

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$337.1 million, for the six months ended 30 June 2016, representing an increase of 3.1% over the corresponding period in 2015. Profit After Taxation for the period is \$249.7 million, reflecting an increase of 3.5% over 2015.

The Board has accordingly approved the payment of a second interim dividend of \$1.26 per ordinary share payable on 29 August 2016 to shareholders of record at close of business on 10 August 2016. The Register of Shareholders will be closed on 11 and 12 August 2016 for the processing of transfers.

Anthony E Phillip
Chairman
27 July 2016

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.06.16 TT\$'000	UNAUDITED 30.06.15 TT\$'000	AUDITED 31.12.15 TT\$'000
Non-current Assets			
Property, plant and equipment	196,061	208,023	196,625
Deferred income tax asset	4,371	2,992	3,663
	<u>200,432</u>	<u>211,015</u>	<u>200,288</u>
Current Assets			
Inventories	48,009	44,418	37,741
Trade and other receivables	118,135	117,771	78,682
Taxation recoverable	2,484	2,484	2,484
Cash and cash equivalents	233,193	173,823	286,778
	<u>401,821</u>	<u>338,496</u>	<u>405,685</u>
Total Assets	602,253	549,511	605,973
Shareholders' Equity			
Share capital	42,120	42,120	42,120
Revaluation surplus	48,519	49,267	48,893
Retained earnings	272,826	237,664	290,554
	<u>363,465</u>	<u>329,051</u>	<u>381,567</u>
Non-current Liabilities			
Retirement benefit obligation	85,745	88,132	83,369
Post-employment medical benefit obligation	5,385	5,552	5,472
	<u>91,130</u>	<u>93,684</u>	<u>88,841</u>
Current Liabilities			
Trade and other payables	120,969	86,474	102,043
Due to parent company	–	14,314	7,181
Dividends payable	26,689	24,831	23,447
Taxation payable	–	1,157	2,894
	<u>147,658</u>	<u>126,776</u>	<u>135,565</u>
Total Liabilities	238,788	220,460	224,406
Total Equity and Liabilities	602,253	549,511	605,973

Anthony E Phillip
Chairman

Jean-Pierre S Du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.06.16 TT\$'000	UNAUDITED Three Months Ended 30.06.15 TT\$'000	UNAUDITED Six Months Ended 30.06.16 TT\$'000	UNAUDITED Six Months Ended 30.06.15 TT\$'000
Gross Turnover *	347,790	344,897	618,948	616,186
Revenue	288,062	282,594	514,248	506,111
Cost Of Sales	(64,233)	(59,881)	(117,573)	(111,540)
Gross Profit	223,829	222,713	396,675	394,571
Distribution Costs	(2,726)	(756)	(7,149)	(8,535)
Administrative Expenses	(18,588)	(24,720)	(34,884)	(45,348)
Other Operating Expenses	(4,091)	(6,957)	(17,637)	(13,605)
Other Income	–	–	–	–
Operating Profit	198,424	190,280	337,005	327,083
Interest Income	134	3	134	4
Profit Before Taxation	198,558	190,283	337,139	327,087
Taxation	(50,859)	(47,172)	(87,394)	(85,731)
Profit After Taxation	147,699	143,111	249,745	241,356
Other Comprehensive Gain: Items that will not be reclassified to profit or loss				
Remeasurement of retirement and post-employment benefit obligations	18	8	36	16
Other Comprehensive Gain – net of tax	18	8	36	16
Total Comprehensive Income for the Period	147,717	143,119	249,781	241,372
Earnings Per Ordinary Share	\$1.75	\$1.70	\$2.96	\$2.87
Dividends Per Ordinary Share	\$1.26	\$1.26	\$2.26	\$2.26

* Gross Turnover includes excise of: three months ended 30.06.16 - \$59,728, three months ended 30.06.15 - \$62,303; six months ended 30.06.16 - \$110,075 and six months ended 30.06.15 - \$110,075.

