KALENDAR 2006

OGOS

- Y.B. Dato' Seri Rafidah Aziz, Menteri Perdagangan Antarabangsa dan Industri melancarkan Pusat Perkhidmatan Perkongsian Kewangan Asia Pasifik (AP FSS) di Technology Park.
- Dianugerahkan 2006 Pengurusan Syarikat Terbaik; Tadbir Urus Korporat Terbaik; Komitmen Terbaik Pembayaran Dividen Kuku dan Ketiga dalam Hubungan Pelabur Terbaik oleh FinanceAsia.
- Dialog pihak berkepentingan mengenai menangani perdagangan rokok tidak sah telah diadakan skim FELDA, Melaka bagi mewujudkan kesedaran terhadap isu tersebut.

SEPTEMBER

- Mengetuai industri tembakau tempatan untuk menjadi yang pertama secara sukarela menerbitkan bahan-bahan produknya di www.bat-ingredients.com.
- Dianugerahkan Nilai Pemegang Saham KPMG 2005 (Pemenang Sektor-Pasaran Pengguna; Pemenang Keseluruhan).
- Kemasukan ke dalam Dow Jones Sustainability Indexes World 2006/2007.
- Pengedaran Jualan Langsung kedua ditubuhkan, merevolusikan model perdagangan dan pengedaran kami melalui amalan terbaik.
- Forum Pengurus Kanan dijalankan untuk pasukan pengurusan kanan Syarikat.
- Treasure Hunt pekerja dijalankan di Melaka.
- Pengenalan Edisi Terhad Pall Mall Pek 23.

OKTOBER

- British American Tobacco Malaysia melalui Gabungan Pengilang Tembakau Malaysia mengedarkan risalah berkenaan perdagangan rokok tidak sah kepada 97,000 peruncit seluruh negara.
- Taklimat Penganalisis Kewangan dijalankan mengenai keputusan kewangan S3 2006 Kumpulan.
- Taklimat Suku Tahunan Pengurusan dijalankan bagi memastikan maklumat disampaikan kepada pekerja.

NOVEMBER

- Anugerah Laporan Korporat Tahunan Kebangsaan (NACRA) 2006 – Anugerah Kecemerlangan Industri – Papan Utama, Produk Pengguna.
- Kejayaan pembaharuan pensijilan antarabangsa - ISO9001, ISO14001 dan OHSAS 18001.
- Pengenalan Dunhill D360.
- Pengenalan Pall Mall Pek 25
- Jamuan Makan Malam Tahunan Syarikat diadakan di Hotel Mandarin Oriental, Kuala Lumpur.

DISEMBER

- Yayasan British American Tobacco Malaysia menganugerahkan 15 biasiswa kepada pekerja dan anak-anak pekerja.
- Pengenalan Pek Edisi Terhad Pall Mall “Kehidupan Bandar”.

Lain-lain Maklumat

210 Analisis Pegangan Saham

213 Butir-butir Harta Tanah

215 Pejabat-pejabat Prinsipal

A series of horizontal lines in white, light blue, and dark blue, creating a decorative border across the page.

Analisis Pegangan Saham

pada 28 Februari 2007

Modal Saham

Modal Saham Dibenarkan : 770,000,000 Saham Biasa pada RM0.50 sesaham.

Modal Saham Terbitan dan Berbayar Penuh : 285,530,000 Saham Biasa pada RM0.50 sesaham.

Hak Mengundi : Satu hak mengundi bagi satu Saham Biasa.

PENGAGIHAN PEGANGAN SAHAM

Saiz Pegangan	Bilangan Pemegang Saham	% Pemegang Saham	Bilangan Saham Dipegang	% dari Modal Terbitan
Kurang daripada 100 saham	317	6.89	7,783	0.00
100 - 1,000 saham	2,339	50.81	1,126,122	0.39
1,001 - 10,000 saham	1,364	29.63	5,402,193	1.89
10,001 - 100,000 saham	438	9.52	13,578,154	4.76
100,001 hingga kurang daripada 5% saham terbitan	143	3.11	108,258,723	37.92
5% dan ke atas saham terbitan	2	0.04	157,157,025	55.04
Jumlah	4,603	100.00	285,530,000	100.00

KEPENTINGAN LANGSUNG DAN TIDAK LANGSUNG PARA PENGARAH

Tan Sri Abu Talib bin Othman	1,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	1,000
Datuk Oh Chong Peng	1,000
James Richard Suttie	1,500
Robert James Clark	500
Dato' Chan Choon Ngai	1,000

PEGANGAN SAHAM YANG MANA PENGARAH DIANGGAP MEMPUNYAI KEPENTINGAN:

James Richard Suttie	3,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	3,320

PEMEGANG SAHAM UTAMA

Nama-nama Pemegang Saham	Bilangan Saham Dipegang	% dari Modal Terbitan
1. British American Tobacco Holdings (Malaysia) B.V.	142,765,000	50.00
2. Lembaga Kumpulan Wang Simpanan Pekerja	14,392,025	5.19

TIGA PULUH PEMEGANG SAHAM UTAMA

Nama Pemegang Saham Utama	Bilangan Saham Dipegang	% dari Modal Terbitan
1. British American Tobacco Holdings (Malaysia) B.V.	142,765,000	50.00
2. Lembaga Kumpulan Wang Simpanan Pekerja	14,392,025	5.04
3. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	10,805,600	3.78
4. Permodalan Nasional Berhad	7,268,100	2.55
5. Valuecap Sdn Bhd	5,668,600	1.99
6. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk BNP Paribas Securities Services (tukaran ke Dolar AS)	5,012,500	1.76
7. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	4,493,300	1.57
8. HSBC Nominees (Asing) Sdn Bhd - TNTC untuk Agensi Monetari Arab Saudi	4,106,900	1.44
9. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (Dana JPM)	3,646,500	1.28
10. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	3,404,000	1.19
11. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (U.A.E.)	3,130,361	1.10
12. Citigroup Nominees (Asing) Sdn Bhd - CB Lux untuk Vontobel Fund (Far East Equity)	2,873,000	1.01
13. Citigroup Nominees (Asing) Sdn Bhd - Exempt An untuk Bank Mellon (Mellon)	2,231,800	0.78
14. HSBC Nominees (Asing) Sdn Bhd - Natexis untuk Comgest Nouvelle Asie	2,200,000	0.77
15. Cartaban Nominees (Asing) Sdn Bhd - Investor Bank and Trust Company untuk Ishares, Inc	1,756,700	0.62
16. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Securities Services Paris untuk Dana Asia Pasifik Aberdeen	1,557,900	0.55
17. Cartaban Nominees (Asing) Sdn Bhd - Dana State Street London VE9L untuk Institusi Pencen Kerajaan Tempatan	1,550,700	0.54

ANALISIS PEGANGAN SAHAM

pada 28 Februari 2007

TIGA PULUH PEMEGANG SAHAM UTAMA (SAMBUNGAN)

Nama Pemegang Saham Utama	Bilangan Saham Dipegang	% dari Modal Terbitan
18. Citigroup Nominees (Asing) Sdn Bhd - CB Lux untuk Vontobel Fund (Emerg Mkts Eqty)	1,521,000	0.53
19. HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Sg untuk Employees Provident Fund	1,374,400	0.48
20. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (U.S.A.)	1,229,000	0.43
21. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (U.K.)	1,138,400	0.40
22. HSBC Nominees (Asing) Sdn Bhd - BBH dan Co Boston untuk Merrill Lynch Global Allocation Fund	1,125,000	0.39
23. Citigroup Nominees (Asing) Sdn Bhd - Exempt An untuk American International Assurance Company Limited	1,102,100	0.39
24. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (Netherlands)	1,099,707	0.39
25. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An untuk Prudential Assurance Malaysia Berhad	1,069,000	0.37
26. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk Bank JPMorgan Chase, National Association (Arab Saudi)	1,068,500	0.37
27. HSBC Nominees (Asing) Sdn Bhd - Exempt An untuk The Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	1,031,400	0.36
28. Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd untuk Kerajaan Singapura (C)	1,029,300	0.36
29. HSBC Nominees (Asing) Sdn Bhd - TNTC untuk Sanderson International Value Fund	1,018,000	0.36
30. HSBC Nominees (Asing) Sdn Bhd - RBC Dist untuk Edinburgh Dragon Trust PLC	1,000,000	0.35
Jumlah	231,668,793	81.14

Butir-butir Harta Tanah

Harta tanah yang dipegang oleh Kumpulan dan Syarikat pada 31 Disember 2006 adalah seperti berikut:

Lokasi	Tarikh pemilikan	Kegunaan	Anggaran umur bangunan (tahun)	Tanah/ Kawasan terbina (meter persegi)	Nilai buku bersih RM'000
Pegangan Bebas					
No. 36 & 36A, Jalan Lengkok Canning, Ipoh Garden, Ipoh, Perak	30.11.89	kedai dan pejabat	18	143.07	103
No. 27, Jalan SS26/8, Taman Mayang Jaya, Petaling Jaya, Selangor	22.4.93	kedai dan pejabat	15	272.00	565
No. A79, Jalan Telok Sisek, Kuantan, Pahang	28.4.94	kedai dan pejabat	15	110.59	235
178-3 Jalan Sungai Besi, Kuala Lumpur	1.12.60	pejabat, kilang dan ruang gudang	58	36,153.00	44,452
Pegangan Pajakan					
Lots 122 and 124, Jalan Universiti, Petaling Jaya, Selangor (Pajakan 99 tahun masing-masing tamat pada 8.4.2062 dan 29.9.2060)	30.9.61	kilang, pejabat dan stor	45	46,905.44	76,504
Lots P.T. 683-685, 687-689, Mukim Panchor, Daerah Kemumin, Kawasan Perindustrian Pengkalan Chepa II, Kota Bharu, Kelantan (Pajakan 66 tahun tamat pada 25.7.2048)	26.7.82	tanah perindustrian, stor dan pejabat	19	29,952.00	5,797
Lot 2948, No. Pajakan Negara 135345103 Mukim Keningau, Sabah (Pajakan 99 tahun tamat pada 31.7.2062)	22.11.95	stor, pejabat dan kediaman	14	8,093.71	2,717
No. 2, Jalan Foochow, Kuching, Sarawak (Pajakan 999 tahun tamat pada 31.12.2923)	3.10.91	kedai dan pejabat	17	156.10	221
No. 120, Jalan Semangat, Petaling Jaya, Selangor (Pajakan 99 tahun tamat pada 12.7.2061)	24.5.93	pejabat dan stor	31	6,119.00	5,573

BUTIR-BUTIR HARTA TANAH

Lokasi	Tarikh pemilikan	Kegunaan	Anggaran umur bangunan (tahun)	Tanah/ Kawasan terbina (meter persegi)	Nilai buku bersih RM'000
Lot 1, Block A Hong Tong Centre, Miles 4, Penampang, Kota Kinabalu, Sabah (Pajakan 99 tahun tamat pada 31.12.2080)	30.9.99	kedai dan pejabat	13	136.56	470
No. 8, Jalan Melaka Raya 13, Taman Melaka Raya, Melaka (Pajakan 99 tahun tamat pada 7.7.2093)	30.3.96	kedai dan pejabat	12	143.00	312
L.O. 76/65, Kawasan Perindustrian Batu Tiga, Shah Alam, Selangor (Pajakan 99 tahun tamat pada 8.9.2066)	8.9.67	pejabat dan kilang	39	40,603.00	23,352
No. 14, Taman Beriawa, Jalan Sekolah Vokasional, Keningau, Sabah (Pajakan 99 tahun tamat pada 31.12.2071)	31.5.84	kediaman	22	598.00	100
GM9, Lot 1709, Semerak, Pasir Puteh, Kelantan (Pajakan 33 tahun tamat pada 23.9.2017)	24.9.84	kediaman	20	10,380.00	162
Lots 2430 & 2431, HS(M) 6/83 Mukim Wakaf Delima, Wakaf Bharu, Kelantan (Pajakan 45 tahun tamat pada 3.1.2029)	4.1.84	pejabat dan stor	40	10,465.00	1,255
CL 135328764 Keningau, Sabah (Pajakan 60 tahun tamat pada 31.12.2046)	6.5.88	pejabat dan stor	18	27,721.00	444
K.M.5.5, Jalan Bukit Kayu Hitam, Changloon, Kedah (Pajakan 30 tahun tamat pada 6.7.2021)	7.7.91	pejabat dan tanah pertanian	18	285,510.00	935

Pejabat-pejabat Prinsipal

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD (NO. SYARIKAT 4372-M)

Ibu Pejabat

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Faks : (03) 7955 8416

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BERHAD (NO. SYARIKAT 4414-U)

Kilang

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Faks : (03) 7955 8416

Kilang Pemprosesan Daun

Jalan Pelaya 15/1
40000 Shah Alam
Selangor Darul Ehsan
Tel : (03) 5519 1187 / 5519 1040
Faks : (03) 5510 8886

COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD. (NO. SYARIKAT 42316-T)

Ibu Pejabat

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7956 6899 / 7491 7100
Faks : (03) 7955 8416

Pejabat-pejabat cawangan

Pulau Pinang

30, Persiaran Bayan Indah
Sg Nibong
11900 Bayan Lepas
Pulau Pinang
Tel : (04) 646 1526 / 646 1527
Faks : (04) 646 1528

Ipoh

36 & 36A, Jalan Lengkok Canning
Ipoh Garden, 31400 Ipoh
Tel : (05) 547 7878 / 546 2187
Faks : (05) 547 4268

Petaling Jaya

No 3, Jalan Industri PBP3
Taman Perindustrian
Pusat Bandar Puchong
47100 Puchong
Tel : (03) 5891 9888
Faks : (03) 5891 9882

Melaka

8, Jalan Melaka Raya 13
Taman Melaka Raya
75000 Melaka
Tel : (06) 282 5435 / 284 6593
Faks : (06) 283 5168

Johor Bharu

42, Jalan Jati 1
Taman Nusa Bestari Jaya
81300 Skudai
Johor
Tel : (07) 512 1323 / 512 7692
Faks : (07) 512 2117

Kuantan

A79, Jalan Telok Sisek
25000 Kuantan
Pahang
Tel : (09) 517 8373 / 517 7831
Faks : (09) 517 7484

Kota Bharu

4959E, Jalan Pengkalan Chepa
15400 Kota Bharu
Kelantan
Tel : (09) 744 6341 / 748 1324
Faks : (09) 744 0522

Kota Kinabalu

Lot 1, Blok A Hong Tong Centre
Mile 4, Penampamg
88813 Kota Kinabalu, Sabah
Tel : (088) 722 628 / 722 629
Faks : (088) 722 630

Kuching

Lot 8943, Section 64 KTL D
No. 2, Jalan Foochow
93300 Kuching, Sarawak
Tel : (082) 481 884 / 481 886
Faks : (082) 335 490

Cawangan peruncit

Kuala Lumpur

101^o East
No. 134, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : (03) 2145 9101
Faks : (03) 2145 0512

THE LEAF TOBACCO DEVELOPMENT CORPORATION OF MALAYA SDN. BHD. (NO. SYARIKAT 4998-P)

Pejabat-pejabat daun

Kota Bharu

Lot No. 2952
Kawasan Perindustrian
Pengkalan Chepa II
Jalan Padang Tembak
16100 Kota Bharu
Kelantan
Tel : (09) 774 7400 / 774 7434
Faks : (09) 773 5855

Changloong

KM 5.5, Bukit Kayu Hitam
06050 Bukit Kayu Hitam
Kedah
Tel : (04) 922 2802 / 924 2054
Faks : (04) 924 2055

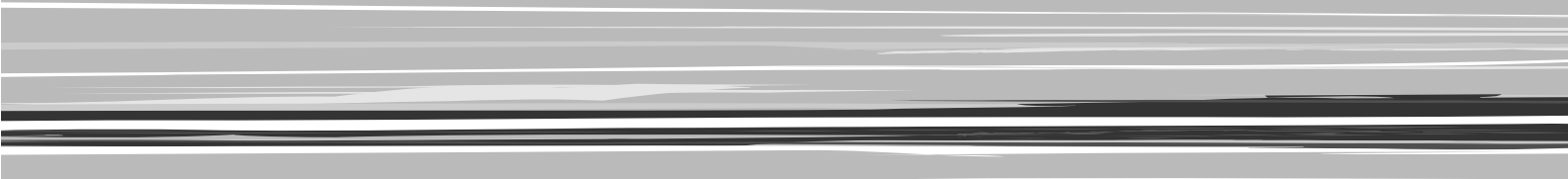
Keningau

Burley Park
Bayangan
P.O. Box 246
89008 Keningau
Sabah
Tel : (087) 391 609
Faks : (087) 391 751

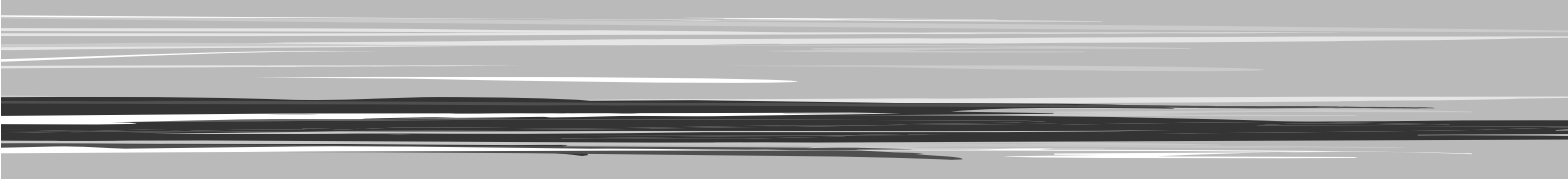
COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD. (Diperbadankan di Negara Brunei Darussalam)

Unit 4, Block B
Lot 1150, EDR 2244
Latifuddin Complex
Jalan Tungku Link
Menglait, Gadong, BE 3719
Negara Brunei Darussalam
Tel : (673) 2-452 975
Faks : (673) 2-452 974

Penyata

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Kewangan

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218	Laporan Para Pengarah
222	Penyata Para Pengarah
222	Akuan Berkanun
223	Laporan Juruaudit
224	Penyata Pendapatan
225	Kunci Kira-kira
226	Penyata Perubahan dalam Ekuiti yang Disatukan
227	Penyata Perubahan dalam Ekuiti Syarikat
228	Penyata Aliran Tunai
229	Ringkasan Dasar-dasar Perakaunan Penting
239	Nota-nota kepada Penyata Kewangan

Laporan Para Pengarah

Para Pengarah dengan sukacitanya membentangkan laporan tahunan mereka bersama penyata kewangan Kumpulan dan Syarikat yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2006.

AKTIVITI UTAMA

Syarikat menyediakan perkhidmatan pentadbiran dan pengurusan harian kepada syarikat-syarikat subsidiarinya yang terlibat terutamanya dalam bidang pengilangan, pengimportan dan penjualan rokok, tembakau paip dan cerut.

Tidak terdapat perubahan ketara dalam aktiviti-aktiviti Kumpulan atau Syarikat dalam tahun kewangan ini.

KEPUTUSAN KEWANGAN

	Kumpulan RM'000	Syarikat RM'000
Keuntungan bagi tahun kewangan	719,678	731,284

DIVIDEN

RM'000

Dividen yang dibayar atau diisytiharkan oleh Syarikat sejak 31 Disember 2005 adalah seperti berikut:

Berhubung tahun kewangan berakhir 31 Disember 2005, seperti yang dikemukakan di dalam laporan Pengarah pada tahun tersebut:

Dividen akhir 155.00 sen kasar sesaham, tolak 28% cukai Malaysia, dibayar pada 19 Mei 2006	318,651
Dividen khas 34.00 sen kasar sesaham, tolak 28% cukai Malaysia, dibayar pada 19 Mei 2006	69,898
Dividen khas 12.00 sen sesaham, dikecualikan cukai, dibayar pada 19 Mei 2006	34,263
Dividen khas 24.00 sen kasar sesaham, tolak 20% cukai Singapura, dibayar pada 19 Mei 2006	54,822
	477,634

Berhubung dengan tahun kewangan berakhir 31 Disember 2006:

Dividen interim 150.00 sen kasar sesaham, tolak 28% cukai, dibayar pada 21 September 2006	308,372
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Para Pengarah kini mengesyorkan pengisytiharan dividen akhir 170.00 sen kasar sesaham, tolak 27% cukai Malaysia, berjumlah RM354,342,730 dan dividen akhir khas 30.00 sen kasar sesaham, tolak 27% cukai Malaysia, berjumlah RM62,531,070, tertakluk kepada kelulusan ahli-ahli pada Mesyuarat Agung Tahunan Syarikat akan datang, akan dibayar pada 18 Mei 2007 kepada pemegang-pemegang saham yang berdaftar di dalam Daftar Ahli Syarikat semasa tutupnya perniagaan pada 4 Mei 2007.

RIZAB DAN PERUNTUKAN

Semua pindahan ketara kepada atau daripada rizab dan peruntukan sepanjang tahun kewangan ini adalah seperti yang dinyatakan dalam penyata kewangan.

LAPORAN PARA PENGARAH**PARA PENGARAH**

Para Pengarah yang memegang jawatan sepanjang tahun kewangan ini sejak tarikh laporan terakhir adalah seperti berikut:

Tan Sri Abu Talib bin Othman (*Pengerusi*)

Bartholomeus Franciscus Theodorus Alkemade (*Pengarah Urusan*)

(*dilantik pada 1 Mac 2006*)

Andrew Maclachlan Gray

(*terhenti pada 28 Februari 2006*)

Tan Sri Kamarul Ariffin bin Mohamed Yassin

Datuk Oh Chong Peng

James Richard Suttie

(*dilantik semula pada 20 Mac 2006*)

Dato' Chan Choon Ngai

Robert James Clark

Menurut Artikel 97(1) dan (2) Tataurus Pertubuhan Syarikat, Datuk Oh Chong Peng dan Robert James Clark akan bersara daripada Lembaga Pengarah mengikut giliran di Mesyuarat Agung Tahunan akan datang dan, oleh kerana layak, menawarkan diri mereka untuk pemilihan semula.

Tan Sri Kamarul Ariffin bin Mohamed Yassin, yang telah mencapai usia tujuh puluh tahun akan bersara menurut Seksyen 129(2) Akta Syarikat 1965, pada Mesyuarat Agung Tahunan akan datang. Lembaga mengesyorkan Tan Sri Kamarul Ariffin bin Mohamed Yassin dipilih semula menurut Seksyen 129(6) Akta Syarikat, 1965 memegang jawatan sehingga tamat Mesyuarat Agung Tahunan akan datang.

