

# FINANCIAL RESULTS

## FOR THE THREE MONTHS ENDED 31 MARCH 2015



### CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$136.8 million, for the three months ended 31 March 2015, representing an increase of 6.9% over the corresponding period in 2014. Profit After Taxation for the period is \$98.2 million, reflecting an increase of 1.5% over 2014. The Company has paid an amount of \$3.3 million under the tax amnesty ended 31 March 2015, in respect of an ongoing matter.

The Board has accordingly approved the payment of a first interim dividend of \$1.00 per ordinary share, payable on 11 May 2015 to shareholders of record at close of business on 28 April 2015. The Register of Shareholders will be closed on 29 and 30 April 2015 for the processing of transfers.

**Anthony E Phillip**  
Chairman  
17 April 2015

### CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.15 TT\$'000	UNAUDITED 31.03.14 TT\$'000	AUDITED 31.12.14 TT\$'000
<b>Non-current Assets</b>			
Property, plant and equipment	205,511	210,530	<b>204,326</b>
Deferred income tax asset	1,234	–	<b>1,352</b>
	<u>206,745</u>	<u>210,530</u>	<u><b>205,678</b></u>
<b>Current Assets</b>			
Inventories	43,206	48,903	<b>41,768</b>
Trade and other receivables	117,984	75,712	<b>47,357</b>
Taxation recoverable	2,484	1,914	<b>2,484</b>
Cash and cash equivalents	294,883	276,948	<b>272,267</b>
	<u>458,557</u>	<u>403,477</u>	<u><b>363,876</b></u>
<b>Total Assets</b>	<u><b>665,302</b></u>	<u><b>614,007</b></u>	<u><b>569,554</b></u>
<b>Shareholders' Equity</b>			
Share capital	42,120	42,120	<b>42,120</b>
Revaluation surplus	49,475	50,181	<b>49,641</b>
Retained earnings	342,003	283,550	<b>243,584</b>
	<u>433,598</u>	<u>375,851</u>	<u><b>335,345</b></u>
<b>Non-current Liabilities</b>			
Deferred income tax liability	–	788	–
Retirement benefit obligation	86,897	80,096	<b>85,661</b>
Post employment medical benefit obligation	5,571	6,015	<b>5,591</b>
	<u>92,468</u>	<u>86,899</u>	<u><b>91,252</b></u>
<b>Current Liabilities</b>			
Trade and other payables	89,004	108,276	<b>85,842</b>
Due to parent company	7,353	7,233	<b>11,665</b>
Dividends payable	42,879	35,748	<b>44,300</b>
Taxation payable	–	–	<b>1,150</b>
	<u>139,236</u>	<u>151,257</u>	<u><b>142,957</b></u>
<b>Total Liabilities</b>	<u><b>231,704</b></u>	<u><b>238,156</b></u>	<u><b>234,209</b></u>
<b>Total Equity and Liabilities</b>	<u><b>665,302</b></u>	<u><b>614,007</b></u>	<u><b>569,554</b></u>

**Anthony E Phillip**  
Chairman

**Jean-Pierre S Du Coudray**  
Managing Director

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.15 TT\$'000	UNAUDITED Three Months Ended 31.03.14 TT\$'000
<b>Gross Turnover *</b>	271,288	266,035
<b>Revenue</b>	<u><b>223,516</b></u>	<u><b>215,002</b></u>
Cost Of Sales	(51,658)	(48,590)
<b>Gross Profit</b>	<u><b>171,858</b></u>	<u><b>166,412</b></u>
Distribution Costs	(7,780)	(8,339)
Administrative Expenses	(20,628)	(21,355)
Other Operating Expenses	(6,648)	(8,878)
Other Income	–	105
<b>Operating Profit</b>	<u><b>136,802</b></u>	<u><b>127,945</b></u>
Interest Income	2	–
<b>Profit Before Taxation</b>	<u><b>136,804</b></u>	<u><b>127,945</b></u>
Taxation	(38,559)	(31,108)
<b>Profit for the Year</b>	<u><b>98,245</b></u>	<u><b>96,837</b></u>
<b>Other Comprehensive Gain:</b> <b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of retirement and post employment benefit obligations	8	33
	<u>8</u>	<u>33</u>
<b>Other Comprehensive Gain – net of tax</b>	8	33
<b>Total Comprehensive Income For The Period</b>	<u><b>98,253</b></u>	<u><b>96,870</b></u>
Earnings Per Ordinary Share	\$1.17	\$1.15
Dividends Per Ordinary Share	\$1.00	\$0.98

\* Gross Turnover includes excise of: three months ended 31.03.15 - \$47,772 and three months ended 31.03.14 - \$51,033 respectively.

### CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.15 TT\$'000	UNAUDITED Three Months Ended 31.03.14 TT\$'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	136,804	127,945
Adjustments for:		
Depreciation	4,638	4,707
(Profit)/ loss on disposal of property, plant and equipment	(6)	22
Net increase in retirement and other post employment benefit obligations excluding actuarial losses	1,227	1,049
Interest income	(2)	–
<b>Operating profit before working capital changes</b>	<u>142,661</u>	<u>133,723</u>
Changes in working capital:		
(Increase)/ decrease in inventories	(1,438)	743
Increase in trade and other receivables	(70,627)	(28,154)
Increase in trade payables and accruals	3,153	4,824
Increase/ (decrease) in due to related parties	9	(5,888)
Decrease in due to parent company	(4,312)	(906)
<b>Cash Generated From Operating Activities</b>	<u>69,446</u>	<u>104,342</u>
<b>Taxation Paid</b>	<u>(45,255)</u>	<u>(37,061)</u>
<b>Net Cash Generated From Operating Activities</b>	<u>24,191</u>	<u>67,281</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(591)	(2,025)
Proceeds from sale of property, plant and equipment	6	6
Interest received	2	–
<b>Net Cash Used In Investing Activities</b>	<u>(583)</u>	<u>(2,019)</u>
<b>Cash Flows Used In Financing Activity</b>		
Dividends paid	(992)	(446)
<b>Net Increase In Cash And Cash Equivalents</b>	<u>22,616</u>	<u>64,816</u>
<b>Cash and Cash Equivalents At Beginning Of Period</b>	<u>272,267</u>	<u>212,132</u>
<b>Cash and Cash Equivalents At End Of Period</b>	<u><b>294,883</b></u>	<u><b>276,948</b></u>
Cash at bank and in hand	294,881	276,946
Short-term deposits	2	2
	<u><b>294,883</b></u>	<u><b>276,948</b></u>

# FINANCIAL RESULTS

## FOR THE THREE MONTHS ENDED 31 MARCH 2015



### CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
<b>Unaudited Three Months Ended 31 March 2015</b>				
Balance at 1 January 2015	42,120	49,641	243,584	335,345
Comprehensive Income				
Profit for the year	-	-	98,245	98,245
Other Comprehensive gain				
Remeasurement of retirement and post employment benefit obligations	-	-	8	8
Depreciation transfer on buildings – net of tax	-	(166)	166	-
Transactions with owners				
Dividends	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>42,120</b>	<b>49,475</b>	<b>342,003</b>	<b>433,598</b>
<b>Unaudited Three Months Ended 31 March 2014</b>				
Balance at 1 January 2014	42,120	50,324	188,623	281,067
Comprehensive Income				
Profit for the year	-	-	96,837	96,837
Other comprehensive gain				
Remeasurement of retirement and post employment benefit obligations	-	-	33	33
Depreciation transfer on buildings – net of tax	-	(143)	143	-
Adjustment of revaluation of land and buildings and deferred tax impact	-	-	(2,086)	(2,086)
Transactions with owners				
Dividends	-	-	-	-
<b>Balance at 31 March 2014</b>	<b>42,120</b>	<b>50,181</b>	<b>283,550</b>	<b>375,851</b>

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

#### Note 1: General Information

The West Indian Tobacco Company Limited is incorporated in the Republic of Trinidad and Tobago. The Company is listed on the Trinidad and Tobago Stock Exchange. The address of the registered office is Corner Eastern Main Road and Mount D'Or Road, Champs Fleurs, Trinidad, West Indies. It is a subsidiary of British American Tobacco (Investments) Limited, a company registered in the United Kingdom. Its ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The principal business activities of the Company are the manufacture and sale of cigarettes.