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Six Months Ended 30.06.16 TT\$'000	UNAUDITED Six Months Ended 30.06.15 TT\$'000
Cash Flows From Operating Activities		
Profit before taxation	337,139	327,087
Adjustments for:		
Depreciation	9,230	9,308
Profit on disposal of property, plant and equipment	–	(35)
Net increase in retirement and other post-employment benefit obligation excluding actuarial losses	2,289	2,454
Interest income	(134)	(4)
Operating profit before working capital changes	348,524	338,810
Changes in working capital:		
Increase in inventories	(10,268)	(2,650)
Increase in trade and other receivables	(38,801)	(70,414)
(Decrease)/Increase in trade payables and accruals	(3,309)	10,518
Increase/(Decrease) in due to related parties	24,295	(9,886)
(Decrease)/Increase in due to parent company	(7,181)	2,649
Cash Generated From Operating Activities	313,260	269,027
Taxation Paid	(93,671)	(87,372)
Net Cash Generated From Operating Activities	219,589	181,655
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(8,667)	(13,005)
Proceeds from sale of property, plant and equipment	–	35
Interest received	134	4
Net Cash Used In Investing Activities	(8,533)	(12,966)
Cash Flows Used In Financing Activities		
Dividends paid	(264,641)	(267,133)
Decrease In Cash And Cash Equivalents	(53,585)	(98,444)
Cash and Cash Equivalents At Beginning Of Period	286,778	272,267
Cash and Cash Equivalents At End Of Period	233,193	173,823
Cash at bank and in hand	53,474	173,821
Short-term deposits	179,719	2
	<u>233,193</u>	<u>173,823</u>

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016



CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Unaudited Six Months Ended 30 June 2016				
Balance at 1 January 2016	42,120	48,893	290,554	381,567
Comprehensive Income				
Profit for the year	–	–	249,745	249,745
Other Comprehensive loss				
Remeasurement of retirement and post-employment benefit obligations	–	–	36	36
Depreciation transfer on buildings – net of tax	–	(374)	374	–
Transactions with owners				
Dividends	–	–	(267,883)	(267,883)
Balance at 30 June 2016	42,120	48,519	272,826	363,465
Unaudited Six Months Ended 30 June 2015				
Balance at 1 January 2015	42,120	49,641	243,584	335,345
Comprehensive Income				
Profit for the year	–	–	241,356	241,356
Other comprehensive loss				
Remeasurement of retirement and post-employment benefit obligations	–	–	16	16
Depreciation transfer on buildings – net of tax	–	(374)	374	–
Transactions with owners				
Dividends	0	0	(247,666)	(247,666)
Balance at 30 June 2015	42,120	49,267	237,664	329,051

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 interim financial information was approved for issue on 27th July 2016.

Note 2: Basis of Preparation

This condensed consolidated financial information for the six-month period ended 30 June 2016, 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 2015, 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 2015, as described in those annual financial statements with the exception of taxes on income in the interim periods 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
Six Months Ended 30 June 2016				
Revenue	459,521	54,727	–	514,248
Gross Profit	392,802	3,873	–	396,675
Profit or loss for the Three Months includes:				
– Depreciation			(9,230)	(9,230)
– Taxation			(87,394)	(87,394)
Six Months Ended 30 June 2015				
Revenue	448,913	57,198	–	506,111
Gross Profit	390,825	3,746	–	394,571
Profit or loss for the Three Months includes:				
– Depreciation			(9,308)	(9,308)
– Taxation			(85,731)	(85,731)
Total Segment assets				
30 June 2016	128,352	37,792	436,109	602,253
30 June 2015	123,997	38,192	387,322	549,511
Total segment assets include additions to property, plant and equipment as follows:				
30 June 2016			8,667	8,667
30 June 2015			13,005	13,005

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 related parties for sale of manufactured goods are based on normal commercial practices between independent businesses. Charges for royalties, commissions, purchases, services and fees are also based on the principles of normal commercial practice 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.

	30.06.16 TT\$'000	30.06.15 TT\$'000
Note 5: Related Party Transactions		
Sale of Goods and Services:		
Sale of Goods - Related Parties	54,727	57,198
Purchase of Goods and Services:		
Purchase of Goods – Related Parties	38,874	35,629
Purchase of Services – Related Parties	20,501	17,356
Purchase of Services – Parent Company	38,333	31,054
Period end balances arising from sales/purchases of goods and services:		
Receivables from Related Parties	10,448	13,177
Payables to Related Parties	35,988	14,697
Payables to Parent Company	2,721	14,314
Key Management Compensation		
Salaries and other short-term employee benefits	3,442	3,799
Post-retirement medical obligations	3	3
Post-retirement benefits	539	527
Note 6: Capital Commitments		
Authorised and contracted for, and not provided for in the financial statements	4,563	1,221
Note 7: Contingent Liabilities		
Customs and Immigration Bonds	16,036	16,111
Note 8: Dividends Paid On Ordinary Shares		
Final dividend – prior year	183,643	163,426
First interim dividend	84,240	84,240
	<u>267,883</u>	<u>247,666</u>

An interim dividend of \$1.26 per share (2015: \$1.26 per share) was approved by the board of directors on 27th July 2016 and will be paid to shareholders of record as at 10th August 2016 on the 29th August 2016. This interim dividend, amounting to \$106,142,400 (2015: \$106,142,400) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2016.