Menurut Artikel 103 Tataurus Pertubuhan Syarikat, mana-mana Pengarah yang dilantik untuk mengisi kekosongan luar jangka hendaklah memegang jawatan itu sehingga Mesyuarat Agung Tahunan akan datang berikutnya dan layak untuk dilantik semula.

MANFAAT PARA PENGARAH

Sepanjang dan pada akhir tahun kewangan ini, tiada sebarang urusan yang telah dilaksanakan yang mana Syarikat merupakan satu pihak dengan tujuan atau tujuan-tujuan yang membolehkan para Pengarah Syarikat mendapat manfaat melalui pemerolehan saham atau dibentur dalam Syarikat atau mana-mana badan korporat lain menurut peruntukan di bawah Akta Syarikat, 1965.

Sejak akhir tempoh kewangan yang lepas, tiada Pengarah yang telah menerima atau layak menerima sebarang manfaat (selain daripada manfaat yang dinyatakan di Nota 4 penyata kewangan) disebabkan oleh sebuah kontrak yang dibuat oleh Syarikat atau sebuah syarikat berkaitan dengan Pengarah tersebut atau dengan sebuah firma di mana Pengarah berkenaan menjadi ahli, atau dengan syarikat di mana Pengarah mempunyai kepentingan kewangan teguh, selain daripada urusan niaga dalam aktiviti perniagaan biasa seperti yang dinyatakan di Nota 26 penyata kewangan.

LAPORAN PARA PENGARAH

KEPENTINGAN PARA PENGARAH DALAM SAHAM

Menurut Daftar Pegangan Saham para Pengarah, butir-butir kepentingan para Pengarah yang memegang jawatan pada akhir tahun kewangan dalam saham Syarikat adalah seperti berikut:

	Bilangan saham biasa bernilai 50 sen sesaham dalam Syarikat		
	Pada 1.1.06	Dibeli	Pada 31.12.06
Pegangan saham di atas nama Pengarah:			
Tan Sri Abu Talib bin Othman	1,000	–	1,000
Tan Sri Kamarul Ariffin bin Mohamed Yassin	1,000	–	1,000
Datuk Oh Chong Peng	1,000	–	1,000
James Richard Suttie	1,500	–	1,500
Dato' Chan Choon Ngai	1,000	–	1,000
Robert James Clark	500	–	500
Pegangan saham yang mana Pengarah di anggap mempunyai kepentingan:			
Tan Sri Kamarul Ariffin bin Mohamed Yassin	3,320	–	3,320
James Richard Suttie	3,000	–	3,000

MAKLUMAT BERKANUN PENYATA KEWANGAN

Sebelum penyata pendapatan dan kunci kira-kira disediakan, para Pengarah telah mengambil langkah-langkah yang sewajarnya:

- untuk memastikan bahawa tindakan yang berpatutan telah diambil mengenai pelupusan hutang lapuk dan penyediaan peruntukan bagi hutang ragu dan mereka telah berpuas hati bahawa semua hutang lapuk yang diketahui telah dihapus kira dan peruntukan yang secukupnya telah dibuat bagi hutang ragu; dan
- untuk memastikan bahawa sebarang aset semasa, selain daripada hutang, yang mungkin tidak akan direalisasikan dalam urusan biasa perniagaan yang nilainya ditunjukkan dalam rekod perakaunan Kumpulan dan Syarikat telah dihapus kira kepada satu jumlah yang dijangka boleh diperolehi.

Pada tarikh laporan ini, para Pengarah tidak mengetahui sebarang keadaan:

- yang boleh menyebabkan jumlah yang dihapus kira bagi hutang lapuk atau jumlah peruntukan bagi hutang ragu dalam penyata kewangan Kumpulan dan Syarikat tidak mencukupi dengan ketara; atau
- yang boleh menyebabkan nilai aset semasa dalam penyata kewangan Kumpulan dan Syarikat mengelirukan; atau
- yang timbul menyebabkan kepatuhan kepada kaedah semasa penilaian aset atau tanggungan Kumpulan dan Syarikat mengelirukan atau tidak sesuai.

Menurut pendapat para Pengarah, tiada tanggungan luar jangka atau tanggungan lain berkuat kuasa atau berkemungkinan akan berkuat kuasa dalam tempoh 12 bulan selepas akhir tahun kewangan yang boleh menjejaskan kemampuan Kumpulan atau Syarikat memenuhi tanggungjawab mereka apabila tiba masanya.

LAPORAN PARA PENGARAH**MAKLUMAT BERKANUN PENYATA KEWANGAN (SAMBUNGAN)**

Pada tarikh laporan ini, tidak wujud:

- (a) sebarang cagaran ke atas aset Kumpulan atau Syarikat yang telah timbul sejak akhir tahun kewangan ini yang menjamin tanggungan mana-mana pihak lain; atau
- (b) sebarang tanggungan luar jangka Kumpulan atau Syarikat yang telah timbul sejak akhir tahun kewangan ini.

Pada tarikh laporan ini, para Pengarah tidak menyedari sebarang keadaan yang tidak diliputi dalam laporan atau penyata kewangan ini yang boleh menyebabkan sebarang jumlah yang dinyatakan di dalam penyata kewangan mengelirukan.

Pada pendapat para Pengarah:

- (a) keputusan operasi Kumpulan dan Syarikat semasa tahun kewangan ini tidak dijejaskan dengan ketara oleh sebarang perkara, urusan niaga atau peristiwa penting dan luar biasa; dan
- (b) tidak timbul sepanjang tempoh antara akhir tahun kewangan dan tarikh laporan ini, sebarang perkara, urusan niaga atau peristiwa penting dan luar biasa yang boleh menjejaskan dengan ketara, keputusan operasi Kumpulan atau Syarikat bagi tahun kewangan laporan ini dibuat.

JURUAUDIT

Juruaudit, PricewaterhouseCoopers, telah menyatakan kesudian mereka untuk terus berkhidmat.

Ditandatangani bagi pihak Lembaga Pengarah menurut resolusi bertarikh 15 Februari 2007.



Bartholomeus Franciscus Theodorus Alkemade
Pengarah Urusan



Robert James Clark
Pengarah Kewangan

Petaling Jaya

Penyata Para Pengarah

MENURUT SEKSYEN 169(15) AKTA SYARIKAT, 1965

Kami, BARTHOLOMEUS FRANCISCUS THEODORUS ALKEMADE dan ROBERT JAMES CLARK, dua Pengarah British American Tobacco (Malaysia) Berhad, menyatakan bahawa, pada pendapat para Pengarah, penyata kewangan yang dibentangkan di muka surat 224 hingga 267 disediakan untuk memberi gambaran yang sebenar dan saksama berhubung kedudukan Kumpulan dan Syarikat pada 31 Disember 2006 dan keputusan serta aliran tunai Kumpulan dan Syarikat bagi tahun kewangan yang berakhir pada tarikh tersebut adalah menurut Piawaian Laporan Kewangan, piawaian perakaunan MASB yang diluluskan di Malaysia bagi Entiti Selain Daripada Entiti Swasta dan peruntukan Akta Syarikat, 1965.

Ditandatangani bagi pihak Lembaga Pengarah menurut resolusi bertarikh 15 Februari 2007.



Bartholomeus Franciscus Theodorus Alkemade
Pengarah Urusan



Robert James Clark
Pengarah Kewangan

Akuan Berkanun

MENURUT SEKSYEN 169(16) AKTA SYARIKAT, 1965

Saya, ROBERT JAMES CLARK, adalah Pengarah yang bertanggungjawab ke atas pengurusan kewangan British American Tobacco (Malaysia) Berhad, dengan sesungguhnya dan seikhlas hati mengaku bahawa penyata kewangan yang dibentangkan di muka surat 224 hingga 267 adalah, pada pendapat saya, benar, dan saya membuat pengakuan dengan penuh kepercayaan bahawa ia benar dan disediakan menurut peruntukan Akta Akuan Berkanun, 1960.



Robert James Clark
Pengarah Kewangan

Ditandatangani dan diakui oleh penama di atas, Robert James Clark di Petaling Jaya, dalam negeri Selangor pada 15 Februari 2007.

Di hadapan saya:



E. Radakrishnan, AMN, PPN, PK, PPM, PPA, PKB, PJP (Sel.)
Pesuruhjaya Sumpah
Petaling Jaya

Laporan Juruaudit

KEPADA AHLI-AHLI BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

Kami telah mengaudit penyata kewangan yang dibentangkan di muka surat 224 hingga 267. Penyata kewangan ini adalah tanggungjawab para Pengarah Syarikat. Tanggungjawab kami adalah untuk membentuk suatu pendapat yang bebas ke atas penyata kewangan ini berasaskan audit yang telah kami jalankan, dan melaporkan kepada kamu, sebagai satu badan, menurut Seksyen 174 Akta Syarikat, 1965 dan bukan untuk tujuan lain. Kami tidak mempunyai tanggungjawab terhadap orang lain mengenai kandungan laporan ini.

Kami telah menjalankan audit menurut piawaian audit yang diluluskan di Malaysia. Piawaian-piawaian tersebut memerlukan kami merancang dan melaksanakan audit untuk mendapat keyakinan yang sewajarnya berkenaan sama ada penyata kewangan tersebut bebas daripada salah nyata yang ketara. Sesuatu audit meliputi pemeriksaan, berasaskan ujian, bukti yang menyokong jumlah dan pernyataan dalam penyata kewangan. Sesuatu audit juga meliputi penilaian prinsip-prinsip perakaunan yang digunakan dan anggaran penting yang dibuat oleh para Pengarah, serta penilaian keseluruhan pembentangan penyata kewangan. Kami yakin bahawa audit kami menyediakan asas yang wajar bagi pendapat kami.

Pada pendapat kami:

- (a) penyata kewangan ini disediakan selaras dengan peruntukan dalam Akta Syarikat, 1965 dan Piawaian Laporan Kewangan, piawaian perakaunan MASB yang diluluskan di Malaysia bagi Entiti Selain Daripada Entiti Swasta supaya boleh memberi gambaran yang benar dan saksama terhadap:
 - (i) perkara-perkara yang mesti diambil kira di dalam penyata kewangan menurut Seksyen 169 Akta Syarikat, 1965; dan
 - (ii) kedudukan Kumpulan dan Syarikat pada 31 Disember 2006 serta keputusan dan aliran tunai Kumpulan dan Syarikat bagi tahun kewangan berakhir pada tarikh tersebut;
 dan
- (b) rekod perakaunan dan rekod-rekod lain serta daftar-daftar yang perlu disimpan oleh Syarikat dan syarikat-syarikat subsidiarinya yang mana kami menjadi juruaudit telah disimpan dengan sempurna menurut peruntukan Akta.

Syarikat subsidiari yang kami tidak bertindak sebagai juruaudit dinyatakan di Nota 13 penyata kewangan. Kami telah mempertimbangkan penyata kewangan subsidiari tersebut dan laporan juruaudit.

Kami berpuas hati bahawa penyata kewangan syarikat-syarikat subsidiari yang telah disatukan dengan penyata kewangan Syarikat adalah dalam bentuk dan kandungan yang sesuai dan wajar bagi tujuan menyediakan penyata kewangan yang disatukan dan kami telah menerima maklumat dan penjelasan memuaskan yang kami perlukan bagi tujuan tersebut.

Laporan juruaudit terhadap penyata kewangan syarikat-syarikat subsidiari tidak tertakluk kepada sebarang pengecualian dan tidak mengandungi sebarang ulasan di bawah subseksyen (3) Seksyen 174 Akta tersebut.



PricewaterhouseCoopers

[AF:1146]

Akauntan Berkanun



Jayarajan A/L U. Rathinasamy

[2059/06/08 (J)]

Rakan kongsi firma

Kuala Lumpur

15 February 2007

Penyata Pendapatan

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

	Nota	Kumpulan		Syarikat	
		Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Hasil	2	3,612,482	3,564,215	–	–
Kos jualan		(2,082,586)	(2,112,264)	–	–
Keuntungan kasar		1,529,896	1,451,951	–	–
Pendapatan operasi lain		9,083	14,030	1,067,439	1,006,663
Kos pengedaran dan pemasaran		(334,369)	(336,918)	–	–
Perbelanjaan pentadbiran		(113,781)	(117,727)	(8,846)	(7,698)
Perbelanjaan operasi lain		(41,415)	(129,896)	(4,081)	(10,626)
Keuntungan daripada operasi	3	1,049,414	881,440	1,054,512	988,339
Kos kewangan		(47,467)	(48,471)	(47,467)	(48,747)
Keuntungan sebelum cukai		1,001,947	832,969	1,007,045	939,592
Perbelanjaan cukai	6	(282,269)	(240,167)	(275,761)	(241,908)
Keuntungan bagi tahun kewangan		719,678	592,802	731,284	697,684
Perolehan sesaham (sen)	7	252.0	207.6	–	–
Dividen bersih sesaham (sen)	8	254.0	250.1	254.0	250.1

Dasar-dasar perakaunan yang dibentangkan di muka surat 229 hingga 238 dan nota-nota di muka surat 239 hingga 267 adalah sebahagian penting penyata kewangan ini.

Kunci Kira-kira

PADA 31 DISEMBER 2006

		Kumpulan		Syarikat	
	Nota	2006 RM'000	2005* RM'000	2006 RM'000	2005* RM'000
Aset bukan semasa					
Harta tanah, loji dan peralatan	9	501,288	540,545	24,438	26,157
Harta pelaburan	10	20,010	44,771	–	–
Perisian komputer	11	14,100	616	14,100	616
Muhibah	12	411,618	411,618	–	–
Subsidiari	13	–	–	1,024,956	1,024,956
Aset cukai tertunda	14	4,020	3,300	4,020	3,300
		951,036	1,000,850	1,067,514	1,055,029
Aset semasa					
Aset dipegang untuk jualan	15	25,579	1,255	–	–
Inventori	16	264,507	294,967	–	–
Penerimaan	17	164,085	158,533	602,114	480,617
Cukai boleh dikutip semula		27,715	29,329	27,018	29,328
Deposit, tunai dan baki bank	18	187,289	234,058	297	942
		669,175	718,142	629,429	510,887
Tanggungan semasa					
Pembayaran	19	218,878	260,965	419,415	233,595
Pinjaman	20	450,000	–	450,000	–
Tanggungan cukai semasa		88,819	84,912	–	–
		757,697	345,877	869,415	233,595
Aset/(tanggungan) semasa bersih		(88,522)	372,265	(239,986)	277,292
		862,514	1,373,115	827,528	1,332,321
Modal dan rizab					
Modal saham	21	142,765	142,765	142,765	142,765
Pendapatan tersimpan	22	409,059	475,264	434,735	489,457
Dana pemegang saham		551,824	618,029	577,500	632,222
Tanggungan bukan semasa					
Pinjaman	20	250,000	700,000	250,000	700,000
Obligasi manfaat selepas perkhidmatan	23	4,552	4,750	28	99
Tanggungan cukai tertunda	14	56,138	50,336	–	–
		862,514	1,373,115	827,528	1,332,321

* Angka-angka perbandingan tertentu telah diklasifikasikan semula menurut pembentangan tahun semasa, dan kesan akibat perubahan tersebut ada diperincikan di dalam Ringkasan Dasar-Dasar Perakaunan Penting.

Dasar-dasar perakaunan yang dibentangkan di muka surat 229 hingga 238 dan nota-nota di muka surat 239 hingga 267 adalah sebahagian penting penyata kewangan ini.

Penyata Perubahan dalam Ekuiti yang Disatukan

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

	Nota	Saham biasa diterbitkan dan dibayar penuh berharga 50 sen sesaham		Pendapatan tersimpan RM'000	Jumlah RM'000
		Bilangan saham '000	Nilai nominal RM'000		
Pada 1 Januari 2006		285,530	142,765	475,264	618,029
Keuntungan bagi tahun kewangan		–	–	719,678	719,678
Cukai tertunda bagi tanah dan bangunan dinilai semula	14	–	–	123	123
Dividen bagi tahun kewangan berakhir 31 Disember 2005					
– khas	8	–	–	(158,983)	(158,983)
– akhir	8	–	–	(318,651)	(318,651)
Dividen bagi tahun kewangan berakhir 31 Disember 2006					
– interim	8	–	–	(308,372)	(308,372)
Pada 31 Disember 2006		285,530	142,765	409,059	551,824
Pada 1 Januari 2005		285,530	142,765	499,084	641,849
Keuntungan bagi tahun kewangan		–	–	592,802	592,802
Cukai tertunda bagi tanah dan bangunan dinilai semula	14	–	–	123	123
Dividen bagi tahun kewangan berakhir 31 Disember 2004					
– akhir		–	–	(380,326)	(380,326)
Dividen bagi tahun kewangan berakhir 31 Disember 2005					
– interim	8	–	–	(236,419)	(236,419)
Pada 31 Disember 2005		285,530	142,765	475,264	618,029

Dasar-dasar perakaunan yang dibentangkan di muka surat 229 hingga 238 dan nota-nota di muka surat 239 hingga 267 adalah sebahagian penting penyata kewangan ini.

Penyata Perubahan dalam Ekuiti Syarikat

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

	Nota	Saham biasa diterbitkan dan dibayar penuh 50 sen sesaham		Boleh diagihkan	Jumlah RM'000
		Bilangan saham '000	Nilai nominal RM'000	Pendapatan tersimpan RM'000	
Pada 1 Januari 2006		285,530	142,765	489,457	632,222
Keuntungan bagi tahun kewangan		–	–	731,284	731,284
Dividen bagi tahun kewangan berakhir 31 Disember 2005					
– khas	8	–	–	(158,983)	(158,983)
– akhir	8	–	–	(318,651)	(318,651)
Dividen bagi tahun kewangan berakhir 31 Disember 2006					
– interim	8	–	–	(308,372)	(308,372)
Pada 31 Disember 2006		285,530	142,765	434,735	577,500
Pada 1 Januari 2005		285,530	142,765	408,518	551,283
Keuntungan bagi tahun kewangan		–	–	697,684	697,684
Dividen bagi tahun kewangan berakhir 31 Disember 2004					
– akhir		–	–	(380,326)	(380,326)
Dividen bagi tahun kewangan berakhir 31 Disember 2005					
– interim	8	–	–	(236,419)	(236,419)
Pada 31 Disember 2005		285,530	142,765	489,457	632,222

Dasar-dasar perakaunan yang dibentangkan di muka surat 229 hingga 238 dan nota-nota di muka surat 239 hingga 267 adalah sebahagian penting penyata kewangan ini.

Penyata Aliran Tunai

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

Nota	Kumpulan		Syarikat	
	Tahun	Tahun	Tahun	Tahun
	berakhir 31.12.06 RM'000	berakhir 31.12.05 RM'000	berakhir 31.12.06 RM'000	berakhir 31.12.05 RM'000
Aktiviti operasi				
Tunai diterima daripada pelanggan	3,614,508	3,547,514	2,538	4,710
Tunai dibayar kepada pembekal dan pekerja	(2,507,079)	(2,602,454)	–	–
Sewa diterima daripada subsidiari	–	–	–	29
Tunai daripada operasi	24	1,107,429	945,060	2,538
Cukai pendapatan (dibayar)/dikembalikan		(271,543)	(211,100)	15,568
Aliran tunai bersih daripada aktiviti operasi		835,886	733,960	18,106
Aktiviti pelaburan				
Harta tanah, loji dan peralatan				
– penambahan	(56,416)	(83,273)	(4,923)	(7,934)
– penjualan	13,493	5,676	720	2,841
Penambahan dalam perisian komputer	(13,484)	(616)	(13,484)	(616)
Pendapatan faedah diterima	7,128	9,068	117	666
Dividen diterima daripada subsidiari	–	–	805,082	650,504
Bayaran balik daripada subsidiari	–	–	27,113	50,237
Aliran tunai bersih daripada/(digunakan untuk) aktiviti pelaburan		(49,279)	(69,145)	814,625
Aktiviti pembiayaan				
Dividen dibayar kepada pemegang saham	(786,006)	(616,745)	(786,006)	(616,745)
Bayaran balik nota komersil	–	(50,000)	–	(50,000)
Kutipan daripada terbitan nota komersil	–	48,926	–	48,926
Bayaran balik pinjaman daripada subsidiari	–	–	–	(50,000)
Bayaran perbelanjaan faedah	(47,370)	(48,444)	(47,370)	(48,950)
Aliran tunai bersih digunakan untuk aktiviti kewangan		(833,376)	(666,263)	(833,376)
Penyusutan dalam tunai dan bersamaan tunai		(46,769)	(1,448)	(645)
Tunai dan bersamaan tunai pada 1 Januari		234,058	235,506	942
Tunai dan bersamaan tunai pada 31 Disember	18	187,289	234,058	297

Dasar-dasar perakaunan yang dibentangkan di muka surat 229 hingga 238 dan nota-nota di muka surat 239 hingga 267 adalah sebahagian penting penyata kewangan ini.

Ringkasan Dasar-Dasar Perakaunan Penting

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

Indeks	Muka surat
A. Asas penyediaan	230
B. Perubahan dalam dasar-dasar perakaunan	231 – 232
C. Pengiktirafan hasil	233
D. Harta tanah, loji dan peralatan	233
E. Harta pelaburan	234
F. Aset dipegang untuk jualan	234
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I. Inventori	235
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K. Tunai dan bersamaan tunai	235
L. Manfaat pekerja	235 – 236
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Ringkasan Dasar-Dasar Perakaunan Penting

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

A. ASAS PENYEDIAAN

Penyata kewangan Kumpulan dan Syarikat telah disediakan menurut peruntukan Akta Syarikat, 1965 dan Piawaian Laporan Kewangan yang mematuhi piawaian perakaunan MASB yang diluluskan di Malaysia bagi Entiti Selain Daripada Entiti Swasta bagi tempoh mulai 1 Januari 2006.

Penyata kewangan Kumpulan dan Syarikat telah disediakan di bawah konvensyen kos sejarah, kecuali dinyatakan sebaliknya dalam ringkasan dasar-dasar perakaunan.

Penyediaan penyata kewangan menurut peruntukan Akta Syarikat, 1965 dan Piawaian Laporan Kewangan, iaitu piawaian perakaunan MASB yang diluluskan di Malaysia bagi Entiti Selain Daripada Entiti Swasta memerlukan penggunaan anggaran dan andaian yang memberi kesan terhadap jumlah aset dan tanggungan yang dilaporkan, penyataan aset dan tanggungan luar jangka pada tarikh penyata kewangan dan juga jumlah perolehan dan perbelanjaan yang dilaporkan sepanjang tahun kewangan. Walaupun anggaran ini berdasarkan pengetahuan terbaik para Pengarah terhadap acara dan tindakan semasa, keputusan yang sebenar mungkin berbeza daripada anggaran-anggaran tersebut.