This condensed consolidated financial information was approved for issue on 17th April 2015.

#### Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 2015, has been prepared in accordance with International Accounting Standard 34 (IAS34), 'Interim Financial Reporting,' as well as the requirements of the Securities Act 2012, which goes beyond IAS 34. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### Note 3: Significant Accounting Policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with International Financial Reporting Standards (IFRS).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements, with the exception of taxes on income in the interim periods, which are accrued using the tax rate that would be applicable to expected total annual earnings.

#### Note 4: Segment Information

Primary reporting format – geographical segment

	Domestic TT\$'000	CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
<b>Three Months Ended 31 March 2015</b>				
Revenue	197,127	26,389	-	223,516
Gross Profit	170,533	1,324	-	171,857
Profit or loss for the Three Months includes:				
- Depreciation			(4,638)	(4,638)
- Taxation			(38,559)	(38,559)
<b>Three Months Ended 31 March 2014</b>				
Revenue	190,479	24,523	-	215,002
Gross Profit	164,801	1,611	-	166,412
Profit or loss for the Three Months includes:				
- Depreciation			(4,707)	(4,707)
- Taxation			(31,108)	(31,108)
<b>Total Segment assets</b>				
31 March 2015	123,457	37,305	504,540	665,302
31 March 2014	78,225	41,225	494,557	614,007
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2015			591	591
31 March 2014			2,025	2,025

The Company is organised and managed on the basis of two geographic regions, namely the Domestic market and the Caricom market. These are the reportable segments for the Company as they form the focus of the Company's internal reporting systems and are the basis used by the Managing Director and the local management team, as the chief operating decision makers, for assessing performance and allocating resources.

The Company is a single product business providing cigarettes. While the Company has clearly differentiated brands, segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

The prices agreed between Group companies for Intra-Group sales of material, manufactured goods, charges for royalties, commissions, services and fees, are based on normal commercial practices which would apply between independent businesses.

With the exception of the Domestic market, no other individual country within the Caricom market contributes more than 10% of total revenue. Information is analysed by segment only where relevant and applicable. Where there is no logical allocation basis, items have been disclosed as unallocated.

	31.03.15 TT\$'000	31.03.14 TT\$'000
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#### Note 5: Related Party Transactions

##### Sale of Goods and Services:

Sale of Goods – Related Parties	26,389	24,523
Sale of Services – Related Parties	-	105

##### Purchase of Goods and Services:

Purchase of Goods – Related Parties	17,681	19,746
Purchase of Services – Related Parties	7,574	9,533
Purchase of Services – Parent Company	14,238	13,235

##### Year end balances arising from sales/purchases of goods and services:

Receivables from Related Parties	12,379	14,479
Payables to Related Parties	2,841	2,832
Payables to Parent Company	7,353	7,233

##### Key Management Compensation

Salaries and other short-term employee benefits	2,238	2,264
Post retirement medical obligations	1	2
Post retirement benefits	263	195

#### Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	691	2,844
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#### Note 7: Contingent Liabilities

##### Taxation

During the financial year ended 31 December 2011, the Board of Inland Revenue (BIR) conducted an audit of the 2007 tax return and subsequently issued a letter of proposed adjustments. The adjustments related to the deductibility of certain expenses amounting to \$74,772,830 with an associated tax liability of \$18,693,208. The Company provided documentary evidence to support its position and the BIR subsequently issued a final assessment of tax liability of \$7,456,333. The Company is not in agreement with the final assessment and based on appropriate professional advice, a Notice of Appeal was filed with the Tax Appeal Board during 2014. The matter is currently ongoing. The Directors are satisfied that they can actively defend the matter and as such, the Company has paid an amount of \$3.3 million related to an ongoing matter under the tax amnesty which ended 31 March 2015.

Customs and Immigration Bonds	16,111	10,725
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#### Note 8: Dividends Paid On Ordinary Shares

An interim dividend of \$1.00 per share (2014: \$0.98 per share) was approved by the Board of Directors on 17 April 2015 and will be paid to shareholders of record as at 28 April 2015 on the 11 May 2015. This interim dividend, amounting to \$84,240,000 (2014: \$82,555,200) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2015.