ASAS PENYATUAN

Penyata kewangan yang disatukan termasuk penyata kewangan Syarikat dan semua syarikat subsidiarinya yang disediakan sehingga akhir tahun kewangan. Syarikat-syarikat subsidiari adalah syarikat-syarikat yang mana Kumpulan mempunyai kuasa untuk mengawal dasar-dasar kewangan dan operasi bagi memperoleh manfaat daripada aktiviti mereka.

Syarikat-syarikat subsidiari disatukan mulai daripada tarikh kawalan dipindahkan kepada Kumpulan dan tidak lagi disatukan apabila kawalan tersebut tamat. Syarikat-syarikat subsidiari disatukan menggunakan kaedah perakaunan pengambilalihan.

Kos perolehan dinilai sebagai nilai saksama aset yang diberi, instrumen ekuiti yang diterbitkan dan tanggungan dibelanjakan atau dipikul pada tarikh pertukaran. Lebihan kos pengambilalihan nilai saksama saham Kumpulan terhadap aset bersih yang dikenal pasti pada tarikh pemerolehan ditunjukkan sebagai muhibah. Jika kos pemerolehan adalah kurang daripada nilai saksama aset bersih syarikat subsidiari yang diperolehi, perbezaannya diiktiraf terus dalam penyata kewangan.

Urus niaga dalam kumpulan, baki dan keuntungan daripada urus niaga tidak direalisasi di kalangan syarikat-syarikat Kumpulan adalah dihapuskan. Kerugian tidak direalisasikan juga dihapuskan tetapi dianggap penunjuk kerosakan pada aset yang dipindahkan. Di mana perlu, dasar perakaunan syarikat-syarikat subsidiari diubah bagi memastikan keseragaman dengan dasar-dasar perakaunan yang diguna pakai oleh Kumpulan.

RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

B. PERUBAHAN DALAM DASAR-DASAR PERAKAUNAN

Piawaian perakaunan baru dan pindaan pada piawaian yang telah diterbitkan, yang berkuat kuasa dan digunakan bagi tahun kewangan Kumpulan dan Syarikat bermula 1 Januari 2006 adalah seperti berikut:

- FRS 1 Penerimaan Pakai Piawaian Laporan Kewangan Pertama Kali
- FRS 2 Bayaran Berasaskan Saham
- FRS 3 Kombinasi Perniagaan
- FRS 5 Aset Bukan Semasa dipegang untuk Jualan dan Penamatan Kendalian
- FRS 101 Pembentangan Penyata Kewangan
- FRS 102 Inventori
- FRS 108 Dasar Perakaunan, Perubahan Perakaunan Jangkaan dan Kesilapan
- FRS 110 Peristiwa Selepas Tarikh Kunci Kira-kira
- FRS 116 Harta Tanah, Loji dan Peralatan
- FRS 121 Kesan Perubahan Kadar Tukaran Asing
- FRS 127 Penyata Kewangan Disatukan dan Penyata Kewangan Berasingan
- FRS 132 Instrumen Kewangan: Pendedahan dan Pembentangan
- FRS 133 Perolehan Sesaham
- FRS 136 Penjejasan Nilai Aset
- FRS 138 Aset Tak Ketara
- FRS 140 Harta Pelaburan

Kesan utama terhadap perubahan-perubahan ini adalah seperti berikut:

(a) FRS 3 Kombinasi Perniagaan

Sehingga 31 Disember 2005, muhibah dilunaskan pada kadar tetap selama 25 tahun dan ditaksir bagi pengurangan nilai pada setiap tarikh kunci kira-kira. Menurut FRS 3, Kumpulan menghentikan pelunasan muhibah bermula daripada 1 Januari 2006 (2005: RM21.9 juta). Pelunasan terkumpul sebagaimana pada 1 Januari 2006 telah dihapuskan dengan persamaan pengurangan dalam kos muhibah. Pada 31 Disember 2006, tiada tanda menunjukkan pengurangan nilai muhibah.

(b) FRS 5 Aset Bukan Semasa dipegang untuk Jualan dan Penamatan Kendalian

Kumpulan telah mengenal pasti harta tanah, loji dan peralatan di mana jumlah dibawa oleh aset akan diperolehi semula terutamanya melalui transaksi jualan daripada melalui penggunaan berterusan dan aset-aset ini telah diklasifikasikan sebagai aset semasa – Aset Dipegang Untuk Jualan. Aset dipegang untuk jualan ini tidak lagi disusut nilai mulai 1 Januari 2006 disebabkan faedah ekonominya tidak lagi diguna pakai. Sebelum ini, aset yang dipegang untuk jualan tidak diklasifikasikan atau dibentangkan sebagai aset semasa atau tanggungan semasa.

(c) FRS 116 Harta Tanah, Loji dan Peralatan

Selaras dengan FRS 116, kaedah bagi menilai baki aset, tempoh hayat penggunaan dan susut nilai akan ditaksir pada setiap tahun kewangan berakhir dan dilaraskan jika perlu. Jika nilai baki aset meningkat kepada jumlah yang sama atau lebih tinggi daripada nilai dibawa aset, caj susut nilai aset tersebut adalah sifar kecuali jika dan apabila nilai bakinya terus menyusut kepada jumlah di bawah nilai dibawa aset.

(d) FRS 138 Aset Tak Ketara

Sebelum ini, kos perisian komputer diklasifikasikan di bawah harta tanah, loji dan peralatan. Di bawah FRS 138, kecuali kos perisian komputer menjadi sebahagian penting bagi aset tetap yang lain, ianya diklasifikasikan sebagai aset tak ketara. Oleh yang demikian, kos perisian komputer yang tidak menjadi sebahagian penting bagi aset tetap yang lain, kini diklasifikasikan sebagai aset tak ketara dan dilunaskan selama tempoh hayat penggunaannya.

RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

B. PERUBAHAN DALAM DASAR-DASAR PERAKAUNAN (SAMBUNGAN)

(e) FRS 140 Harta Pelaburan

Harta pelaburan yang terdiri daripada sebuah kilang, ruang pejabat dan ruang gudang dipegang untuk mendapat hasil dari penyewaan. Harta pelaburan dinilai dengan menggunakan model kos selaras dengan penilaian terhadap harta tanah, loji dan peralatan melainkan harta pelaburan memenuhi kriteria untuk diklasifikasikan sebagai Aset dipegang untuk Jualan selaras dengan FRS 5. Menurut FRS 140, harta pelaburan diklasifikasikan secara berasingan di dalam kunci kira-kira. Dalam tahun-tahun sebelumnya, harta pelaburan tidak diklasifikasi secara berasingan tetapi sebagai sebahagian daripada harta tanah, loji dan peralatan.

Semua perubahan di dalam dasar-dasar perakaunan dibuat selaras dengan peruntukan peralihan piawaian masing-masing dan pindaan untuk piawaian yang diterbitkan. Semua piawaian dan pindaan diterapkan oleh Kumpulan secara prospektif, kecuali pengklasifikasian semula jumlah-jumlah komparatif sebagaimana pada 31 Disember 2005 berpunca daripada pelaksanaan FRS 5, FRS 138 dan FRS 140 seperti berikut:

	Seperti dilaporkan sebelumnya RM'000	Kesan terhadap perubahan dasar-dasar perakaunan RM'000	Diklasifikasikan semula pada 31 Disember 2005 RM'000
Kumpulan			
Harta tanah, loji dan peralatan	587,187	(46,642)	540,545
Perisian komputer, termasuk di dalam harta tanah,loji dan peralatan	–	616	616
Aset dipegang untuk jualan termasuk di dalam harta tanah, loji dan peralatan	–	1,255	1,255
Harta pelaburan termasuk di dalam harta tanah, loji dan peralatan	–	44,771	44,771
Syarikat			
Harta tanah, loji dan peralatan	26,773	(616)	26,157
Perisian komputer, termasuk di dalam harta tanah, loji dan peralatan	–	616	616

Tiga piawaian baru dan pindaan terhadap piawaian sedia ada yang dikeluarkan oleh Lembaga Piawaian Perakaunan Malaysia, tetapi belum berkuat kuasa, adalah seperti berikut:

- (i) FRS 117 Pajak (berkuat kuasa bagi tempoh perakaunan bermula pada atau selepas 1 Oktober 2006). Piawaian ini memerlukan klasifikasi tanah pegangan pajak sebagai bayaran pajak prabayar. Kumpulan akan mengguna pakai piawaian ini dari tempoh kewangan bermula 1 Januari 2007.
- (ii) FRS 124 Pendedahan Pihak Berkaitan (berkuat kuasa bagi tempoh perakaunan bermula pada atau selepas 1 Oktober 2006). Kumpulan akan mengguna pakai piawaian ini dari tempoh kewangan bermula 1 Januari 2007. Piawaian ini akan mempengaruhi pengenalanpastian pihak berkaitan dan beberapa pendedahan pihak berkaitan lain.
- (iii) Pindaan kepada FRS 119₂₀₀₄ Manfaat Pekerja (berkuat kuasa bagi tempoh perakaunan bermula pada atau selepas 1 Januari 2007). Pindaan ini memperkenalkan alternatif lain untuk pengiktirafan keuntungan dan kerugian aktuari. Sebagaimana Kumpulan tidak berhasrat untuk menukar polisi perakaunan yang digunakan terhadap pengiktirafan keuntungan dan kerugian aktuari, penggunaan pindaan ini hanya akan memberi impak kepada format dan kaedah pendedahan yang dibentangkan di dalam penyata kewangan. Kumpulan akan mengguna pakai pindaan ini dari tempoh kewangan bermula 1 Januari 2007.
- (iv) FRS 139 Instrumen Kewangan: Pengolahan dan Pengukuran (tarikh kuat kuasa akan ditentukan oleh Lembaga Piawaian Perakaunan Malaysia). Piawaian baru ini menetapkan prinsip bagi mengiktiraf dan menilai aset kewangan, tanggungan kewangan dan beberapa kontrak untuk membeli dan menjual barangan bukan-kewangan. Perakaunan cara lindung nilai dibenarkan hanya dalam keadaan yang tertentu sahaja.

RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

C. PENGIKTIRAFAN HASIL

Hasil yang diperolehi daripada jualan produk Kumpulan diiktiraf apabila hak milik berpindah kepada pelanggan, pada umumnya selari dengan penghantaran dan penerimaan dan setelah jualan dalam Kumpulan dihapuskan.

Hasil lain yang diperolehi oleh Kumpulan diiktiraf berasaskan yang berikut:

- Pendapatan faedah diiktiraf berasaskan pembahagian masa, mengambil kira wang pokok yang masih terhutang dan kadar efektif menjangkau tempoh matang, apabila ianya ditentukan yang pendapatan faedah akan dibayar kepada Kumpulan.
- Pendapatan dividen diiktiraf apabila hak Kumpulan untuk menerima bayaran ditentukan.

D. HARTA TANAH, LOJI DAN PERALATAN

Harta tanah, loji dan peralatan pada dasarnya dinyatakan pada kos. Tanah pegangan bebas dinyatakan pada nilai tahun 1983 dan bangunan-bangunan pegangan bebas, tanah pegangan pajakan dan bangunan-bangunan dinyatakan pada nilai tahun 1983 ditolak susut nilai sebagaimana para Pengarah mengguna pakai peruntukan peralihan Piawaian Perakaunan No. 16 (Disemak) yang diluluskan MASB, Harta Tanah, Loji dan Peralatan. Oleh kerana itu, nilai belum dikemas kini. Semua harta tanah, loji dan peralatan lain dinyatakan pada kos ditolak susut nilai terkumpul dan kerugian pengurangan nilai. Kos termasuk perbelanjaan yang berpunca daripada pemerolehan barangan tersebut.

Kos yang berikutnya dimasukkan ke dalam jumlah dibawa aset atau diiktiraf sebagai aset berasingan; yang bersesuaian, hanya apabila manfaat ekonomi masa hadapan berkaitan barangan tersebut berkemungkinan menguntungkan Kumpulan dan kos barangan boleh diukur dengan pasti. Semua pembaikpulihan dan penyelenggaraan di caj di dalam penyata pendapatan sepanjang tempoh kewangan di mana ia dibelanjakan.

Tanah pegangan bebas tidak disusut nilai kerana ianya tidak mempunyai tempoh tamat. Penyusutan nilai terhadap kerja-kerja yang sedang dijalankan bermula apabila aset-aset tersebut sedia digunakan. Susut nilai diperuntukkan sebanyak nilai baki bagi semua harta tanah, loji dan peralatan lain berasaskan garis lurus sepanjang tempoh jangka hayat kegunaan adalah seperti berikut:

Tanah pegangan pajakan	– 35 ke 95 tahun
Bangunan	– 35 ke 40 tahun
Jentera dan peralatan	– 10 ke 14 tahun
Perabot dan kelengkapan (termasuk peralatan barang dagangan, peralatan dan perkakasan komputer)	– pelbagai tempoh tidak melebihi 10 tahun
Kenderaan bermotor	– 5 tahun

Barangan yang bernilai kecil disusut nilai sepenuhnya pada tahun pembelian.

Nilai baki dan jangka hayat kegunaan bagi aset disemak semula, dan dilaraskan jika perlu, pada setiap tarikh kunci kira-kira. Jika nilai baki aset meningkat kepada nilai setara atau lebih tinggi daripada jumlah dibawa aset, caj susut nilai adalah sifar melainkan nilai baki terus jatuh kepada satu jumlah di bawah jumlah dibawa aset.

Pada setiap tarikh kunci kira-kira, Kumpulan menaksir sama ada ada sebarang petanda wujudnya pengurangan nilai. Sekiranya ia berlaku, satu analisa akan dilaksanakan bagi menaksir sama ada jumlah dibawa aset boleh diperolehi sepenuhnya. Hapus kira dibuat jika jumlah dibawa melebihi jumlah yang boleh diperolehi. Begitu juga apabila keadaan pengurangan nilai tidak lagi wujud setelah mempertimbangkan penunjuk daripada sumber-sumber luaran dan dalaman, nilai-nilai aset akan dimasukkan semula.

Keuntungan dan kerugian semasa pelupusan ditentukan melalui perbandingan hasil jualan dengan jumlah dibawa dan dimasukkan di dalam penyata pendapatan.

RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

E. HARTA PELABURAN

Harta pelaburan terdiri daripada sebuah kilang, ruang pejabat dan ruang gudang, dipegang untuk mendapat hasil dari penyewaan atau penambahan modal dan tidak diduduki oleh Kumpulan. Harta pelaburan dinyatakan pada kos ditolak susut nilai dan kerugian pengurangan nilai. Tanah pegangan bebas dinyatakan pada nilai tahun 1983 dan bangunan-bangunan pegangan bebas, tanah pegangan pajakan dan bangunan-bangunan dinyatakan pada nilai tahun 1983 ditolak susut nilai sebagaimana para Pengarah mengguna pakai peruntukan peralihan Piawaian Perakaunan No. 16 (Disemak) yang diluluskan MASB, Harta Tanah, Loji dan Peralatan. Oleh yang demikian, penilaian belum dikemas kini.

Harta pelaburan yang terdiri daripada tanah pegangan bebas tidak disusut nilai manakala harta pelaburan yang terdiri daripada bangunan-bangunan disusut nilai kepada nilai baki berasaskan garis lurus sepanjang tempoh 35 hingga 40 tahun jangkaan jangka hayat penggunaan.

Pemindahan kepada harta pelaburan dibuat apabila, dan hanya bila, ada perubahan dalam penggunaan, dibuktikan oleh penamatan pendudukan tuan punya. Pemindahan daripada harta pelaburan dibuat apabila, dan hanya bila, ada perubahan dalam penggunaan, dibuktikan oleh permulaan pendudukan tuan punya atau apabila harta pelaburan memenuhi kriteria untuk diklasifikasikan sebagai selaras dengan FRS 5.

F. ASET DIPEGANG UNTUK JUALAN

Harta tanah, loji dan peralatan serta harta pelaburan diklasifikasikan sebagai aset dipegang untuk jualan dan dinyatakan pada yang mana lebih rendah antara jumlah dibawa atau nilai saksama ditolak kos untuk dijual jika jumlah dibawa boleh ditebus semula melalui transaksi jualan dan bukan daripada penggunaan berterusan. Aset dipegang untuk jualan tidak lagi disusut nilai ekoran faedah ekonominya tidak lagi digunakan.

Apabila aset dipegang untuk jualan dilupuskan, perbezaan antara hasil bersih daripada pelupusan dan jumlah dibawa diiktiraf sebagai keuntungan atau kerugian dalam tempoh pelupusan.

G. ASET TAK KETARA

(i) Muhibah

Muhibah mewakili perbezaan antara nilai pemerolehan subsidiari berbanding bahagian Kumpulan terhadap nilai saksama aset bersih yang boleh dikenal pasti pada tarikh pemerolehan.

Jumlah dibawa muhibah dikaji semula pada setiap tahun bagi pengurangan nilai, atau lebih kerap jika perubahan menunjukkan nilai dibawa mungkin berkurangan. Pengurangan nilai ditentukan untuk muhibah melalui taksiran jumlah tebus semula unit-unit penajaan-tunai. Sekiranya jumlah tebus semula unit-unit penajaan-tunai kurang daripada jumlah dibawa unit-unit penajaan-tunai di mana muhibah diperuntukkan, kerugian pengurangan nilai diiktiraf. Kerugian pengurangan nilai berkaitan muhibah tidak boleh diubah di masa hadapan.

(ii) Perisian Komputer

Kos yang berkaitan dengan produk-produk perisian komputer yang boleh dikenal pasti dan unik dikawal oleh Kumpulan dan berkemungkinan dapat menjana faedah ekonomi menjangkaui kos selepas satu tahun, dan tidak menjadi sebahagian daripada aset tetap lain diiktiraf sebagai aset tak ketara. Kos ini termasuk kos pembangunan perisian dan sebahagian overhead yang relevan. Kos pembangunan perisian komputer yang diiktiraf sebagai aset diluluskan setelah siapnya produk perisian komputer berasaskan garis lurus dengan anggaran 3 tahun jangka hayat kegunaan.

Kos berkaitan penyelenggaraan program perisian komputer diiktiraf sebagai perbelanjaan apabila berlaku.

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BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

H. PELABURAN

Pelaburan dalam syarikat-syarikat subsidiari dinyatakan pada kos. Di mana terdapat petunjuk wujudnya pengurangan nilai, jumlah dibawa pelaburan ditaksir dan dihapus kira segera kepada jumlah boleh tebus semula.

Mengenai penjualan pelaburan, perbezaan antara hasil bersih pelupusan dan jumlah dibawa di caj atau dikreditkan kepada penyata pendapatan.

I. INVENTORI

Inventori dinyatakan pada yang mana lebih rendah antara kos dan nilai laksana bersih. Pada dasarnya, kos ditentukan menurut kaedah masuk dahulu keluar dahulu dan dalam hal rokok yang telah dikilangkan, ia meliputi kos bahan, kos buruh dan overhead pengilangan. Nilai laksana bersih adalah anggaran harga jualan dalam urus niaga biasa perniagaan, tolak kos penyempurnaan dan perbelanjaan jualan.

J. PENERIMAAN

Penerimaan perdagangan dinyatakan pada jumlah yang di invoice kurang anggaran yang dibuat untuk hutang ragu berdasarkan tinjauan ke atas jumlah tertunggak pada hujung tahun. Peruntukan diberi apabila terdapat bukti objektif bahawa Kumpulan tidak dapat memungut jumlah tertunggak menurut syarat-syarat asal terhadap penerimaan. Hutang lapuk dihapus kira apabila dikenal pasti.

Pembayaran terdahulu terdiri daripada perbelanjaan untuk manfaat yang mana ia timbul selepas tarikh kunci-kira-kira, termasuk bayaran untuk projek pembangunan penanaman hutan. Jumlah dibawa pada kos dan menjadi perbelanjaan kepada penyata pendapatan bagi mengimbangi kemasukan faedah akruan.

K. TUNAI DAN BERSAMAAN TUNAI

Tunai dan bersamaan tunai meliputi tunai dalam tangan, baki dengan institusi kewangan berlesen, overdraf bank, dan pelaburan jangka pendek berkecairan tinggi dengan kematangan asal tiga bulan atau kurang.

L. MANFAAT PEKERJA**(i) Manfaat jangka masa pendek**

Upah, gaji, bonus dan lain-lain perbelanjaan yang berkaitan dengan pekerja diiktiraf sebagai perbelanjaan dalam tahun yang mana perkhidmatan yang berkaitan dilaksanakan oleh para pekerja Kumpulan.

(ii) Pelan sumbangan yang ditetapkan

Sumbangan Kumpulan kepada Kumpulan Wang Simpanan Pekerja diiktiraf sebagai perbelanjaan dalam penyata pendapatan apabila ditanggung. Setelah sumbangan dibuat, Kumpulan tidak mempunyai apa-apa lagi obligasi berkaitan dengan pembayaran.

(iii) Pelan manfaat yang ditetapkan

Kumpulan mengendalikan pelan manfaat yang ditetapkan bagi pekerja-pekerja yang menyertai Kumpulan sebelum 1 Januari 2006, yang mana aset dipegang dalam sebuah tabung amanah yang ditadbir secara berasingan. Dana ini dibiayai melalui caruman daripada syarikat-syarikat yang berkaitan dalam Kumpulan. Obligasi persaraan Kumpulan ditentukan berdasarkan penilaian aktuari tiga tahun sekali (dengan kemas kini tahunan) di mana jumlah manfaat diperolehi pekerja yang layak sebagai balasan perkhidmatan mereka dalam tahun semasa dan tahun-tahun sebelumnya dianggarkan.

Tanggungan dalam hal pelan manfaat ditetapkan adalah nilai semasa obligasi manfaat ditetapkan pada tarikh kunci-kira-kira, disesuaikan dengan keuntungan dan kerugian aktuari yang tidak diiktiraf, dan dikurangkan oleh nilai pelan aset yang wajar.

Obligasi pelan manfaat yang ditetapkan dikira menggunakan Kaedah Kos Kredit Unit Terunjur, ditentukan melalui badan aktuari yang bebas dan mengambil kira anggaran pengaliran keluar tunai yang akan datang.

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L. MANFAAT PEKERJA (SAMBUNGAN)

(iii) Pelan manfaat yang ditetapkan (Sambungan)

Keuntungan dan kerugian aktuari wujud daripada pengalaman pengubahsuaian dan perubahan dalam anggapan aktuari. Keuntungan dan kerugian aktuari diiktiraf sebagai pendapatan atau perbelanjaan atas jangkaan purata baki tempoh perkhidmatan pekerja yang mengambil bahagian apabila keuntungan atau kerugian aktuari kumulatif yang tidak diiktiraf untuk pelan manfaat yang ditetapkan melebihi yang mana lebih tinggi antara 10% daripada nilai semasa manfaat obligasi dan nilai saksama pelan aset pada permulaan tahun kewangan.

(iv) Bayaran pemberhentian

Bayaran pemberhentian akan dibayar apabila pekerja diberhentikan sebelum tarikh persaraan biasa atau apabila pekerja menerima kelebihan secara sukarela sebagai gantian bayaran ini. Kumpulan mengenal pasti bahawa bayaran pemberhentian sebagai liabiliti dan sebuah perbelanjaan apabila komited menjelaskan untuk menjadikan bayaran pemberhentian sebagai sebuah keputusan ke atas tawaran yang dibuat untuk menggalakkan kelebihan secara sukarela dan tanpa kemungkinan realistik untuk ditarik balik.

(v) Bayaran berasaskan saham

Sejumlah pekerja Kumpulan menyertai pelan ganti rugi berasaskan-saham penyelesaian-ekuiti yang ditawarkan oleh British American Tobacco p.l.c. (British American Tobacco p.l.c. secara tidak langsung melalui British American Tobacco Holdings (Malaysia) B.V., memiliki 50% kepentingan ekuiti dalam Syarikat).

Bayaran berasaskan-saham penyelesaian-ekuiti dinilai pada nilai saksama pada tarikh dikuasakan dan dianggap sebagai perbelanjaan selama tempoh berkuat kuasa, berdasarkan anggaran British American Tobacco p.l.c jumlah anugerah yang akan berkuat kuasa. Nilai saksama diukur melalui kaedah harga Black-Scholes dan Monte-Carlo. Anggaran jangka hayat kegunaan dalam kaedah ini telah dilaraskan, berdasarkan anggaran terbaik pihak pengurusan, bagi keberkesanan terhadap tidak boleh dipindah milik, batasan penerimaan tawaran dan pertimbangan perilaku, perampasan dan pengalaman lalu.

M. PERBELANJAAN CUKAI

Perbelanjaan cukai semasa ditentukan menurut bidang kuasa undang-undang cukai di mana Kumpulan beroperasi dan termasuk semua cukai berdasarkan keuntungan boleh dikenakan cukai. Perbelanjaan cukai adalah jumlah agregat yang diambil kira dalam penentuan keuntungan bersih bagi tempoh berhubung cukai semasa dan cukai tertunda.

Aset dan tanggungan cukai tertunda telah diperuntukkan dengan penuh, menggunakan kaedah tanggungan, atas perbezaan sementara yang timbul di antara dasar cukai aset dan tanggungan dan jumlah yang dibawa dalam penyata kewangan. Perbezaan sementara yang utama timbul daripada susut nilai harta tanah, loji dan peralatan, penilaian semula beberapa aset bukan semasa, peruntukan untuk pencen dan lain-lain manfaat setelah persaraan, elaun untuk hutang ragu dan kerugian cukai dan peruntukan modal dibawa ke hadapan. Aset cukai tertunda diiktiraf setakat keuntungan yang boleh dikenakan cukai pada masa hadapan tersedia untuk kegunaan perbezaan sementara.

Kadar cukai yang telah digubal atau disahkan akan digubal pada tarikh kunci kira-kira digunakan untuk menentukan cukai tertunda dan dijangka akan digunakan apabila aset cukai tertunda berkaitan direalisasikan atau tanggungan cukai tertunda dilunaskan.

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BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

N. MATAWANG ASING**(i) Mata wang fungsi dan pembentangan**

Penyata kewangan setiap entiti Kumpulan dinyatakan dalam Ringgit Malaysia yang merupakan mata wang fungsi dan pembentangan bagi Kumpulan dan Syarikat.

(ii) Urus niaga dan baki matang wang asing

Urus niaga mata wang asing dalam Kumpulan diambil kira pada kadar pertukaran yang berkuat kuasa pada tarikh urus niaga. Aset dan tanggungan kewangan mata wang asing ditukarkan pada kadar pertukaran yang berkuat kuasa pada tarikh kunci kira-kira. Perbezaan pertukaran yang timbul daripada penyelesaian urus niaga mata wang asing dan daripada pertukaran aset dan tanggungan kewangan mata wang asing dimasukkan ke dalam penyata pendapatan.

(iii) Entiti Asing

Aset dan tanggungan subsidiari asing ditukar pada kadar penutup bagi tujuan penyatuan. Perkara penyata pendapatan ditukarkan pada kadar purata sepanjang tahun kewangan dan menyebabkan perbezaan pertukaran yang terhasil diuruskan dalam ekuiti bagi tahun kewangan.

O. INSTRUMEN KEWANGAN

Instrumen kewangan yang dimasukkan dalam kunci kira-kira meliputi tunai dan baki bank, penerimaan, pembayaran, dan pinjaman. Kaedah pengiktirafan khusus digunakan seperti yang dinyatakan dalam penyata dasar masing-masing yang disertakan dengan setiap perkara.

Instrumen kewangan yang tidak diiktiraf dalam kunci kira-kira**(i) Kontrak hadapan mata wang asing**

Kontrak hadapan mata wang asing melindungi Kumpulan daripada pergerakan dalam kadar pertukaran dengan menetapkan kadar di mana aset atau tanggungan mata wang asing akan dijelaskan.

Keuntungan dan kerugian pertukaran yang timbul daripada kontrak yang dimasuk sebagai lindung nilai bagi urus niaga hadapan yang dijangka, ditunda sehingga tarikh urus niaga tersebut, di mana ia dimasukkan dalam ukuran urus niaga tersebut.

Semua keuntungan dan kerugian pertukaran lain berhubung instrumen lindung nilai diiktiraf dalam penyata pendapatan pada tempoh yang sama seperti perbezaan pertukaran pada perkara lindung nilai. Keuntungan dan kerugian daripada kontrak yang tidak lagi dinyatakan sebagai lindung nilai dimasukkan dalam penyata pendapatan.

RINGKASAN DASAR-DASAR PERAKAUNAN PENTING

BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2006

O. INSTRUMEN KEWANGAN (SAMBUNGAN)

(ii) Anggaran nilai saksama bagi tujuan pendedahan

Nilai saksama pertukaran hutang jangka panjang adalah berdasarkan sebut harga pasaran pada tarikh kunci kira-kira atau sebut harga peniaga bagi instrumen khusus atau hampir sama.

Nilai saksama kontrak pertukaran hadapan ditentukan menggunakan kadar pertukaran pasaran hadapan pada tarikh kunci kira-kira.

Dalam menilai derivatif tidak didagang dan instrumen kewangan, Kumpulan menggunakan pelbagai kaedah dan membuat andaian berdasarkan keadaan pasaran yang wujud pada setiap tarikh kunci kira-kira. Model harga opsyen dan anggaran nilai diskaun aliran tunai hadapan digunakan bagi menentukan nilai saksama bagi instrumen kewangan. Secara khusus, nilai saksama tanggungan kewangan dianggarkan dengan mengambil kira nilai semasa aliran tunai hadapan pada kadar faedah pasaran semasa yang terbuka kepada Kumpulan untuk instrumen kewangan yang serupa.

Nilai muka, ditolak sebarang anggaran pelarasan kredit, bagi aset dan tanggungan kewangan dengan tempoh matang kurang daripada setahun diandaikan menghampiri nilai saksama.

P. PINJAMAN

Pinjaman dicatatkan pada jumlah hasil diterima, ditolak kos urus niaga.

Perbelanjaan faedah berkaitan pinjaman dilaporkan di dalam kos kewangan di dalam penyata kewangan.

Pinjaman diklasifikasikan sebagai tanggungan semasa melainkan Kumpulan mempunyai hak tanpa syarat untuk menunda pelunasan tanggungan bagi sekurang-kurangnya 12 bulan selepas tarikh kunci kira-kira.

Nota-Nota kepada Penyata Kewangan

1. MAKLUMAT AM

Syarikat menyediakan perkhidmatan pentadbiran dan pengurusan harian kepada syarikat-syarikat subsidiari yang terlibat terutamanya dalam bidang pembuatan, pengimportan dan penjualan rokok, tembakau paip, dan cerut.

Syarikat ini adalah sebuah syarikat tanggungan terhad awam, diperbadankan dan berdomisil di Malaysia, dan disenaraikan di Papan Utama Bursa Malaysia Securities Berhad.

Alamat pejabat berdaftar dan tempat urus niaga utama Syarikat adalah seperti berikut:

Virginia Park, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

2. HASIL

Hasil diperoleh daripada jualan rokok, tembakau paip dan cerut.

3. KEUNTUNGAN DARIPADA OPERASI

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Keuntungan daripada operasi diperolehi:				
Selepas mencaji:				
Bahan mentah dan barangan digunakan	418,491	461,770	–	–
Ganjaran juruaudit:				
– audit statutori	173	168	52	50
– yuran bukan audit	167	87	142	62
Harta tanah, loji dan peralatan:				
– susut nilai	76,385	75,880	5,978	4,566
– pengurangan nilai	–	10,884	–	–
Harta pelaburan – susutnilai (Nota 10)	1,144	–	–	–
Kerugian pelupusan harta tanah, loji dan peralatan	1,190	–	–	218
Hapus kira cap dagang	–	2,067	–	–
Pelunasan muhibah	–	21,856	–	–
Sewa tanah dan bangunan	4,443	4,098	–	64
Inventori dihapus kira	1,490	1,441	–	–
Hutang lapuk dilupuskan	–	156	–	–
Peruntukan hutang ragu	1,320	–	–	–
Kos penstrukturan semula industri tembakau tempatan	–	45,000	–	–
Kerugian pertukaran bersih	–	–	18	–
Kos pekerja (Nota 5)	127,032	120,933	21,412	30,692

NOTA-NOTA KEPADA PENYATA KEWANGAN

3. KEUNTUNGAN DARIPADA OPERASI (SAMBUNGAN)

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Dan mengkredit:				
Harta tanah, loji dan peralatan:				
– Kemasukan semula pengurangan nilai (ditolak bersih daripada perbelanjaan operasi)	4,411	–	–	–
Dividen daripada subsidiari tidak tercatat	–	–	1,055,982	995,453
Pendapatan faedah	7,716	9,126	117	666
Keuntungan pertukaran bersih	142	247	–	167
Keuntungan daripada penjualan harta tanah, loji dan peralatan	–	1,942	56	–
Kemasukan semula peruntukan hutang ragu	–	250	–	–
Pendapatan sewa	1,410	1,538	–	34

4. GANJARAN PENGARAH

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Yuran	420	424	420	424
Emolumen lain	7,992	5,457	5,999	4,158
	8,412	5,881	6,419	4,582

Anggaran nilai berbentuk wang bagi manfaat yang disediakan kepada para Pengarah Kumpulan dan Syarikat sepanjang tahun kewangan masing-masing berjumlah RM915,681 (2005: RM917,768) dan RM820,816 (2005: RM842,544)

Bayaran kepada Pengarah Kumpulan dan Syarikat berasaskan-saham (sepanjang perkhidmatan mereka dengan Kumpulan) dalam tahun kewangan adalah dengan cara penyertaan di dalam skim saham pekerja (Nota 29) yang ditawarkan British American Tobacco p.l.c.

NOTA-NOTA KEPADA PENYATA KEWANGAN**4. GANJARAN PENGARAH (SAMBUNGAN)**

Butiran terhadap pergerakan urusan pembayaran penyelesaian-ekuiti berasaskan-saham sepanjang tahun berakhir 31 Disember 2006, meliputi Skim Bonus Saham Tertunda dan Skim Penganugerahan Saham Antarabangsa adalah seperti berikut:

	Bilangan saham biasa bernilai 25p dalam British American Tobacco p.l.c.			
	Pada 1.1.06	Dianugerah pada 2006	Hakmilik berkuasa 2006	Pada 31.12.06
Pengarah Eksekutif				
Skim Bonus Saham Tertunda	11,381	7,004	(3,548)	14,837
Skim Penganugerahan Saham Antarabangsa	154	351	–	505
	11,535	7,355	(3,548)	15,342

Butiran penyertaan para Pengarah di dalam penyelesaian-ekuiti Pelan Insentif Jangka Panjang dan Skim Opsyen Saham adalah seperti berikut:

	Bilangan opsyen dalam saham biasa bernilai 25p dalam British American Tobacco p.l.c.			
	Pada 1.1.06	Dikuasakan pada 2006	Dilaksanakan pada 2006	Pada 31.12.06
Harga diberi				
£5.98	7,392	–	–	7,392
£8.09	5,163	–	–	5,163
£10.37	15,535	–	–	15,535
£14.34	–	19,460	–	19,460
	28,090	19,460	–	47,550

5. KOS PEKERJA

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Upah, gaji dan bonus	86,763	90,922	16,498	22,391
Pelan sumbangan yang ditetapkan	14,555	13,444	2,095	2,337
Manfaat penamatan kerja	18,730	8,652	–	3,049
Lain-lain perbelanjaan pekerja	6,984	7,915	2,819	2,915
	127,032	120,933	21,412	30,692

Pada 1 Januari 2006, bilangan pekerja sedia ada yang terpilih untuk menyertai skim sumbangan tetap (seperti yang dilampirkan di Nota 23 kepada penyata kewangan) yang mana Kumpulan secara sukarela menyediakan caruman tambahan Kumpulan Wang Simpanan Pekerja (EPF) melebihi keperluan statutori.

Terdapat kos penstrukturan semula sepanjang tahun kewangan untuk meningkatkan kecekapan operasi. Setakat mana pekerja tidak boleh ditempatkan semula, manfaat penamatannya diiktiraf sebagai perbelanjaan operasi lain di dalam penyata kewangan bagi tahun kewangan berakhir 31 Disember 2006.

NOTA-NOTA KEPADA PENYATA KEWANGAN

6. PERBELANJAAN CUKAI

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
<u>Berhubung tahun kewangan semasa</u>				
Cukai semasa				
– Cukai pendapatan Malaysia	277,021	246,452	276,481	243,495
– Cukai luar negara	43	40	–	–
Cukai tertunda (Nota 14(i))	5,205	(6,325)	(720)	(1,587)
	282,269	240,167	275,761	241,908

Kadar cukai purata efektif Kumpulan dan Syarikat diselaraskan dengan kadar cukai berkanun seperti berikut:

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06	Tahun berakhir 31.12.05	Tahun berakhir 31.12.06	Tahun berakhir 31.12.05
Kadar cukai berkanun	28%	28%	28%	28%
Perbelanjaan tidak boleh dipotong bagi tujuan	1%	1%	–	–
Penggunaan elaun pelaburan semula	(1%)	–	–	–
Pendapatan tidak dikenakan cukai	–	–	–	(2%)
Perubahan dalam kadar cukai	–	–	(1%)	–
Kadar purata cukai efektif	28%	29%	27%	26%

7. PEROLEHAN SESAHAM

Perolehan sesaham dikira dengan membahagikan keuntungan bagi tahun kewangan dengan bilangan saham biasa dalam terbitan.

	Kumpulan	
	Tahun berakhir 31.12.06	Tahun berakhir 31.12.05
Keuntungan bagi tahun kewangan (RM'000)	719,678	592,802
Bilangan saham biasa bernilai 50 sen dalam terbitan ('000)	285,530	285,530
Perolehan sesaham (sen)	252.0	207.6

NOTA-NOTA KEPADA PENYATA KEWANGAN**8. DIVIDEN**

Dividen dibayar, diisytiharkan atau dicadangkan bagi tahun kewangan adalah seperti berikut:

	Kumpulan dan Syarikat					
	Tahun berakhir 31.12.06			Tahun berakhir 31.12.05		
	Kasar sesaham Sen	Bersih sesaham Sen	Jumlah dividen RM'000	Kasar sesaham Sen	Bersih sesaham Sen	Jumlah dividen RM'000
Dividen interim dibayar	150.0	108.0	308,372	115.0	82.8	236,419
Dividen khas diisytihar	—	—	—	70.0	55.7	158,983
Dividen akhir khas dicadang	30.0	21.9	62,531	—	—	—
Dividen akhir dicadang	170.0	124.1	354,343	155.0	111.6	318,651
	350.0	254.0	725,246	340.0	250.1	714,053

Dividen interim dibayar dan diambil kira di dalam ekuiti pemegang saham sebagai pengagihan daripada pendapatan tersimpan dalam tahun kewangan.

Di Mesyuarat Agung Tahunan pada 19 April 2007 akan datang, dividen akhir berhubung tahun kewangan berakhir 31 Disember 2006 bernilai 170.00 sen kasar sesaham, tolak 27% cukai Malaysia, berjumlah RM354,342,730 dan dividen akhir khas bernilai 30.00 sen kasar sesaham, tolak 27% cukai Malaysia berjumlah RM62,531,070 akan dicadangkan untuk kelulusan para pemegang saham (2005: dividen akhir 155.00 sen kasar sesaham, tolak 28% cukai Malaysia berjumlah RM318,651,480; dividen khas (i) 34.00 sen kasar sesaham, tolak 28% cukai Malaysia berjumlah RM69,897,744; (ii) 12.00 sen sesaham, dikecualikan cukai, berjumlah RM34,263,600; dan (iii) 24.00 sen kasar sesaham, tolak 20% cukai Singapura berjumlah RM54,821,760). Penyata kewangan ini tidak menggambarkan dividen akhir khas dan dividen akhir yang akan diambil kira di dalam tahun kewangan berakhir 31 Disember 2007.

NOTA-NOTA KEPADA PENYATA KEWANGAN

9. HARTA TANAH, LOJI DAN PERALATAN

	Tanah dan Bangunan RM'000	Jentera dan Peralatan RM'000	Perabot dan Kelengkapan RM'000	Kenderaan Bermotor RM'000	Modal Kerja dalam Pelaksanaan RM'000	Jumlah RM'000
KUMPULAN						
Nilai buku bersih pada 1 Januari 2005	171,523	310,159	68,679	35,470	7,965	593,796
Tambahan	161	2,456	21,717	5,224	54,331	83,889
Pelupusan	(2,938)	(36)	(94)	(666)	–	(3,734)
Pengurangan nilai	(570)	(10,314)	–	–	–	(10,884)
Klasifikasi semula	1,918	27,332	7,185	–	(36,435)	–
Caj susut nilai	(3,713)	(29,949)	(32,523)	(9,695)	–	(75,880)
Pemindahan ke Perisian Komputer (Nota 11)	–	(616)	–	–	–	(616)
Pemindahan ke Aset bukan semasa dipegang untuk jualan dan penamatan kendalian (Nota 15)	(1,255)	–	–	–	–	(1,255)
Pemindahan ke Harta Pelaburan (Nota 10)	(44,771)	–	–	–	–	(44,771)
Nilai buku bersih pada 31 Disember 2005	120,355	299,032	64,964	30,333	25,861	540,545
Tambahan	195	18,802	12,429	3,386	21,604	56,416
Pelupusan	–	(17,236)	(1,144)	(4,612)	–	(22,992)
Kemasukan semula pengurangan nilai	–	4,411	–	–	–	4,411
Klasifikasi semula	304	10,684	–	–	(10,988)	–
Caj susut nilai	(2,539)	(31,171)	(36,642)	(6,033)	–	(76,385)
Pemindahan ke Aset bukan semasa dipegang untuk jualan dan penamatan kendalian (Nota 15)	(707)	–	–	–	–	(707)
Nilai buku bersih pada 31 Disember 2006	117,608	284,522	39,607	23,074	36,477	501,288
Pada 31 Disember 2005						
Kos	163,296	399,370	158,521	67,806	25,861	814,854
Nilaian	9,440	–	–	–	–	9,440
Susut nilai dan pengurangan nilai terkumpul	(52,381)	(100,338)	(93,557)	(37,473)	–	(283,749)
Nilai buku bersih	120,355	299,032	64,964	30,333	25,861	540,545
Pada 31 Disember 2006						
Kos	162,638	405,960	165,159	49,394	36,477	819,628
Nilaian	9,440	–	–	–	–	9,440
Kemasukan semula susut nilai dan pengurangan nilai terkumpul	(54,470)	(121,438)	(125,552)	(26,320)	–	(327,780)
Nilai buku bersih	117,608	284,522	39,607	23,074	36,477	501,288

NOTA-NOTA KEPADA PENYATA KEWANGAN**9. HARTA TANAH, LOJI DAN PERALATAN (SAMBUNGAN)**

	Tanah dan Bangunan RM'000	Jentera dan Peralatan RM'000	Perabot dan Kelengkapan RM'000	Kenderaan Bermotor RM'000	Modal Kerja dalam Pelaksanaan RM'000	Jumlah RM'000
SYARIKAT						
Nilai buku bersih pada						
1 Januari 2005	14,020	491	5,215	4,204	1,970	25,900
Tambahan	–	616	7,068	427	439	8,550
Pemindahan	–	–	–	(52)	–	(52)
Klasifikasi semula	–	–	1,971	–	(1,971)	–
Pelupusan	(2,939)	–	(92)	(28)	–	(3,059)
Caj susut nilai	(398)	(46)	(2,891)	(1,231)	–	(4,566)
Pemindahan ke Perisian Komputer (Nota 11)	–	(616)	–	–	–	(616)
Nilai buku bersih pada						
31 Disember 2005	10,683	445	11,271	3,320	438	26,157
Tambahan	–	–	2,775	1,342	806	4,923
Klasifikasi semula	–	438	–	–	(438)	–
Pelupusan	–	–	(180)	(484)	–	(664)
Caj susut nilai	(335)	(46)	(4,765)	(832)	–	(5,978)
Nilai buku bersih pada						
31 Disember 2006	10,348	837	9,101	3,346	806	24,438
Pada 31 Disember 2005						
Kos	14,262	807	40,388	8,623	438	64,518
Nilaian	611	–	–	–	–	611
Susut nilai terkumpul	(4,190)	(362)	(29,117)	(5,303)	–	(38,972)
Nilai buku bersih	10,683	445	11,271	3,320	438	26,157
Pada 31 Disember 2006						
Kos	14,262	1,245	39,639	6,763	806	62,715
Nilaian	611	–	–	–	–	611
Susut nilai terkumpul	(4,525)	(408)	(30,538)	(3,417)	–	(38,888)
Nilai buku bersih	10,348	837	9,101	3,346	806	24,438

NOTA-NOTA KEPADA PENYATA KEWANGAN

9. HARTA TANAH, LOJI DAN PERALATAN (SAMBUNGAN)

	Tanah Pegangan bebas Kos RM'000	Tanah Pajak Jangka Panjang Kos RM'000	Nilaian RM'000	Tanah Pajak Jangka Pendek Kos RM'000	Bangunan Kos RM'000	Nilaian RM'000	Jumlah Tanah dan Bangunan RM'000
KUMPULAN							
Nilai buku bersih pada 1 Januari 2005	33,512	14,202	15,581	344	102,195	5,689	171,523
Tambahan	—	—	—	—	161	—	161
Pelupusan	—	—	—	—	(2,938)	—	(2,938)
Pengurangan nilai	—	—	—	—	(570)	—	(570)
Klasifikasi semula	—	—	—	—	1,918	—	1,918
Caj susut nilai	—	(88)	(279)	(13)	(2,805)	(528)	(3,713)
Pemindahan ke Aset dipegang untuk jualan (Nota 15)	—	—	—	—	(1,255)	—	(1,255)
Pemindahan ke Harta Pelaburan (Nota 10)	(33,057)	—	(6,752)	—	—	(4,962)	(44,771)
Nilai buku bersih pada 31 Disember 2005	455	14,114	8,550	331	96,706	199	120,355
Tambahan	—	—	—	—	195	—	195
Klasifikasi semula	—	—	—	—	304	—	304
Caj susut nilai	—	(103)	(279)	(13)	(2,130)	(14)	(2,539)
Pemindahan ke Aset dipegang untuk jualan (Nota 15)	—	—	—	—	(707)	—	(707)
Nilai buku bersih pada 31 Disember 2006	455	14,011	8,271	318	94,368	185	117,608
At 31 Disember 2005							
Kos	455	15,734	—	502	146,605	—	163,296
Nilaian	—	—	8,829	—	—	611	9,440
Susut nilai terkumpul	—	(1,620)	(279)	(171)	(49,899)	(412)	(52,381)
Nilai buku bersih	455	14,114	8,550	331	96,706	199	120,355
Pada 31 Disember 2006							
Kos	455	15,734	—	502	145,947	—	162,638
Nilaian	—	—	8,829	—	—	611	9,440
Susut nilai terkumpul	—	(1,723)	(558)	(184)	(51,579)	(426)	(54,470)
Nilai buku bersih	455	14,011	8,271	318	94,368	185	117,608

NOTA-NOTA KEPADA PENYATA KEWANGAN

9. HARTA TANAH, LOJI DAN PERALATAN (SAMBUNGAN)

	Tanah Pegangan Bebas Kos RM'000	Tanah Pajakan Jangka Panjang Kos RM'000	Bangunan Kos RM'000	Nilaian RM'000	Jumlah Tanah dan Bangunan RM'000
SYARIKAT					
Nilai buku bersih pada 1 Januari 2005	455	1,201	12,151	213	14,020
Pelupusan	–	–	(2,939)	–	(2,939)
Caj susut nilai	–	(23)	(361)	(14)	(398)
Nilai buku bersih pada 31 Disember 2005	455	1,178	8,851	199	10,683
Caj susut nilai	–	(23)	(298)	(14)	(335)
Nilai buku bersih pada 31 Disember 2006	455	1,155	8,553	185	10,348
Pada 31 Disember 2005					
Kos	455	1,566	12,241	–	14,262
Nilaian	–	–	–	611	611
Susut nilai terkumpul	–	(388)	(3,390)	(412)	(4,190)
Nilai buku bersih	455	1,178	8,851	199	10,683
Pada 31 Disember 2006					
Kos	455	1,566	12,241	–	14,262
Nilaian	–	–	–	611	611
Susut nilai terkumpul	–	(411)	(3,688)	(426)	(4,525)
Nilai buku bersih	455	1,155	8,553	185	10,348

Tanah pegangan bebas dan pegangan pajakan serta bangunan dinilai semula oleh Pengarah pada 1 Julai 1983 berdasarkan penilaian profesional bebas menggunakan nilai pasaran semasa yang saksama.

Tambahan selepas penilaian semula ini dinyatakan pada kos.

Nilai buku bersih tanah dan bangunan Kumpulan dan Syarikat yang dinilai semula yang jika dimasukkan di dalam penyata kewangan, sekiranya aset ini dibawa pada kos kurang susut nilai terkumpul, adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tanah dan bangunan pajakan jangka panjang	220	239	78	97

NOTA-NOTA KEPADA PENYATA KEWANGAN

10. HARTA PELABURAN

	Kumpulan	
	2006 RM'000	2005 RM'000
Nilai buku bersih pada 1 Januari	44,771	–
Pemindahan dari harta tanah, loji dan peralatan (Nota 9)	–	44,771
Pemindahan ke aset dipegang untuk jualan (Nota 15)	(23,617)	–
Caj susut nilai	(1,144)	–
Nilai buku bersih pada 31 Disember	20,010	44,771

Nilai saksama harta pelaburan beranggaran nilai buku bersih harta pelaburan tersebut.

11. PERISIAN KOMPUTER

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Nilai buku bersih pada 1 Januari	616	–	616	–
Pemindahan dari harta tanah, loji dan peralatan (Nota 9)	–	616	–	616
Tambahan	13,484	–	13,484	–
Nilai buku bersih pada 31 Disember	14,100	616	14,100	616

Tiada pelunasan telah diiktiraf pada 2005 dan 2006 kerana pembangunan perisian komputer belum disempurnakan.

12. MUHIBAH

	Kumpulan	
	2006 RM'000	2005 RM'000
Nilai buku bersih pada 1 Januari	411,618	433,474
Caj pelunasan	–	(21,856)
Nilai buku bersih pada 31 Disember	411,618	411,618
Pada 31 Disember		
Kos		546,388
Pelunasan terkumpul		(134,770)
Nilai buku bersih		411,618

NOTA-NOTA KEPADA PENYATA KEWANGAN

12. MUHIBAH (SAMBUNGAN)

Muhibah timbul daripada pemerolehan perniagaan Malaysians Tobacco Company Berhad (MTC) dan mewakili lebih nilai saksama pertimbangan pembelian ke atas bahagian Kumpulan terhadap nilai saksama aset bersih syarikat subsidiari (iaitu Commercial Marketers and Distributors (CMD) untuk perniagaan pemasaran dan Tobacco Blenders and Manufacturers Sdn. Bhd. (TBM) untuk perniagaan pembuatan tembakau) diperolehi pada 2 November 1999, iaitu tarikh pemerolehan.

Jumlah dibawa muhibah dinilai untuk pengurangan nilai setiap tahun. Pengurangan nilai muhibah ditentukan dengan menilai jumlah unit penajaan tunai boleh ditebus yang berhubung dengan muhibah. Jumlah boleh ditebus telah ditentukan berdasarkan perkiraan nilai-dalam-kegunaan. Andaian utama bagi jumlah boleh ditebus terhadap semua unit adalah anggaran semasa pengurusan terhadap aliran tunai bersih sepanjang tempoh 5 tahun berdasarkan kadar pertumbuhan sejarah, dengan mengambil kira pembangunan industri dan kadar diskaun pra cukai sebanyak 8.21%. Tiada caj susut nilai diiktiraf pada 2006 (2005: Tiada) dan tiada perbezaan ketara di dalam jumlah boleh ditebus dijangka sekiranya diskaun aliran tunai berubah ke 5%.

13. SUBSIDIARI

	Syarikat	
	2006 RM'000	2005 RM'000
Pelaburan tidak tercatat, pada kos	1,024,956	1,024,956

Syarikat-syarikat subsidiari, kesemuanya milik penuh, adalah seperti berikut:

Diperbadankan di Malaysia

- semua diaudit oleh PricewaterhouseCoopers, Malaysia

Beroperasi

Commercial Importers and Distributors Sdn. Bhd.
Commercial Marketers and Distributors Sdn. Bhd.

Rothmans Brands Sdn. Bhd.
The Leaf Tobacco Development Corporation
of Malaya Sdn. Bhd.

Tobacco Blenders and Manufacturers Sdn. Bhd.
Tobacco Importers and Manufacturers Sdn. Bhd.

Aktiviti Utama

Pegangan pelaburan
Pemasaran dan pengimportan rokok, tembakau paip dan cerut
Pegangan cap dagang
Pembangunan dan pembelian daun tembakau
Penyediaan ruang gudang
Pembuatan dan penjualan rokok dan produk lain berkaitan tembakau

Tidak beroperasi

Contemporary Force Sdn. Bhd.
Lucky Strike Originals Sdn. Bhd.
Martins of Piccadilly, London, Sdn. Bhd.
One World GSA Sdn. Bhd.
Perilly's Centre Sdn. Bhd.

Aktiviti Utama

Dorman
Dorman
Dorman
Dorman
Dorman

Diperbadankan di Negara Brunei Darussalam

- diaudit oleh firma PricewaterhouseCoopers International Limited yang merupakan entiti yang bebas dan berasingan dari segi undang-undang daripada PricewaterhouseCoopers Malaysia.

Beroperasi

Commercial Marketers and Distributors Sdn. Bhd.

Aktiviti Utama

Penyediaan perkhidmatan pengiklanan dan promosi

NOTA-NOTA KEPADA PENYATA KEWANGAN

14. CUKAI TERTUNDA

		Kumpulan		Syarikat	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Aset cukai tertunda					
Pada 1 Januari		3,300	1,713	3,300	1,713
Dikredit ke penyata pendapatan	Nota 14 (i)	720	1,587	720	1,587
Pada 31 Disember		4,020	3,300	4,020	3,300
Diwakili oleh:					
Kerugian cukai dan peruntukan modal tidak digunakan		3,535	2,795	3,535	2,795
Lain-lain perbezaan sementara		485	505	485	505
		4,020	3,300	4,020	3,300
Tanggungan cukai tertunda:					
Pada 1 Januari		50,336	55,197	–	–
Dicaj/(Dikredit) ke penyata pendapatan	Note 14 (i)	5,925	(4,738)	–	–
Dikredit ke pendapatan tersimpan	Note 14 (ii)	(123)	(123)	–	–
Pada 31 Disember		56,138	50,336	–	–
Diwakili oleh:					
Lebihan susut nilai atas peruntukan modal		60,307	62,006	–	–
Tanah dan bangunan dinilai semula		4,528	4,651	–	–
Peruntukan untuk hutang ragu		(3,399)	(2,211)	–	–
Peruntukan modal tidak digunakan		–	(6,039)	–	–
Lain-lain perbezaan sementara		(5,298)	(8,071)	–	–
		56,138	50,336	–	–

Jumlah di atas telah diselaraskan dengan penyata pendapatan dan penyata perubahan dalam ekuiti seperti berikut:

		Kumpulan		Syarikat	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(i) (Dikredit)/Dicaj ke penyata pendapatan					
Dikredit berhubung dengan aset cukai tertunda		(720)	(1,587)	(720)	(1,587)
Dicaj/(Dikredit) berhubung dengan tanggungan cukai tertunda		5,925	(4,738)	–	–
Caj/(Kredit) bersih ke penyata pendapatan berhubung dengan tahun semasa (Nota 6)		5,205	(6,325)	(720)	(1,587)
(ii) Dikredit ke pendapatan tersimpan					
Dikredit berhubung dengan tanggungan cukai tertunda		(123)	(123)	–	–
Kredit bersih ke pendapatan tersimpan		(123)	(123)	–	–

NOTA-NOTA KEPADA PENYATA KEWANGAN**15. ASET DIPEGANG UNTUK JUALAN**

	Kumpulan	
	2006	2005
	RM'000	RM'000
Pada 1 Januari	1,255	–
Pemindahan dari harta tanah, loji dan peralatan (Nota 9)	707	1,255
Pemindahan dari harta pelaburan (Nota 10)	23,617	–
Pada 31 Disember	25,579	1,255

Berikutan penamatan perjanjian jual beli Kumpulan ke atas hartanah di Pasir Puteh, Kelantan pada tahun kewangan sebelumnya dan hartanah di Mukim Wakaf Delima, Kelantan pada tahun semasa, pengurusan Kumpulan telah melaksanakan program aktif bagi mengenal pasti pembeli lain untuk hartanah tersebut. Harga jualan yang dijangkakan bagi hartanah tersebut beranggaran nilai dibawa semasa.

Pada tahun kewangan, Kumpulan telah memeterai perjanjian jual beli untuk melupuskan hartanahnya di Keningau, Sabah dengan pertimbangan RM930,000.

Pada tahun kewangan semasa, Kumpulan juga menerima notis pelaksanaan terhadap opsyen pembelian sebahagian hartanah di Jalan Sungai Besi, Kuala Lumpur dengan pertimbangan RM24,600,000 dan perjanjian jual beli telah dimeterai pada 15 Disember 2006.

Kedua-dua pelupusan dijangka disempurnakan pada tahun kewangan akan datang dengan tiada sebarang kepentingan material ditimbulkan.

16. INVENTORI

	Kumpulan	
	2006	2005
	RM'000	RM'000
Pada kos		
Bahan mentah	217,865	245,870
Kerja dalam pelaksanaan	3,743	3,405
Barangan siap	38,364	40,378
Barang kegunaan	4,535	5,314
	264,507	294,967

NOTA-NOTA KEPADA PENYATA KEWANGAN

17. PENERIMAAN

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Penerimaan perdagangan	81,954	54,303	–	–
Peruntukan bagi hutang ragu	(17,141)	(15,821)	–	–
	64,813	38,482	–	–
Dividen dihutang oleh subsidiari	–	–	593,572	472,147
Jumlah dihutang oleh syarikat-syarikat berkaitan	18,011	36,799	3,686	1,074
Penerimaan lain	18,864	24,021	784	4,796
Deposit	1,813	1,984	551	552
Pra bayaran	60,584	57,247	3,521	2,048
	164,085	158,533	602,114	480,617

Penerimaan oleh Kumpulan dan Syarikat adalah dalam Ringgit Malaysia.

Syarat kredit bayaran bagi penerimaan perdagangan adalah dari 1 hingga 60 hari (2005: 1 hingga 60 hari).

Tumpuan risiko kredit bagi penerimaan perdagangan adalah terhad disebabkan oleh bilangan pelanggan Kumpulan yang besar dan meliputi seluruh Malaysia. Pengalaman masa lalu Kumpulan dalam pengutipan dagangan yang akan diterima berada dalam peruntukan yang tercatat. Disebabkan faktor-faktor ini, pengurusan percaya bahawa tiada risiko kredit tambahan melebihi jumlah yang disediakan bagi kerugian kutipan dalam dagangan yang akan diterima Kumpulan.

18. TUNAI DAN BERSAMAAN TUNAI

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposit dengan bank berlesen	186,529	233,070	287	–
Tunai dan baki tunai	760	988	10	942
	187,289	234,058	297	942

Profil pendedahan mata wang bagi deposit, tunai dan baki bank adalah seperti berikut:

Ringgit Malaysia	167,245	228,824	297	942
Dolar AS	16,798	5,206	–	–
Dolar Brunei	3,246	28	–	–
	187,289	234,058	297	942

NOTA-NOTA KEPADA PENYATA KEWANGAN**18. TUNAI DAN BERSAMAAN TUNAI (SAMBUNGAN)**

	Kumpulan		Syarikat	
	2006 %	2005 %	2006 %	2005 %
Kadar faedah purata berwajaran bagi deposit dengan bank berlesen yang berkuat kuasa sepanjang tahun	3.1	2.6	2.8	2.5

Deposit Kumpulan dan Syarikat masing-masing mempunyai tahap matang purata selama 37 hari (2005: 44 hari) dan 1 hari (2005: 1 hari).

19. PEMBAYARAN

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Pembayaran perdagangan	112,725	150,277	–	–
Perdagangan terakru	13,669	13,994	–	–
Jumlah dihutang kepada subsidiari	–	–	387,719	193,064
Jumlah dihutang kepada syarikat berkaitan	21,943	17,288	–	13
Pembayaraan lain	70,541	79,406	31,696	40,518
	218,878	260,965	419,415	233,595

Profil pendedahan mata wang bagi pembayaran perdagangan adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	111,455	147,522	–	–
Dolar AS	210	1,228	–	–
Paun Sterling	18	572	–	–
Lain-lain	1,042	955	–	–
	112,725	150,277	–	–

Profil pendedahan mata wang terhadap jumlah dihutang kepada syarikat berkaitan adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	17,762	6,734	–	13
Dollar AS	3,968	4,304	–	–
Paun Sterling	174	4,864	–	–
Lain-lain	39	1,386	–	–
	21,943	17,288	–	13

NOTA-NOTA KEPADA PENYATA KEWANGAN

19. PEMBAYARAN (SAMBUNGAN)

Syarat kredit yang diberikan oleh pembayaran perdagangan dan pembekal harta tanah, loji dan peralatan kepada Kumpulan adalah berbeza-beza daripada tanpa kredit hingga 120 hari (2005: tanpa kredit hingga 120 hari). Jumlah yang dihutang kepada subsidiari dan syarikat-syarikat berkaitan tidak dijamin, tidak dikenakan faedah (dalam jangka tempoh kredit) dan dibayar dalam tempoh setahun.

Jumlah selain daripada pembayaran perdagangan dan jumlah dihutang kepada syarikat berkaitan adalah dalam Ringgit Malaysia.

20. PINJAMAN (DIKENAKAN FAEDAH)

(a) Pinjaman Kumpulan dan Syarikat pada 31 Disember 2006 adalah seperti berikut:

- (i) Bon RM450,000,000 nilai nominal tidak bercagar boleh tebus 8-tahun 1999/2007 dengan kadar kupon 7.9% setahun akan matang pada 2 November 2007 menurut Surat Amanah bertarikh 22 Oktober 1999
- (ii) RM100,000,000 Nota Jangka Sederhana tidak bercagar 4¹/₂-tahun 2004/2009 dengan kadar kupon 4.95% setahun, akan matang pada 2 Mei 2009; dan
- (iii) RM150,000,000 Nota Jangka Sederhana tidak bercagar 5-tahun 2004/2009 dengan kadar kupon 4.58% setahun, akan matang pada 2 November 2009 menurut Program Terbitan sebanyak nilai nominal RM300 juta Kertas Komersial/Nota Jangka Sederhana (Program CPs/MTNs).

(b) (i) Tempoh matang pinjaman Kumpulan dan Syarikat adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Jumlah pinjaman				
Bon tidak bercagar boleh tebus	450,000	450,000	450,000	450,000
Nota jangka sederhana	250,000	250,000	250,000	250,000
	700,000	700,000	700,000	700,000
Tempoh matang pinjaman:				
Dalam masa setahun	450,000	–	450,000	–
Lebih 1 tahun dan kurang daripada 2 tahun	–	450,000	–	450,000
Lebih 2 tahun dan kurang daripada 5 tahun	250,000	250,000	250,000	250,000
	700,000	700,000	700,000	700,000

(ii) Klasifikasi pinjaman Kumpulan dan Syarikat adalah seperti berikut:

Tidak bercagar

Semasa

Bon boleh tebus	450,000	–	450,000	–
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Bukan semasa

Bon boleh tebus	–	450,000	–	450,000
Nota jangka sederhana	250,000	250,000	250,000	250,000
	250,000	700,000	250,000	700,000

NOTA-NOTA KEPADA PENYATA KEWANGAN**20. PINJAMAN (DIKENAKAN FAEDAH) (SAMBUNGAN)**

Pinjaman bon Kumpulan dan Syarikat sebanyak RM450,000,000 nilai nominal tidak bercagar boleh tebus 8-tahun, akan matang pada 2 November 2007 diklasifikasikan sebagai liabiliti semasa pada tahun semasa kerana Kumpulan dan Syarikat belum menyempurnakan pembiayaan semula bon tersebut pada tarikh kunci kira-kira. Pembiayaan semula bon dijangka siap pada tahun kewangan akan datang.

Nilai saksama pinjaman dibentangkan secara terperinci di Nota 28(d).

21. MODAL SAHAM

	Kumpulan dan Syarikat	
	2006	2005
	RM'000	RM'000
Dibenarkan		
770,000,000 saham biasa berharga 50 sen sesaham	385,000	385,000
Diterbitkan dan dibayar penuh		
285,530,000 saham biasa berharga 50 sen sesaham	142,765	142,765

22. PENDAPATAN TERSIMPAN

Tertakluk kepada persetujuan Lembaga Hasil Dalam Negeri, Syarikat mempunyai kredit cukai yang mencukupi di bawah Seksyen 108, Akta Cukai Pendapatan, 1967 dan baki dalam akaun pendapatan yang dikecualikan daripada cukai bagi membayar semua pendapatan tersimpan Syarikat pada 31 Disember 2006 jika dibayar sebagai dividen.

23. OBLIGASI MANFAAT SELEPAS PERKHIDMATAN**Pelan Manfaat Ditetapkan**

Kumpulan mengendalikan satu pelan manfaat yang ditetapkan untuk pekerjaanya yang layak di Malaysia (yang menyertai Kumpulan sebelum 1 Januari 2006), yang mana aset ditadbir oleh satu dana amanah secara berasingan. Syarikat dan beberapa subsidiari dalam Kumpulan membuat caruman kepada Skim Persaraan British American Tobacco Malaysia, sebuah dana bebas berasingan daripada Kumpulan yang diluluskan bagi percukaian.

Skim persaraan dinilai oleh satu aktuari bebas menggunakan kaedah Kos Kredit Unit Terunjur. Penilaian aktuari terkini adalah pada 31 Disember 2006 (penilaian aktuari terakhir dilaksanakan pada 31 Disember 2005) menunjukkan bahawa nilai aktuari aset bersih yang dipegang dalam dana ini berserta dengan peruntukan buku dalam penyata kewangan Kumpulan, mencukupi untuk memenuhi tanggungan aktuari yang timbul daripada skim persaraan pada 31 Disember 2006.

Pada 1 Januari 2006, sejumlah besar pekerja memilih untuk menyertai skim caruman ditetapkan yang disediakan secara sukarela oleh Kumpulan selain caruman keperluan statutori Kumpulan Wang Simpanan Pekerja (KWSP), seperti dibentangkan di Nota 5 laporan kewangan. Manfaat pelan semasa pekerja berjumlah RM20.3 juta telah pun dipindahkan ke dalam KWSP.

NOTA-NOTA KEPADA PENYATA KEWANGAN

23. OBLIGASI MANFAAT SELEPAS PERKHIDMATAN (SAMBUNGAN)

Jumlah yang diiktiraf dalam kunci kira-kira adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Nilai semasa obligasi manfaat ditetapkan	9,936	29,372	758	3,862
Nilai saksama aset pelan	6,312	25,996	790	3,862
Status pelan dibiayai	3,624	3,376	(32)	–
Keuntungan aktuari tidak diiktiraf	928	1,374	60	99
Tunggangan bersih	4,552	4,750	28	99

Jumlah yang diiktiraf dalam penyata pendapatan di bawah perbelanjaan operasi lain adalah seperti berikut:

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Kos perkhidmatan semasa	(634)	(2,398)	(121)	(592)
Kos faedah	(562)	(1,882)	(40)	(348)
Jangkaan pulangan aset pelan	185	1,690	23	337
Keuntungan pemendekkan yang diiktiraf	612	–	90	–
Kos selepas perkhidmatan	(36)	–	(4)	–
Jumlah	(435)	(2,590)	(52)	(603)
Pulangan sebenar aset pelan	271	1,223	34	285

Pergerakan dalam obligasi manfaat selepas perkhidmatan adalah seperti berikut:

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Pada 1 Januari	4,750	5,195	99	–
Caj bagi tahun	435	2,590	52	603
Caruman dibayar	(633)	(3,035)	(123)	(504)
Pada 31 Disember	4,552	4,750	28	99

Andaian aktuari utama yang digunakan pada tarikh kunci kira-kira berhubung dengan pelan faedah ditetapkan Kumpulan dan Syarikat adalah seperti berikut:

	2006 %	2005 %
Kadar diskaun	6.5	6.5
Jangkaan pulangan aset pelan	3.0	3.0
Jangkaan kadar kenaikan gaji	6.0	6.0

NOTA-NOTA KEPADA PENYATA KEWANGAN**24. TUNAI DARIPADA OPERASI**

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Keuntungan bersih bagi tahun kewangan	719,678	592,802	731,284	697,684
Penyelarasan untuk:				
Dividen daripada subsidiari tidak tercatat	–	–	(1,055,982)	(995,453)
Pendapatan faedah	(7,716)	(9,126)	(117)	(666)
Harta tanah, loji dan peralatan				
– susutnilai	76,385	75,880	5,978	4,566
– pengurangan nilai	–	10,884	–	–
– kemasukan semula pengurangan nilai	(4,411)	–	–	–
– kerugian/(keuntungan) atas pelupusan	1,190	(1,942)	(56)	218
Harta pelaburan – susutnilai	1,144	–	–	–
Pelunasan muhibah	–	21,856	–	–
Hapus kira cap dagang	–	2,067	–	–
Kemasukan semula peruntukan hutang ragu	–	(250)	–	–
Hutang lapuk dihapus kira	–	156	–	–
Peruntukan bagi hutang ragu	1,320	–	–	–
Inventori dihapus kira	1,490	1,441	–	–
Perbelanjaan faedah	47,467	48,471	47,467	48,747
Perbelanjaan cukai	282,269	240,167	275,761	241,908
Perubahan dalam modal kerja:				
– inventori	28,970	11,092	–	–
– penerimaan	2,024	(16,701)	(2,540)	(2,963)
– pembayaran	(42,381)	(31,737)	743	10,698
Tunai daripada operasi	1,107,429	945,060	2,538	4,739

25. KOMITMEN MODAL

	Kumpulan		Syarikat	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Harta tanah, loji dan peralatan:				
– Dibenarkan dan dikontrakkan	7,995	10,675	1,049	33
– Dibenarkan tetapi tidak dikontrakkan	11,774	12,748	667	1,028
	19,769	23,423	1,716	1,061

NOTA-NOTA KEPADA PENYATA KEWANGAN

26. PENYATAAN PENTING PIHAK BERKAITAN

Sebagai tambahan kepada pendedahan pihak berkaitan yang dinyatakan dalam bahagian lain dalam penyata kewangan ini, berikut adalah urus niaga pihak berkaitan lain yang penting. Urus niaga pihak berkaitan yang dinyatakan di bawah dilaksanakan berdasarkan syarat yang tidak memihak kepada pihak berkaitan daripada yang biasa diperolehi dalam urus niaga dengan pihak-pihak tidak berkaitan kecuali dinyatakan sebaliknya.

Urus niaga adalah dengan syarikat-syarikat ahli British American Tobacco p.l.c. (British American Tobacco p.l.c. secara tidak langsung memiliki lima puluh peratus (50%) kepentingan ekuiti dalam Syarikat melalui British American Tobacco (Malaysia) B.V. dan oleh itu merupakan pemegang saham utama Syarikat.)

	Kumpulan	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
(i) Penjualan barangan		
Penjualan rokok dan barangan tembakau kepada:		
– British-American Tobacco Company (HK) Ltd.	11,153	13,869
– Rothmans Far East B.V.	29,064	16,433
– British American Tobacco Marketing (Singapore) Pte. Ltd.	11,729	5,921
– B.A.T. China Ltd.	13,199	12,141
– British American Tobacco International Ltd.	7,111	852
– British American Tobacco Korea Manufacturing Ltd.	20,807	13,195
– British American Tobacco Japan, Ltd.	2,498	–
	95,561	62,411
(ii) Pembelian barangan		
Pembelian daun, bahan pembungkusan dan pembalut rokok dan produk tembakau daripada:		
– British American Tobacco Far East Leaf Ltd.	10,478	13,761
– Souza Cruz Overseas S.A.	11	2,896
– B.A.T. (U.K. & Export) Ltd.	1,422	10,737
– British American Tobacco Marketing (Singapore) Pte. Ltd.	78,503	101,437
– British American Tobacco (Germany) GmbH	20,197	4,286
– B.A.T. Switzerland S.A.	2,488	–
	113,099	133,117
Pembelian rokok dan produk tembakau daripada:		
– British American Tobacco International Ltd.	2,930	4,000
– British American Tobacco STC (Export) B.V.	2,766	3,446
	5,696	7,446

NOTA-NOTA KEPADA PENYATA KEWANGAN

26. PENYATAAN PENTING PIHAK BERKAITAN (SAMBUNGAN)

		Kumpulan	
		Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
(iii)	Pemerolehan perkhidmatan		
	Pemerolehan perkhidmatan teknologi maklumat daripada:		
	– British American Shared Services Ltd.	25,557	9,766
	– B.A.T. (U.K. & Export) Ltd.	1,752	–
	– British American Tobacco Asia-Pacific Region Ltd.	3,012	–
		30,321	9,766
(iv)	Teknikal dan khidmat nasihat		
	Bayaran yuran bagi perkhidmatan sokongan teknikal dan khidmat nasihat:		
	– British American Tobacco (Investments) Ltd.	22,611	21,674
	– British American Tobacco International Ltd.	1,598	1,951
	– British American Tobacco Asia Pacific Treasury Pte. Ltd.	258	232
	– British American Tobacco ASPAC Service Centre Sdn. Bhd.	2,522	–
	– B.A.T. (U.K. & Export) Ltd.	2,670	–
	– British American Tobacco Asia-Pacific Region Ltd.	371	–
		30,030	23,857
(v)	Royalti		
	Royalti yang dibayar/akan dibayar kepada:		
	– B.A.T. (U.K. & Export) Ltd.	72,736	76,171
	– The House of Edgeworth Inc.	8,734	8,831
	– British American Tobacco (Brands) Inc.	3,778	4,205
		85,248	89,207
	Pembelian/(penjualan) peralatan daripada:		
	– British American Tobacco Marketing (Singapore) Pte. Ltd.	12,470	20,894
	– Pakistan Tobacco Company Limited	(8,460)	–
	– Chiletabacos SA	(8,309)	–
		(4,299)	20,894

NOTA-NOTA KEPADA PENYATA KEWANGAN

26. PENYATAAN PENTING PIHAK BERKAITAN (SAMBUNGAN)

	Kumpulan	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
(iv) Pemberian perkhidmatan sokongan teknikal dan khidmat nasihat		
– B.A.T. China Ltd.	125	–
– British American Tobacco Philippines Ltd.	75	–
– British American Tobacco - Vinataba (JV) Ltd.	17	–
– British-American Tobacco Company (HK) Ltd.	119	–
– British American Tobacco Cambodia Ltd.	71	–
– British American Tobacco Services Limited, Taiwan Branch	197	–
– PT BAT Indonesia Tbk.	498	–
– Rothmans of Pall Mall Myanmar	39	–
– British American Tobacco (Vietnam) Ltd.	292	–
– British American Tobacco (Singapore) Pte. Ltd.	1,107	–
– British American Tobacco Marketing (Singapore) Pte. Ltd.	626	–
– British American Tobacco Australasia Limited	191	–
– British American Tobacco South Africa	185	–
– British American Tobacco (Thailand) Ltd.	161	–
– British American Tobacco (NZ) Ltd.	95	–
– Ceylon Tobacco Co. Ltd.	31	–
– British American Tobacco (PNG) Limited	30	–
– British American Tobacco ASPAC Service Centre Sdn. Bhd.	28	–
– British American Tobacco Bangladesh Limited	5	–
– British American Tobacco (Fiji) Limited	5	–
– BAT Pacific Corp.	4	–
– British American Tobacco International Ltd.	3	–
	3,904	–

Berkuat kuasa 2006, Kumpulan British American Tobacco Malaysia menyediakan pelbagai perkhidmatan untuk ahli yang berkenaan dalam Kumpulan British American Tobacco yang termasuk pemerolehan, menguji produk, dan perkhidmatan pembangunan.

27. LAPORAN SEGMENT

Analisis bersegment tidak disediakan kerana Kumpulan pada dasarnya terlibat dalam pengilangan, pengimportan dan penjualan rokok dan lain-lain produk tembakau di Malaysia.

NOTA-NOTA KEPADA PENYATA KEWANGAN

28. INSTRUMEN KEWANGAN

Pengurusan Risiko Perbendaharaan

Kumpulan terdedah kepada risiko kewangan yang timbul daripada aktiviti perniagaan; terutamanya risiko kadar faedah, risiko pertukaran dan risiko kredit. Instrumen kewangan derivatif mudah digunakan oleh Kumpulan bagi mengurangkan kos pembiayaan, mengubahsuai pendedahan kadar faedah atau untuk mencapai kepastian yang lebih bagi kos masa depan. Instrumen-instrumen ini dimasukkan mengikut objektif dan dasar-dasar yang diluluskan oleh Lembaga Pengarah yang melarang urus niaga spekulatif.

Polisi ini melarang penggunaan instrumen derivatif untuk kontrak pertukaran asing hadapan, mata wang asing dan pertukaran kadar faedah, perjanjian kadar hadapan, opsi mata wang dan had. Sebagai tambahan kepada dasar-dasar, garis panduan dan had pendedahan, satu sistem penguatkuasaan dan laporan bebas yang meluas merangkumi semua bidang utama aktiviti perbendaharaan Kumpulan.

Butir-butir instrumen yang digunakan untuk kadar faedah dan pengurusan pendedahan pertukaran mata wang asing, bersama dengan maklumat berkaitan pendedahan adalah dinyatakan seperti di bawah.

(a) Pengurusan Kadar Faedah

Objektif Kumpulan terhadap polisi pengurusan risiko kadar faedah adalah untuk mengurangkan impak terhadap sebarang pergerakan negatif kadar faedah ke atas pendapatan, aliran tunai dan nilai ekonomi Kumpulan. Pada tarikh kunci kira-kira, tidak ada kontrak terbuka pertukaran kadar faedah.

(b) Pengurusan Risiko Pertukaran Mata Wang

Objektif dasar-dasar pertukaran asing Kumpulan adalah untuk membenarkan Kumpulan menguruskan pendedahan yang timbul daripada aktiviti perdagangan secara berkesan dalam rangka kawalan yang tidak mendedahkan Kumpulan kepada risiko pertukaran asing yang tidak perlu. Kumpulan memasuki kontrak pertukaran asing hadapan bagi mengehendkan pertukaran pembayaran mata wang asing dan aliran tunai untuk digunakan dalam urus niaga yang dijangkakan dalam mata wang asing dan beroperasi dalam had pendedahan maksimum yang ditentukan.

Pada 31 Disember 2006, tarikh penyelesaian ke atas kontrak terbuka ke hadapan adalah antara 26 Januari 2007 hingga 25 September 2007. Kadar dan jumlah pertukaran kontraktual dan jumlah kontrak tertunggak Syarikat adalah seperti berikut:

Perkara lindung nilai	Mata wang yang dibayar	Bersamaan RM'000	Kadar kontraktual
Bayaran untuk daun, bahan pembungkusan dan perkhidmatan bagi 9 bulan akan datang			
Dollar AS 15,000,000	Dollar AS	53,565	1 Dollar AS = RM 3.5710
Paun Sterling 500,000	Paun Sterling	3,457	1 Paun Sterling = RM 6.9130

Nilai setara kontrak hadapan tertunggak Kumpulan pada tarikh kunci kira-kira (Nota 28 (d)) adalah kedudukan bersih tidak berpihak beranggaran RM881,000 (2005: RM9,000).

Kerugian bersih pada 31 Disember 2006 daripada kontrak terbuka yang melindungi nilai pembelian mata wang asing masa hadapan adalah berjumlah anggaran RM881,000 (2005: RM9,000). Semua keuntungan dan kerugian bersih ini ditunda sehingga urus niaga pembelian berkaitan dijalankan, yang kemudian dimasukkan ke dalam pengukuran urus niaga sedemikian.

NOTA-NOTA KEPADA PENYATA KEWANGAN

28. INSTRUMEN KEWANGAN (SAMBUNGAN)

(c) Risiko Kredit

Risiko kredit, atau risiko rakan perniagaan gagal membayar, dikawal oleh permohonan kelulusan kredit, menetapkan had rakan perniagaan dan prosedur pengawasan. Kumpulan berhasrat melabur aset tunai dengan selamat dan menguntungkan. Risiko kredit dikurangkan melalui polisi Kumpulan dengan memilih rakan perniagaan yang mempunyai kedudukan kredit yang teguh.

Kumpulan tidak mempunyai tumpuan risiko kredit yang ketara walaupun majoriti depositnya ditempatkan dengan institusi-institusi kewangan di Malaysia. Tiada kemungkinan institusi kewangan gagal membayar berdasarkan kepada penakrifan kredit yang tinggi.

(d) Nilai Saksama

Jumlah aset kewangan dan tanggungan Kumpulan dan Syarikat yang dibawa pada tarikh kunci kira-kira menghampiri nilai setaranya kecuali yang dinyatakan seperti di bawah:

Nota	Kumpulan		Syarikat	
	Jumlah dibawa RM'000	Nilai saksama RM'000	Jumlah dibawa RM'000	Nilai saksama RM'000
Pada 31 Disember 2006				
Pinjaman semasa				
Bon RM450 juta	20	450,000	450,000	465,165
Pinjaman bukan semasa				
MTNs RM100 juta	20	100,000	100,000	102,310
MTNs RM150 juta	20	150,000	150,000	152,430
Instrumen kewangan derivatif yang dipegang bagi menguruskan pendedahan kadar faedah dan mata wang				
Kontrak hadapan pertukaran mata wang asing	28(b)	–	–	–
Pada 31 Disember 2005				
Pinjaman bukan semasa				
Bon RM450 juta	20	450,000	450,000	483,030
MTNs RM100 juta	20	100,000	100,000	102,830
MTNs RM150 juta	20	150,000	150,000	152,610
Instrumen kewangan derivatif yang dipegang bagi menguruskan pendedahan kadar faedah dan mata wang				
Kontrak hadapan pertukaran mata wang asing	28(b)	–	–	(9)

NOTA-NOTA KEPADA PENYATA KEWANGAN

29. BAYARAN BERASASKAN SAHAM

Perbelanjaan perkhidmatan pekerja yang diterima dan diiktiraf sepanjang tahun adalah seperti berikut:

	Kumpulan		Syarikat	
	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000	Tahun berakhir 31.12.06 RM'000	Tahun berakhir 31.12.05 RM'000
Perbelanjaan yang wujud daripada transaksi pembayaran berasaskan ekuiti saham diselesaikan	4,717	3,851	2,720	2,244

Perbelanjaan timbul akibat daripada penyertaan sejumlah pekerja Kumpulan dan Syarikat dalam skim saham pekerja yang ditawarkan oleh British American Tobacco p.l.c. semasa perjawatan mereka dengan Kumpulan (British American Tobacco p.l.c. secara tidak langsung melalui British American Tobacco Holdings (Malaysia) B.V., memiliki lima puluh peratus (50%) kepentingan ekuiti di dalam Syarikat). Butiran skim saham pekerja adalah seperti berikut:

	Kaedah Pelunasan dan Tarikh Geran	Tempoh Perjanjian	Syarat Utama
Skim Bonus Saham Tertunda	Geran ekuiti dilunaskan (Tarikh geran: Setiap tahun pada Mac)	3 Tahun	Pemberian saham percuma tiga tahun dari tarikh geran dan tertakluk kepada penarikan balik sekiranya peserta meninggalkan perjawatan sebelum tamat tempoh pemegangan. Peserta menerima pembayaran berasingan yang bersamaan dengan imbalan dividen semasa tempoh pemegangan.
Skim Ganjaran Saham Antarabangsa	Geran ekuiti dilunaskan (Tarikh geran: Setiap tahun pada April)	3 Tahun	Pemberian saham percuma tertakluk kepada tempoh pegangan tiga tahun serta tertakluk kepada penarikan balik sekiranya pekerja berhenti dalam tempoh tersebut.
Skim Opsyen Saham	Geran ekuiti dilunaskan (Pembelian opsyen di bawah skim ini dihentikan dengan geran terakhir dibuat pada Mac 2004)	10 Tahun	Opsyen boleh dilaksanakan tiga tahun dari tarikh geran dan tertakluk kepada prestasi perolehan sesaham.
Pelan Insentif Jangka Panjang	Geran ekuiti dilunaskan (Tarikh geran: Setiap tahun pada Mac)	10 Tahun	Opsyen tiada kos boleh dilaksanakan tiga tahun dari tarikh geran, dengan pembayaran tertakluk kepada syarat prestasi berdasarkan pendapatan sesaham relatif kepada inflasi (50% daripada geran) dan jumlah pulangan pemegang saham.

NOTA-NOTA KEPADA PENYATA KEWANGAN

29. BAYARAN BERASASKAN SAHAM (SAMBUNGAN)

(a) Urusan bayaran berasaskan ekuiti saham (selain daripada opsyen saham)

Butiran pergerakan urusan bayaran berasaskan ekuiti saham (selain daripada opsyen saham) semasa tahun berakhir 31 Disember 2006, meliputi Skim Bonus Saham Tertunda dan Skim Ganjaran Saham Antarabangsa adalah seperti berikut:

	Jumlah saham biasa bernilai 25p sesaham dalam British American Tobacco p.l.c.			
	Kumpulan		Syarikat	
	2006	2005	2006	2005
Tertunggak pada permulaan tahun	83,096	79,604	44,460	51,388
Dikuasakan dalam tempoh semasa	28,775	35,714	16,625	14,720
Pelaksanaan semasa tempoh	(31,119)	(32,222)	(15,698)	(21,648)
Tertunggak pada akhir tahun	80,752	83,096	45,387	44,460

Saham tertunggak pada tahun berakhir 31 Disember 2006 bagi Kumpulan dan Syarikat masing-masing mempunyai hayat kontraktual purata berwajaran 1.3 tahun (2005: 1.3 tahun) dan 1.2 tahun (2005: 1.1 tahun)

Nilai saksama purata berwajaran urusan bayaran berasaskan ekuiti saham yang diberi pada 2006 bagi Kumpulan dan Syarikat masing-masing adalah £13.02 (2005: £8.14) dan £13.01 (2005: £8.14)

(b) Skim Opsyen Saham

Butiran pergerakan Skim Opsyen Saham semasa tahun berakhir 31 Disember 2006 adalah seperti berikut:

	Kumpulan			
	2006	2006	2005	2005
	Jumlah	Harga	Jumlah	Harga
Opsyen		pelaksanaan	Opsyen	pelaksanaan
British		purata	British	purata
American		berwajaran	American	berwajaran
Tobacco		sesaham (£)	Tobacco	sesaham (£)
p.l.c.			p.l.c.	
Tertunggak pada permulaan tahun	108,051	7.01	187,332	6.30
Dilaksanakan semasa tempoh	(38,340)	6.41	(76,949)	5.26
Ditarik balik semasa tempoh	–	–	(2,332)	8.09
Tertunggak pada akhir tahun	69,711	7.34	108,051	7.01
Boleh dilaksanakan pada akhir tahun	24,280	5.94	16,114	6.07

NOTA-NOTA KEPADA PENYATA KEWANGAN**29. BAYARAN BERASASKAN SAHAM (SAMBUNGAN)****(b) Skim Opsyen Saham (Sambungan)**

	Syarikat			
	2006	2006	2005	2005
	Jumlah	Harga	Jumlah	Harga
	Opsyen	pelaksanaan	Opsyen	pelaksanaan
	British	purata	British	purata
	American	berwajaran	American	berwajaran
	Tobacco	sesaham (£)	Tobacco	sesaham (£)
	p.l.c.		p.l.c.	
Tertunggak pada permulaan tahun	18,733	7.50	23,919	7.26
Dilaksanakan semasa tempoh	(5,181)	5.98	(5,186)	6.39
Tertunggak pada akhir tahun	<u>13,552</u>	<u>8.09</u>	<u>18,733</u>	<u>7.50</u>
Boleh dilaksanakan pada akhir tahun	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Sebagai tambahan kepada opsyen di atas, pergerakan di dalam opsyen ekuiti dilunaskan tiada kos daripada Pelan Insentif Jangka Panjang adalah seperti berikut:

	Jumlah saham biasa bernilai 25p sesaham dalam British American Tobacco p.l.c.			
	Kumpulan		Syarikat	
	2006	2005	2006	2005
Tertunggak pada permulaan tahun	128,600	86,840	109,523	86,840
Dikuasakan semasa tempoh	44,695	46,287	29,318	27,210
Dilaksanakan semasa tempoh	(22,152)	—	(20,313)	—
Ditarik balik semasa tempoh	(13,299)	(4,527)	(9,455)	(4,527)
Tertunggak pada akhir tahun	<u>137,844</u>	<u>128,600</u>	<u>109,073</u>	<u>109,523</u>
Boleh dilaksanakan pada akhir tahun	<u>20,306</u>	<u>8,788</u>	<u>20,306</u>	<u>8,788</u>

Harga saham purata berwajaran British American Tobacco p.l.c. pada tarikh pelaksanaan bagi pelaksanaan opsyen saham semasa dalam tempoh bagi Kumpulan dan Syarikat masing-masing £13.85 (2005: £10.47) dan £13.40 (2005: £9.41).

NOTA-NOTA KEPADA PENYATA KEWANGAN

29. BAYARAN BERASASKAN SAHAM (SAMBUNGAN)

(b) Skim Opsyen Saham (Sambungan)

Butiran terperinci julat harga pelaksanaan untuk opsyen yang tertunggak pada 31 Disember 2006 dibentangkan dalam jadual di bawah:

	Kumpulan					
	2006			2005		
	Jumlah opsyen pada akhir tahun	Baki purata berwajaran tempoh kontrak (tahun)	Harga pelaksanaan purata berwajaran sesaham (£)	Jumlah opsyen pada akhir tahun	Baki purata berwajaran tempoh kontrak (tahun)	Harga pelaksanaan purata berwajaran sesaham (£)
<u>Pelan Insentif Jangka Panjang</u>						
Tiada kos	137,844	8.0	–	128,600	8.1	–
<u>Skim Opsyen Saham</u>						
£5.00 ke £6.99	24,280	5.4	5.94	55,880	6.7	6.01
£7.00 ke £8.99	45,431	7.2	8.09	52,171	8.2	8.09
Jumlah	<u>207,555</u>	7.5	2.46	<u>236,651</u>	7.8	3.20
	Syarikat					
	2006			2005		
	Jumlah opsyen pada akhir tahun	Baki purata berwajaran tempoh kontrak (tahun)	Harga pelaksanaan purata berwajaran sesaham (£)	Jumlah opsyen pada akhir tahun	Baki purata berwajaran tempoh kontrak (tahun)	Harga pelaksanaan purata berwajaran sesaham (£)
<u>Pelan Insentif Jangka Panjang</u>						
Tiada kos	109,073	7.8	–	109,523	7.9	–
<u>Skim Opsyen Saham</u>						
£5.00 ke £6.99	–	–	–	5,181	7.2	5.98
£7.00 ke £8.99	13,552	7.2	8.09	13,552	8.2	8.09
Jumlah	<u>122,625</u>	7.7	0.89	<u>128,256</u>	7.9	1.10

Nilai saksama purata berwajaran skim opsyen saham ekuiti dikuasakan pada 2006 bagi Kumpulan dan Syarikat adalah £10.10 (2005: £7.29).

NOTA-NOTA KEPADA PENYATA KEWANGAN**29. BAYARAN BERASASKAN SAHAM (SAMBUNGAN)****(c) Andaian digunakan**

Andaian yang digunakan di dalam Model *Black-Scholes* untuk menentukan nilai saksama urusan bayaran berasaskan saham adalah seperti berikut:

	Kumpulan dan Syarikat					
	Pelan Insentif jangka Panjang		Skim Bonus Saham Tertunda		Skim Ganjaran Saham Antarabangsa	
	2006	2005	2006	2005	2006	2005
Harga saham pada tarikh						
Geran dikuasakan (£)	14.34	10.37	n/a	n/a	n/a	n/a
Harga geran (£)	n/a	n/a	14.34	9.29	13.85	9.31
Harga pelaksanaan (£)	tiada kos	tiada kos	n/a	n/a	n/a	n/a
Perubahan (%)	23	27	23	30	23	30
Purata tempoh jangkaan untuk dilaksanakan (tahun)	3.5	3.5	3	3	5	5
Kadar bebas risiko (%)	4.4	4.3	4.4	4.8	4.5	4.7
Hasil dividen dijangka (%)	3.3	4.0	3.3	4.5	3.4	4.5

Andaian yang digunakan di dalam Model Monte-Carlo untuk menentukan nilai saksama urusan bayaran berasaskan saham adalah seperti berikut:

	Kumpulan dan Syarikat	
	2006	2005
Perubahan purata harga saham FTSE100* kumpulan bandingan (%)	31	34
Perubahan purata harga saham FMCG** kumpulan bandingan (%)	23	26
Purata kesamaan FTSE100 kumpulan bandingan (%)	26	24
Purata kesamaan FMCG kumpulan bandingan (%)	18	16

* *Financial Times Stock Exchange*

** *Fast Moving Consumer Goods*

Ciri-ciri keadaan pasaran diterapkan ke dalam model Monte-Carlo untuk jumlah elemen pulangan pemegang saham Pelan Insentif Jangka Panjang bagi menentukan nilai saksama pada tarikh geran.

Harga saham British American Tobacco p.l.c. yang dijangka tidak menentu ditentukan dengan mengambil kira gerakan harga pasaran harian sepanjang tempoh lima tahun. Ketidaktentuan harga pasaran dan kesamaan FMCG dan FTSE100 masing-masing juga ditentukan bagi tempoh yang sama. Purata tempoh dijangka bagi pelaksanaan yang digunakan di dalam model telah disesuaikan, berdasarkan jangkaan terbaik pengurusan, untuk kekesanan tidak boleh dipindah milik, larangan pelaksanaan serta keadaan sifat, penarikan balik dan pengalaman sejarah.

Kadar bebas risiko telah ditentukan daripada keluk hasil pasaran bagi perada (gilts) kerajaan dengan tempoh tertunggak bersamaan purata tempoh dijangka untuk pelaksanaan bagi setiap geran yang berkaitan. Hasil dividen yang dijangka telah ditentukan dengan mengambil kira hasil daripada dua dividen yang diisytihar sebelumnya oleh harga saham geran. Bagi geran yang mengandungi syarat prestasi perolehan sesaham, pengiraan pembayaran keluar adalah berdasarkan jangkaan berasaskan ramalan analisa yang diterbitkan.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty Sixth Annual General Meeting of British American Tobacco (Malaysia) Berhad will be held on Thursday, 19 April 2007 at 11.00 a.m. at the Kristal Ballroom, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan for the transaction of the following businesses:

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2006 and the reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To sanction the declaration and payment of a final and a special final dividend. **(Resolution 2)**
3. To re-elect the following Directors who retire by rotation in accordance with Articles 97 (1) and (2) of the Company's Articles of Association:
Datuk Oh Chong Peng **(Resolution 3)**
Mr Robert James Clark **(Resolution 4)**
4. To approve the following motion:
"That Tan Sri Kamarul Ariffin bin Mohamed Yassin, a Director who retires in compliance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 5)**
5. To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Businesses

6. To consider and, if thought fit, pass the following ordinary resolution:

AUTHORITY TO DIRECTORS TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed ten percent (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such

authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 7)

7. To consider and, if thought fit, pass the following ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES (PROPOSED RENEWAL OF THE RECURRENT RPT MANDATE) AND PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES (PROPOSED NEW RECURRENT RPT MANDATE)

"THAT, pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, (a) the mandate granted by the shareholders of the Company on 28 November 2001 (and subsequently renewed by shareholders on 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 and 20 April 2006 respectively), authorising the Company and its subsidiaries (British American Tobacco Malaysia Group) to enter into the recurrent transactions of a revenue or trading nature (Recurrent RPTs), be and is hereby renewed; and (b) the Company be and is hereby authorised to enter into any of the new recurrent transactions of a revenue or trading nature not comprised in the shareholders' mandate obtained on 28 November 2001 (and subsequently renewed by the shareholders on 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 and 20 April 2006 respectively) (New Recurrent RPTs), all set out in paragraph 2.2 of the Circular to Shareholders dated 28 March 2007 with the related parties mentioned therein which are necessary for the British American Tobacco Malaysia Group's day-to-day operations, provided that:

- (i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions conducted during a financial year will be made in the annual report for the said financial year,

AND THAT the authority conferred by such renewed mandate and the approval of the new mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following the AGM at which the Proposed Renewal of the Recurrent RPT Mandate and the Proposed New Recurrent RPT Mandate are approved, at which time they will lapse, unless by a resolution passed at the next AGM the mandate is again renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of the Recurrent RPT Mandate and the Proposed New Recurrent RPT Mandate.” **(Resolution 8)**

8. To consider and, if thought fit, pass the following ordinary resolution:

PROPOSED SHARE BUY-BACK BY THE COMPANY

“THAT, subject to the Companies Act, 1965, rules, regulations and orders made pursuant to the Companies Act, 1965, (as may be amended, modified or re-enacted from time to time), the provisions of the Company’s Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and any other relevant authority, the authority granted by the shareholders of the Company on 24 April 2003 (and subsequently renewed by the shareholders on 26 April 2004, 28 April 2005 and 20 April 2006 respectively) for the Company to undertake a Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital of the Company in accordance with Chapter 12 of the Listing Requirements of Bursa Securities, be and is

hereby renewed, and that accordingly the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company’s issued and paid-up share capital as may be determined by the Directors of the Company from time to time through Bursa Securities subject to the following:

- (i) the number of ordinary shares of RM0.50 each in the Company (Shares) which may be purchased or held by the Company shall not exceed ten percent (10%) of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements of Bursa Securities;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained earnings and share premium account (if any), of the Company. The audited retained earnings of the Company as at 31 December 2006 amounted to RM434,735,000.
- (iii) the authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (AGM) of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares which may be distributed as dividend to shareholders or resold on Bursa Securities or subsequently cancelled or to retain part of the Shares so purchased as treasury shares and cancel the remainder and/or to deal with the Shares in any other manner as may be allowed or prescribed by the Companies Act, 1965 or any other rules, regulations and/or orders made pursuant to the Companies Act, 1965 and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of Shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.” **(Resolution 9)**

9. To consider any other business of which due notice shall have been given. **(Resolution 10)**

By Order of the Board



NG PEI LING
Secretary
LS09111

Petaling Jaya
28 March 2007

Notes:

1. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account with ordinary shares of the Company standing to the credit of the said securities account.

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.
3. The Proxy Form must be deposited at the Registered Office of the Company at Virginia Park, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time fixed for the meeting or any adjournment thereof.
4. Registration of Members/Proxies
Registration of Members/Proxies attending the meeting will commence at 9.00 a.m. on the day of the meeting and will close at 11.00 a.m. sharp. Members/Proxies are required to produce identification documents for registration.
5. Explanatory Note on Special Business
The Ordinary Resolution proposed under item 6, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued capital of the Company for such purposes as they consider would be in the interest of the Company in order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Ordinary Resolution proposed under item 7, is to renew the shareholders' mandate originally granted by the shareholders of the Company on 28 November 2001 (and subsequently renewed by the shareholders on 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 and 20 April 2006 respectively) and further to obtain the shareholders' mandate to enter into new recurrent transactions not comprised in the original mandate obtained on 28 November 2001 (and subsequently renewed by the shareholders on 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 and 20 April 2006 respectively). The proposed renewal of the shareholders' mandate and approval of the new mandate will enable British American Tobacco (Malaysia) Berhad and its subsidiaries (British American Tobacco Group) to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for the British American Tobacco Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Ordinary Resolution proposed under item 8, if passed, will empower the Directors to purchase through Bursa Securities up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company and that authority will be effective immediately upon the passing of this ordinary resolution and will, subject to renewal thereof, expire at the conclusion of the next Annual General Meeting of the Company following the date of this resolution or the expiry of the period within which the next Annual General Meeting of the Company following the date of this resolution is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting), whichever occurs first.

Statement Accompanying the Notice of Annual General Meeting

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Further details of Directors seeking re-election/re-appointment at the Forty Sixth Annual General Meeting are set out below:-

Name	Datuk Oh Chong Peng PJN, JSM	Robert James Clark
Age	62	39
Nationality	Malaysian	British
Qualification	• Qualified Chartered Accountant in 1969, London • Fellow of the Institute of Chartered Accountants, England and Wales • Government appointed member of the Labuan Offshore Financial Services Authority (LOFSA) • Trustee of the Huaren Education Foundation and UTAR Education Foundation	• MA in Mathematics, Cambridge University • ACA, Institute of Chartered Accountants of England and Wales
Position on the Board of Directors	Independent Non-Executive Director	Non-Independent Executive Director
Date first appointed to the Board of Directors	1 January 1998	1 October 2004
Number of Board of Directors meetings attended in the financial year	6 (six)	6 (six)
Membership of Board Committees	Member of Audit, Remuneration and Nomination Committees	Nil
Occupation	Company Director	Finance Director of British American Tobacco (Malaysia) Berhad
Working Experience	• Partner of Coopers & Lybrand Malaysia in 1974 to 1997 • President of the Malaysian Institute of Certified Public Accountants (MICPA) in 1994 to 1996 • Government appointed Committee Member of the Kuala Lumpur Stock Exchange in 1990 to 1996 • Director of United Malayan Banking Corporation Berhad (now merged with RHB Bank Berhad) in 1985 to 1990 • Director of Powertek Berhad in 1997 to 2003 • Director of the Rashid Hussain Berhad Group in 1998 to 2003 • Director of Renong Berhad in 2001 to 2003 • Director of Nanyang Press Holdings Berhad in 2001 to 2005	• International Auditor of British American Tobacco p.l.c. • Finance Director of British American Tobacco Cambodia • Head of Marketing Finance of British American Tobacco Germany • Finance Director of British American Tobacco Switzerland SA • Area Finance Director of British American Tobacco, Far East South Area covering all ASEAN markets except for Malaysia and Brunei
Any other board directorships in public companies	• Star Publications (Malaysia) Berhad • Land & General Berhad • IJM Corporation Berhad • IJM Plantations Berhad • Malaysian Plantations Berhad	Nil
Interest in securities of British American Tobacco (Malaysia) Berhad and its subsidiaries	British American Tobacco (Malaysia) Berhad (1,000 shares)	British American Tobacco (Malaysia) Berhad (500 shares)
Any family relationship with director and/or major shareholder of British American Tobacco (Malaysia) Berhad or any companies that have entered into any transactions with British American Tobacco (Malaysia) Berhad or its subsidiaries	Nil	Nil
Any conflict of interest with British American Tobacco (Malaysia) Berhad	Nil	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil	Nil

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Name	Tan Sri Kamarul Ariffin bin Mohamed Yassin PSM
Age	72
Nationality	Malaysian
Qualification	Barrister-at-law, Advocate and Solicitor, Lincoln's Inn (UK)
Position on the Board of Directors	Independent Non-Executive Director
Date first appointed to the Board of Directors	28 December 1979
Number of Board of Directors meetings attended in the financial year	5 (Five)
Membership of Board Committees	Member of Audit and Remuneration Committees
Occupation	Chairman of Dutch Lady Milk Industries Berhad
Working Experience	• Past Executive Chairman of Bank Bumiputra Malaysia Berhad and Utusan Melayu (Malaysia) Berhad • Past Chairman of ASEAN Banking Council • Past President of National Chamber of Commerce and Industry • Past Member of the Malaysian Communications and Multimedia Commission
Any other board directorships in public companies	Dutch Lady Milk Industries Berhad
Interest in securities of British American Tobacco (Malaysia) Berhad and its subsidiaries	British American Tobacco (Malaysia) Berhad (1,000 shares)
Any family relationship with director and/or major shareholder of British American Tobacco (Malaysia) Berhad or any companies that have entered into any transactions with British American Tobacco (Malaysia) Berhad or its subsidiaries	Nil
Any conflict of interest with British American Tobacco (Malaysia) Berhad	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

Notis Mesyuarat Agung Tahunan

DENGAN INI ADALAH dimaklumkan bahawa Mesyuarat Agung Tahunan Keempat Puluh Enam British American Tobacco (Malaysia) Berhad akan diadakan pada hari Khamis 19 April 2007 jam 11.00 pagi di Kristal Ballroom, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan untuk melaksanakan urusan-urusan berikut:

1. Untuk menerima dan menerima pakai penyata kewangan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2006 dan laporan para Pengarah dan Juruaudit.

(Resolusi 1)

2. Untuk meluluskan pengisytiharan dan pembayaran dividen akhir dan khas akhir.

(Resolusi 2)

3. Untuk memilih semula para Pengarah berikut yang bersara mengikut giliran menurut Artikel 97 (1) dan (2) Tataurusan Pertubuhan Syarikat :

Datuk Oh Chong Peng

(Resolusi 3)

Mr Robert James Clark

(Resolusi 4)

4. Untuk meluluskan usul yang berikut :

“BAHAWA Tan Sri Kamarul Ariffin bin Mohamed Yassin, Pengarah yang bersara menurut Seksyen 129(6) Akta Syarikat, 1965 dengan ini dilantik semula sebagai Pengarah Syarikat dan memegang jawatannya sehingga tamat Mesyuarat Agung Tahunan yang akan datang”.

(Resolusi 5)

5. Untuk melantik semula PricewaterhouseCoopers sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menentukan ganjaran mereka.

(Resolusi 6)

Sebagai Urusan Khas

6. Untuk dipertimbangkan dan, jika difikirkan wajar, meluluskan resolusi biasa seperti berikut:

KUASA KEPADA PARA PENGARAH UNTUK MENERBITKAN SAHAM

“BAHAWA menurut Seksyen 132D Akta Syarikat, 1965, para Pengarah dengan ini diberikan kuasa untuk menerbitkan saham Syarikat ini, pada bila-bila masa dan berdasarkan terma dan syarat dan bertujuan sebagaimana para Pengarah, dalam pertimbangan mutlak mereka fikirkan sesuai, tertakluk pada bilangan agregat saham yang diterbitkan menurut resolusi ini dalam mana-mana tahun kewangan tidak

melebihi sepuluh peratus (10%) daripada modal terbitan Syarikat pada waktu itu dan para Pengarah juga diberi kuasa untuk mendapatkan kelulusan bagi penyenaraian dan sebut harga untuk saham-saham tambahan yang diterbitkan di Bursa Malaysia Securities Berhad dan kuasa tersebut akan berkuat kuasa sehingga tamat Mesyuarat Agung Tahunan Syarikat yang akan datang”.

(Resolusi 7)

7. Untuk dipertimbangkan dan, jika difikirkan wajar, meluluskan resolusi biasa seperti berikut:

CADANGAN PEMBAHARUAN MANDAT PEMEGANG SAHAM UNTUK BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD DAN SUBSIDIARINYA UNTUK MEMASUKI URUS NIAGA BERULANG PIHAK BERKAITAN YANG BERSIFATKAN PENDAPATAN ATAU PERDAGANGAN DENGAN PIHAK-PIHAK BERKAITAN (CADANGAN PEMBAHARUAN MANDAT URUS NIAGA BERULANG PIHAK BERKAITAN) DAN CADANGAN MANDAT PEMEGANG SAHAM UNTUK URUS NIAGA BERULANG PIHAK BERKAITAN YANG BERSIFATKAN PENDAPATAN ATAU PERDAGANGAN DENGAN PIHAK-PIHAK BERKAITAN YANG BARU (CADANGAN MANDAT URUS NIAGA BERULANG PIHAK BERKAITAN YANG BARU)

“BAHAWA menurut perenggan 10.09 Keperluan Penyenaraian Bursa Malaysia Securities Berhad, (a) mandat yang diberikan oleh pemegang saham Syarikat pada 28 November 2001 (dan kemudiannya masing-masing diperbaharui oleh pemegang saham pada 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 dan 20 April 2006), memberi kuasa kepada Syarikat dan subsidiari-subsidiarinya (Kumpulan British American Tobacco Malaysia), untuk memasuki urus niaga berulang pihak berkaitan yang bersifat pendapatan atau perdagangan (Urus Niaga Berulang) diperbaharui; dan (b) Syarikat diberi kuasa untuk memasuki urus niaga berulang pihak berkaitan yang bersifat pendapatan atau perdagangan tidak terkandung di dalam mandat pemegang saham yang diperolehi pada 28 November 2001 (dan kemudiannya masing-masing diperbaharui oleh pemegang saham pada 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 dan 20 April 2006) (Urus Niaga Berulang Baru), semuanya dinyatakan di perenggan 2.2 Notis Pekeliling kepada Pemegang Saham bertarikh 28 Mac 2007 yang ada menyebut pihak-pihak berkaitan di dalamnya yang mana perlu untuk operasi harian Kumpulan British American Tobacco Malaysia, tertakluk kepada :

NOTIS MESYUARAT AGUNG TAHUNAN

- (i) urusan niaga tersebut adalah urusan perniagaan biasa dengan terma komersial biasa yang tidak lebih menguntungkan kepada pihak berkaitan berbanding dengan yang biasanya ditawarkan kepada awam dan tidak menjejaskan pemegang saham minoriti Syarikat; dan

- (ii) maklumat nilai agregat urusan niaga yang dibuat semasa tahun kewangan akan dilaporkan di dalam laporan tahunan bagi tahun kewangan tersebut,

DAN BAHAWA kuasa yang diberikan dengan pembaharuan mandat dan kelulusan bagi mandat baru akan berkuatkuasa sehingga :-

- (i) tamatnya Mesyuarat Agung Tahunan (MAT) Syarikat yang berikutnya berikutan MAT yang akan berlangsung di mana Cadangan Pembaharuan Mandat Urus Niaga Berulang Pihak Berkaitan dan Cadangan Mandat Urus Niaga Berulang Pihak Berkaitan yang Baru diluluskan, yang mana ia akan tamat tempoh, kecuali dengan resolusi yang diluluskan pada MAT yang berikutnya mandat tersebut akan diperbaharui lagi;
- (ii) tamatnya tempoh di mana MAT Syarikat yang berikutnya perlu diadakan selepas MAT Syarikat yang akan datang menurut Seksyen 143(1) Akta Syarikat, 1965 (tetapi tidak termasuk sebarang penangguhan yang dibenarkan menurut Seksyen 143(2) Akta Syarikat, 1965) ; atau
- (iii) dibatalkan atau dipinda oleh resolusi yang diluluskan oleh pemegang saham dalam mesyuarat agung, yang mana lebih awal ;

DAN BAHAWA para Pengarah Syarikat adalah dengan ini diberi kuasa bagi menyempurnakan dan mengambil apa sahaja tindakan yang difikirkan wajar dan perlu untuk kepentingan Syarikat (termasuk menguruskan sebarang dokumen apabila perlu) untuk menguatkuasakan Cadangan Pembaharuan Mandat Urus Niaga Berulang Pihak Berkaitan dan Cadangan Mandat Urus Niaga Berulang Pihak Berkaitan Yang Baru.”

(Resolusi 8)

- 8. Untuk dipertimbangkan dan, jika difikirkan wajar, meluluskan resolusi biasa seperti berikut:

CADANGAN PEMBELIAN BALIK SAHAM SYARIKAT
 “BAHAWA, menurut Akta Syarikat, 1965, peraturan, perintah dan arahan yang dibuat menurut Akta Syarikat, 1965 (yang boleh dipinda, ubah suai atau dikuatkuasakan semula dari semasa ke semasa) peruntukan Memorandum dan Tataurus Pertubuhan Syarikat dan keperluan Bursa Malaysia Securities Berhad (Bursa Sekuriti) dan lain-lain

pihak berkuasa yang berkaitan, kuasa yang diberi oleh pemegang saham Syarikat pada 24 April 2003 (dan masing-masing kemudiannya diperbaharui oleh pemegang saham Syarikat pada 26 April 2004, 28 April 2005 dan 20 April 2006) untuk Syarikat memulakan Pembelian Balik Sahamnya sehingga sepuluh peratus (10%) daripada modal saham berbayar dan terbitan Syarikat menurut Bab 12 Keperluan Penyenaraian Bursa Sekuriti, dan dengan ini diperbaharui, maka Syarikat diberi kuasa untuk membeli jumlah tertentu saham biasa pada RM0.50 sesaham di dalam modal saham Syarikat yang diterbitkan dan berbayar yang ditentukan oleh para Pengarah Syarikat dari semasa ke semasa melalui Bursa Sekuriti tertakluk kepada berikut:

- (i) bilangan saham biasa pada RM0.50 sesaham dalam Syarikat (Saham) yang boleh dibeli atau dipegang oleh Syarikat tidak melebihi sepuluh peratus (10%) daripada modal saham Syarikat yang diterbitkan dan berbayar pada masa ini, tertakluk kepada batasan bahawa saham Syarikat yang diterbitkan dan berbayar tidak boleh kurang daripada keperluan minimum modal saham menurut Keperluan Penyenaraian Bursa Sekuriti;
- (ii) dana maksimum yang perlu diperuntukkan oleh Syarikat untuk tujuan pembelian Saham tidak boleh melebihi jumlah pendapatan tersimpan dan akaun saham premium Syarikat (sekiranya ada). Pendapatan tersimpan Syarikat yang telah diaudit pada 31 Disember 2006 berjumlah RM434,735,000.
- (iii) kuasa yang diberi oleh resolusi ini akan bermula sebaik sahaja resolusi biasa ini diluluskan dan akan terus berkuatkuasa sehingga:
 - (a) tamat Mesyuarat Agung Tahunan (MAT) Syarikat yang akan datang yang mana pada masa itu ia akan luput kecuali melalui resolusi biasa yang diluluskan di mesyuarat tersebut, kuasa ini diperbaharui sama ada tanpa syarat atau tertakluk kepada syarat-syarat;
 - (b) tamatnya tempoh dalam masa mana MAT Syarikat yang berikutnya selepas tamat tempoh perlu diadakan mengikut undang-undang; atau
 - (c) dibatalkan atau dipinda oleh resolusi biasa yang diluluskan oleh pemegang saham dalam mesyuarat agung,

yang mana berlaku terlebih dahulu, tetapi tidak akan menggugat penyelesaian pembelian yang dibuat oleh Syarikat sebelum tarikh yang dinyatakan itu tamat dan,

dalam apa jua keadaan, menurut peruntukan garis panduan yang diterbitkan oleh Bursa Sekuriti dan segala undang-undang semasa, peraturan, perintah, arahan, garis panduan dan keperluan yang diterbitkan oleh mana-mana pihak berkuasa; dan

- (iv) apabila selesai setiap pembelian Saham oleh Syarikat, para Pengarah Syarikat adalah dengan ini diberi kuasa untuk membatalkan Saham yang dibeli atau untuk mengekalkan Saham yang dibeli itu sebagai saham perbendaharaan yang boleh diagihkan sebagai dividen kepada para pemegang saham atau dijual semula di Bursa Sekuriti atau seterusnya dibatalkan atau sebahagian dari Saham yang dibeli itu dikekalkan sebagai saham perbendaharaan dan bakinya dibatalkan dan/atau menguruskan Saham tersebut dalam cara lain yang dibenarkan atau yang diperuntukkan oleh Akta Syarikat, 1965 atau sebarang peraturan, perintah dan/atau arahan lain yang dibuat menurut Akta Syarikat, 1965 dan keperluan Bursa Sekuriti dan mana-mana pihak berkuasa berkaitan yang berkuat kuasa pada masa itu;

DAN BAHAWA para Pengarah Syarikat adalah dengan ini diberi kuasa untuk mengambil semua langkah yang perlu atau wajar untuk melaksanakan, menyelesaikan yang atau menguatkuasakan pembelian Saham dengan kuasa penuh untuk menyesuaikan dengan sebarang syarat, pengubahsuaian, resolusi, perubahan dan/atau pindaan (jika ada) yang mungkin dikenakan oleh pihak berkuasa berkaitan dan mengambil semua tindakan dan perkara yang dianggap sesuai dan wajar oleh para Pengarah untuk kepentingan terbaik Syarikat."

(Resolusi 9)

9. Untuk mempertimbangkan lain-lain urusan yang mana notis yang wajar telah diberikan.

(Resolusi 10)

Dengan Perintah Lembaga Pengarah



NG PEI LING
Setiausaha
LS09111

Petaling Jaya
28 Mac 2007

Nota:

1. Seseorang ahli yang layak untuk hadir dan mengundi di mesyuarat agung ini adalah layak untuk melantik tidak lebih daripada dua proksi untuk hadir dan mengundi bagi pihaknya. Seseorang proksi tidak semestinya ahli Syarikat dan peruntukan di bawah Seksyen 149(1)(b) Akta Syarikat, 1965 tidak dikenakan kepada Syarikat. Di mana ahli adalah seorang penama yang diberi kuasa sebagaimana yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat), 1991, ia boleh melantik sekurang-kurangnya satu proksi bagi setiap akaun sekuriti di mana saham biasa Syarikat disandarkan bagi kredit akaun sekuriti tersebut.
2. Surat cara untuk melantik seseorang proksi atau proksi-proksi hendaklah dibuat oleh pelantik atau peguam yang diberi kuasa secara bertulis. Di mana surat cara melantik proksi atau proksi-proksi dilaksanakan oleh sebuah perbadanan, ia mesti dimeterai dengan cap mohor perbadanan atau ditandatangani oleh mana-mana pegawai atau peguam yang diberi kuasa.
3. Borang proksi mesti didepositkan di Pejabat Berdaftar Syarikat di Virginia Park, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan tidak lewat daripada empat puluh lapan (48) jam sebelum masa mesyuarat ditetapkan berlangsung atau sebarang penangguhannya.
4. Pendaftaran Ahli/Proksi
Pendaftaran Ahli/Proksi untuk hadir ke mesyuarat akan bermula pada jam 9.00 pagi pada hari mesyuarat dan akan ditutup tepat jam 11.00 pagi. Ahli/Proksi dikehendaki mengemukakan dokumen pengenalan untuk pendaftaran.
5. Nota Penjelasan Urusan Khas

Resolusi biasa yang dicadangkan di bawah perkara 6, jika diluluskan, akan memberi kuasa kepada para Pengarah untuk menerbitkan saham dalam Syarikat sehingga satu jumlah yang tidak melebihi sepuluh peratus (10%) daripada modal terbitan Syarikat untuk tujuan yang difikirkan demi kepentingan Syarikat bagi mengelak sebarang penangguhan dan kos pembiayaan dalam menjalankan mesyuarat agung untuk meluluskan penerbitan saham-saham berkenaan. Kuasa ini, kecuali dibatalkan, atau dipinda di mesyuarat agung, akan tamat tempohnya sehingga tamat Mesyuarat Agung Tahunan Syarikat yang akan datang.

Resolusi Biasa yang dicadangkan di bawah perkara 7 adalah bagi memperbaharui mandat pemegang saham yang pada asalnya diberikan oleh pemegang saham Syarikat pada 28 November 2001 (dan masing-masing kemudiannya diperbaharui oleh pemegang saham Syarikat pada 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 dan 20 April 2006) dan seterusnya bagi memperoleh mandat pemegang saham untuk memasuki urusan niaga berulang yang baru yang tidak terkandung di dalam mandat asal yang diperolehi pada 28 November 2001 (dan masing-masing kemudiannya diperbaharui oleh pemegang saham pada 17 April 2002, 24 April 2003, 26 April 2004, 28 April 2005 dan 20 April 2006). Cadangan pembaharuan mandat pemegang saham dan kelulusan mandat yang baru akan membolehkan British American Tobacco (Malaysia) Berhad dan subsidiarinya (Kumpulan British American Tobacco) untuk memasuki sebarang urusan niaga berulang bersifat pendapatan atau bersifat perdagangan yang perlu untuk operasi harian Kumpulan British American Tobacco, dengan syarat urusan niaga tersebut terkandung dalam urusan perniagaan biasa dan pada syarat-syarat komersial biasa yang tidak lebih menguntungkan kepada pihak-pihak berkaitan berbanding dengan yang biasanya ditawarkan kepada awam dan tidak menjejaskan pemegang saham minoriti Syarikat.

Resolusi Biasa yang dicadangkan di bawah perkara 8, jika diluluskan akan memberi kuasa kepada para Pengarah untuk membeli melalui Bursa Sekuriti sehingga sepuluh peratus (10%) daripada modal saham biasa berbayar dan terbitan Syarikat dan kuasa ini akan berkuat kuasa dengan serta merta sejurus resolusi biasa ini diluluskan, dan akan, tertakluk kepada pembaharuan pada masa itu, akan luput pada tamatnya Mesyuarat Agung Tahunan Syarikat yang akan datang selepas resolusi ini atau tamat tempoh di mana Mesyuarat Agung Tahunan Syarikat perlu diadakan menurut undang-undang (kecuali ia telah dibatalkan atau dipinda terlebih dahulu oleh resolusi biasa para pemegang saham Syarikat pada suatu mesyuarat agung), yang mana berlaku dahulu.

Penyata Mengiringi Notis Mesyuarat Agung Tahunan

MENURUT PERENGGAN 8.28(2) KEPERLUAN PENYENARAIAAN BURSA MALAYSIA SECURITIES BERHAD

Butiran lanjut para Pengarah yang menawarkan diri untuk pemilihan semula/pelantikan semula di Mesyuarat Agung Tahunan Keempat Puluh Enam adalah seperti berikut:-

Nama	Datuk Oh Chong Peng PJN, JSM	Robert James Clark
Umur	62	39
Warganegara	Malaysia	British
Kelulusan	- Berkelayakan sebagai Akauntan Bertauliah pada 1969, London - Fellow dari Institut Akauntan Berkanun England dan Wales - Ahli lantikan Kerajaan Lembaga Perkhidmatan Kewangan Luar Pesisir Labuan (LOFSA) - Pemegang Amanah bagi Yayasan Pendidikan Huaren dan Yayasan Pendidikan UTAR	- MA dalam Matematik, Universiti Cambridge - ACA, Institut Akauntan Berkanun, England dan Wales
Jawatan dalam Lembaga Pengarah	Pengarah Bukan Eksekutif Bebas	Pengarah Eksekutif Bukan Bebas
Tarikh mula dilantik ke Lembaga Pengarah	1 Januari 1998	1 Oktober 2004
Bilangan kehadiran Mesyuarat Lembaga Pengarah sepanjang tahun kewangan	6 (enam)	6 (enam)
Keahlian dalam Jawatankuasa Lembaga	Ahli Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Penamaan	Tiada
Pekerjaan	Pengarah Syarikat	Pengarah Kewangan British American Tobacco (Malaysia) Berhad
Pengalaman Bekerja	- Rakan kongsi, Coopers & Lybrand Malaysia pada 1974 ke 1997 - Presiden Malaysian Institute of Certified Public Accountants (MICPA) pada 1994 ke 1996 - Ahli jawatankuasa lantikan Kerajaan, Bursa Saham Kuala Lumpur pada 1990 ke 1996 - Pengarah United Malayan Banking Corporation Berhad (kini gabungan RHB Bank Berhad) pada 1985 ke 1990 - Pengarah Powertek Berhad pada 1997 ke 2003 - Pengarah Kumpulan Rashid Hussain Berhad pada 1998 ke 2003 - Pengarah Renong Berhad pada 2001 ke 2003 - Pengarah Nanyang Press Holdings Berhad in 2001 to 2005	- Juruaudit Antarabangsa British American Tobacco p.l.c. - Pengarah Kewangan British American Tobacco Cambodia - Ketua Pemasaran Kewangan, British American Tobacco Jerman - Pengarah Kewangan British American Tobacco Switzerland SA - Pengarah Kewangan Kawasan British American Tobacco, Kawasan Timur Selatan Jauh merangkumi semua pasaran ASEAN kecuali Malaysia dan Brunei
Jawatan Pengarah di syarikat-syarikat awam lain	- Star Publications (Malaysia) Berhad - Land & General Berhad - IJM Corporation Berhad - IJM Plantations Berhad - Malaysian Plantations Berhad	Tiada
Pegangan sekuriti dalam British American Tobacco (Malaysia) Berhad dan subsidiarinya	British American Tobacco (Malaysia) Berhad (1,000 saham)	British American Tobacco (Malaysia) Berhad (500 saham)
Hubungan kekeluargaan dengan Pengarah dan/atau pemegang saham utama British American Tobacco (Malaysia) Berhad atau lain-lain syarikat yang pernah menjalankan urus niaga dengan British American Tobacco (Malaysia) Berhad atau subsidiarinya	Tiada	Tiada
Sebarang percanggahan kepentingan dengan British American Tobacco (Malaysia) Berhad	Tiada	Tiada
Senarai kesalahan yang disabitkan dalam tempoh 10 tahun yang lalu selain kesalahan trafik, jika ada	Tiada	Tiada

PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

MENURUT PERENGKAN 8.28(2) KEPERLUAN PENYENARAIAAN BURSA MALAYSIA SECURITIES BERHAD

Nama	Tan Sri Kamarul Ariffin bin Mohamed Yassin PSM
Umur	72
Warganegara	Malaysia
Kelulusan	Barrister, Peguambela dan Peguamcara lulusan Lincoln's Inn (UK)
Jawatan dalam Lembaga Pengarah	Pengarah Bukan Eksekutif Bebas
Tarikh mula dilantik ke Lembaga Pengarah	28 Disember 1979
Bilangan kehadiran Mesyuarat Lembaga Pengarah sepanjang tahun kewangan	5 (Lima)
Keahlian dalam Jawatankuasa Lembaga	Ahli Jawatankuasa Audit dan Jawatankuasa Ganjaran
Pekerjaan	Pengerusi Dutch Lady Milk Industries Berhad
Pengalaman Bekerja	• Bekas Pengerusi Eksekutif, Bank Bumiputra Malaysia Berhad dan Utusan Melayu (Malaysia) Berhad • Bekas Pengerusi, Majlis Perbankan ASEAN • Bekas Presiden, Dewan Perniagaan dan Industri Kebangsaan • Bekas Ahli Malaysian Communications and Multimedia Commission
Jawatan Pengarah di syarikat-syarikat awam lain	Dutch Lady Milk Industries Berhad
Pegangan sekuriti dalam British American Tobacco (Malaysia) Berhad dan subsidiarinya	British American Tobacco (Malaysia) Berhad (1,000 saham)
Hubungan kekeluargaan dengan Pengarah dan/atau pemegang saham utama British American Tobacco (Malaysia) Berhad atau lain-lain syarikat yang pernah menjalankan urus niaga dengan British American Tobacco (Malaysia) Berhad atau subsidiarinya	Tiada
Sebarang percanggahan kepentingan dengan British American Tobacco (Malaysia) Berhad	Tiada
Senarai kesalahan yang disabitkan dalam tempoh 10 tahun yang lalu selain kesalahan trafik, jika ada	Tiada

I/We _____ (I.C./Passport No: _____)

of _____

being a member/members of the above Company do hereby appoint _____

(I.C./Passport No: _____) of _____

and/or failing him/her _____ (I.C./Passport No: _____)

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Forty Sixth Annual General Meeting of the Company, to be held on 19 April 2007 at 11.00 a.m., and at any adjournment thereof.

My/our proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

Resolutions		For	Against
Resolution 1	To receive and adopt the audited financial statements for the financial year ended 31 December 2006 and the reports of the Directors and Auditors.		
Resolution 2	To sanction the declaration and payment of a final and a special final dividend.		
Resolution 3	To re-elect Datuk Oh Chong Peng who retires by rotation in accordance with Articles 97 (1) and (2) of the Company's Articles of Association.		
Resolution 4	To re-elect Robert James Clark who retires by rotation in accordance with Articles 97 (1) and (2) of the Company's Articles of Association.		
Resolution 5	To re-appoint Tan Sri Kamarul Ariffin bin Mohamed Yassin, pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.		
Resolution 6	To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.		
Resolution 7	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 8	To renew shareholders' mandate originally granted by the shareholders in 2001 and subsequently renewed by the shareholders at the 2002, 2003, 2004, 2005 and 2006 Annual General Meeting respectively, and further to obtain shareholders' mandate to enter into new recurrent transactions not comprised in the original mandate obtained in 2001 (and subsequently renewed by the shareholders at the 2002, 2003, 2004, 2005 and 2006 Annual General Meeting respectively) to enable the British American Tobacco (Malaysia) Berhad and its subsidiaries to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations.		
Resolution 9	To authorise the Company to purchase its own shares.		

No. of Shares held	
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Dated this _____ day of _____ 2007

Signature of Member(s)

Notes:

- If there is no indication as to how a Member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the Meeting as his/her proxy.
- A proxy need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
- Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
- All Forms of Proxy must be duly executed and deposited at the Company's Registered Office not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Please fold here to seal

affix
postage
stamp

The Company Secretary
British American Tobacco (Malaysia) Berhad
(Company No. 4372-M)
Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

Saya/Kami _____ (No. K.P./Pasport: _____)

beralamat di _____

adalah ahli/ahli-ahli Syarikat di atas dengan ini melantik _____

(No. K.P./Pasport: _____) beralamat di _____

dan/atau sebagai penggantinya _____ (No. K.P./Pasport: _____)

beralamat di _____

atau sebagai penggantinya, Pengerusi Mesyuarat sebagai proksi/proksi-proksi saya/kami untuk pengundian saya/kami dan bagi pihak saya/kami di Mesyuarat Agung Tahunan Keempat Puluh Enam Syarikat, yang akan diadakan pada 19 April 2007 jam 11.00 pagi, dan pada sebarang penangguhannya.

Proksi saya/kami boleh mengundi sama ada dengan sokongan tangan atau undian seperti yang ditunjukkan di bawah dengan "X ":

Resolusi		Menyokong	Menentang
Resolusi 1	Untuk menerima dan menerima pakai penyata kewangan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2006 dan laporan para Pengarah dan Juruaudit.		
Resolusi 2	Untuk meluluskan pengisytiharan dan pembayaran dividen akhir dan khas akhir.		
Resolusi 3	Untuk memilih semula Datuk Oh Chong Peng yang bersara secara bergilir menurut Artikel 97(1) dan (2) Tataurusan Pertubuhan Syarikat.		
Resolusi 4	Untuk memilih semula Robert James Clark yang bersara secara bergilir menurut Artikel 97(1) dan (2) Tataurusan Pertubuhan Syarikat.		
Resolusi 5	Untuk melantik semula Tan Sri Kamarul Ariffin bin Mohamed Yassin menurut Seksyen 129(6) Akta Syarikat, 1965 dan memegang jawatannya sehingga tamat Mesyuarat Agung Tahunan yang akan datang.		
Resolusi 6	Untuk melantik semula PricewaterhouseCoopers sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menentukan ganjaran mereka.		
Resolusi 7	Untuk memberi kuasa kepada para Pengarah menerbitkan saham menurut Seksyen 132D Akta Syarikat, 1965.		
Resolusi 8	Untuk memperbaharui mandat asal yang diberikan oleh pemegang saham pada 2001 dan kemudian diperbaharui oleh pemegang saham pada Mesyuarat Agung Tahunan 2002, 2003, 2004, 2005 dan 2006 masing-masing dan selanjutnya mendapat mandat pengesahan pemegang saham untuk memasuki urusan niaga berulang baru yang tidak termasuk dalam mandat asal yang diterima pada 2001 (dan kemudian diperbaharui oleh pemegang saham pada Mesyuarat Agung Tahunan 2002, 2003, 2004, 2005 dan 2006 masing-masing) bagi membolehkan British American Tobacco (Malaysia) Berhad dan subsidiarinya memasuki mana-mana urusan niaga berulang yang bersifat pendapatan atau perdagangan yang diperlukan bagi operasi hariannya.		
Resolusi 9	Untuk memberi kuasa kepada Syarikat untuk membeli saham sendiri.		

Bil. saham yang dipegang	
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Tarikh pada _____ hari bulan _____ 2007

Nota:

1. Jika seseorang Ahli tidak menyatakan bagaimana cara undiannya patut dijalankan, proksi akan mengundi atau tidak mengundi berdasarkan pertimbangan beliau sendiri. Dalam situasi seseorang Ahli mengeluarkan Borang Proksi tetapi tidak menamakan proksi, Ahli tersebut akan dianggap telah melantik Pengerusi Mesyuarat sebagai proksinya.
2. Seseorang proksi tidak semestinya menjadi Ahli dan Syarikat tidak tertakluk di bawah peruntukan Seksyen 149(1)(b) Akta Syarikat, 1965.
3. Seseorang Ahli yang layak untuk hadir dan mengundi di Mesyuarat adalah layak untuk melantik tidak

- lebih daripada dua (2) orang proksi untuk hadir dan mengundi bagi pihaknya. Apabila seseorang Ahli melantik dua (2) proksi, pelantikan tersebut akan menjadi tidak sah kecuali peratusan pegangan saham untuk diwakili oleh setiap proksi dinyatakan.
4. Apabila seseorang Ahli adalah penama yang diberi kuasa seperti yang didefinisikan di bawah Akta Perindustrian Sekuriti (Depositori Pusat) 1991, dia boleh melantik paling kurang seorang (1) proksi bagi setiap Akaun Sekuriti yang mana saham biasa Syarikat disandarkan bagi kredit Akaun Sekuriti tersebut.

Tandatangan ahli/ahli-ahli _____

5. Surat cara pelantikan seorang proksi/proksi-proksi harus dibuat oleh orang yang diberi kuasa melantik atau peguamnya yang diberikan kuasa secara bertulis. Jika surat cara pelantikan proksi atau proksi-proksi dilaksanakan oleh sebuah syarikat, ia perlu dilaksanakan sama ada di bawah kuasa meterainya atau di bawah kuasa pegawai atau peguam yang diberi kuasa.
6. Semua Borang Proksi harus dilaksanakan dan didepositkan di Pejabat Berdaftar Syarikat tidak kurang daripada empat puluh lapan (48) jam sebelum masa yang ditetapkan bagi mesyuarat atau mesyuarat tertangguh.

Sila lipat di sini untuk digam

Tampalkan
setem

Setiausaha Syarikat
British American Tobacco (Malaysia) Berhad
(No. Syarikat 4372-M)
Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

Sila lipat di sini untuk digam