

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2019



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$145.1 million for the three month period ended 31 March 2019, representing an increase of \$39.3 million over the corresponding period in 2018. Profit for the period is \$100 million reflecting an increase of \$27.6 million over comparative 2018.

The Board has accordingly approved the payment of a first interim dividend of \$0.83 per ordinary share payable on 11 June 2019 to shareholders of record at close of business on 21 May 2019. The Register of Shareholders will be closed on 22 and 23 May 2019 for the processing of transfers.

Following the shareholders' approval of the share split in October 2018, applications for all regulatory requirements were made and we await the final approval to implement.

Anthony E Phillip
Chairman
08 May 2019

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.19 TT\$'000	UNAUDITED 31.03.18 TT\$'000	AUDITED 31.12.18 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	242,907	212,657	238,252
Deferred income tax asset	18,619	19,869	19,354
	<u>261,526</u>	<u>232,526</u>	<u>257,606</u>
Current assets			
Inventories	35,480	36,710	48,707
Trade and other receivables	86,860	49,980	74,469
Taxation recoverable	7,189	7,189	7,189
Cash and cash equivalents	350,634	332,558	284,870
	<u>480,163</u>	<u>426,437</u>	<u>415,235</u>
Total assets	<u>741,689</u>	<u>658,963</u>	<u>672,841</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	61,550	47,320	61,786
Retained earnings	410,043	360,849	309,771
Total equity	<u>513,713</u>	<u>450,289</u>	<u>413,677</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	37,784	34,058	37,465
Retirement benefit obligation	53,528	54,168	52,963
Post-employment medical benefit obligation	3,116	3,707	3,192
	<u>94,428</u>	<u>91,933</u>	<u>93,620</u>
Current liabilities			
Trade and other payables	92,644	78,591	107,993
Due to parent company	2,386	1,850	3,753
Dividends payable	38,518	36,300	40,692
Taxation payable	–	–	13,106
	<u>133,548</u>	<u>116,741</u>	<u>165,544</u>
Total liabilities	<u>227,976</u>	<u>208,674</u>	<u>259,164</u>
Total equity and liabilities	<u>741,689</u>	<u>658,963</u>	<u>672,841</u>

Anthony E Phillip
Chairman

Jean-Pierre S du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.19 TT\$'000	UNAUDITED Three Months Ended 31.03.18 TT\$'000
Revenue	227,062	187,809
Cost of sales	(50,416)	(46,355)
Gross profit	176,646	141,454
Distribution costs	(5,633)	(6,270)
Administrative expenses	(15,617)	(15,653)
Other operating expenses	(11,077)	(14,045)
Operating profit	144,319	105,486
Interest income	778	298
Profit before taxation	145,097	105,784
Taxation	(45,059)	(33,322)
Profit for the period	100,038	72,462
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement and post-employment benefit obligations – net of tax	(2)	2
Other comprehensive income – net of tax	(2)	2
Total comprehensive income for the period	100,036	72,464
Earnings per ordinary share	\$1.19	\$0.86

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.19 TT\$'000	UNAUDITED Three Months Ended 31.03.18 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	145,097	105,784
Adjustments for:		
Depreciation	2,482	2,547
Net increase in retirement and other post-employment benefit obligations excluding actuarial gains	487	272
Interest income	(778)	(298)
Operating profit before working capital changes	147,288	108,305
Changes in working capital:		
Decrease in inventories	13,227	8,041
(Increase)/decrease in trade and other receivables	(14,564)	36,049
Decrease in trade and other payables	(13,569)	(9,038)
Decrease in due to parent company	(1,367)	(768)
Cash generated from operating activities	131,015	142,589
Taxation paid	(58,892)	(41,754)
Net cash from operating activities	72,123	100,835
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,137)	(3,230)
Interest received	778	298
Net cash used in investing activities	(6,359)	(2,932)
Net increase in cash and cash equivalents	65,764	97,903
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	284,870	234,655
CASH AND CASH EQUIVALENTS AT END OF PERIOD	350,634	332,558
Represented by:		
Cash at bank and in hand	249,334	251,486
Short-term deposits	101,300	81,072
	<u>350,634</u>	<u>332,558</u>

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2019



CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Revaluation Surplus	Retained Earnings	Shareholders' Equity
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
Unaudited three months ended 31 March 2019				
Balance at 1 January 2019	42,120	61,786	309,771	413,677
Comprehensive income				
Profit for the year	–	–	100,038	100,038
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations – net of tax	–	–	(2)	(2)
Depreciation transfer on buildings – net of tax	–	(236)	236	–
Balance at 31 March 2019	42,120	61,550	410,043	513,713
Unaudited three months ended 31 March 2018				
Balance at 1 January 2018	42,120	47,495	288,210	377,825
Comprehensive income				
Profit for the year	–	–	72,462	72,462
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations – net of tax	–	–	2	2
Depreciation transfer on buildings – net of tax	–	(175)	175	–
Balance at 31 March 2018	42,120	47,320	360,849	450,289

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

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 8 May 2019.

Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 2019, has been prepared in accordance with International Accounting Standard 34 (IAS 34), '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 2018, 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 2018, 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	CARICOM	Unallocated	Total
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
Three months ended 31 March 2019				
Revenue	201,300	25,762	–	227,062
Gross Profit	174,735	1,911	–	176,646
Profit for the three months includes:				
– Depreciation	–	–	(2,482)	(2,482)
Three months ended 31 March 2018				
Revenue	162,571	25,238	–	187,809
Gross Profit	140,628	826	–	141,454
Profit for the year includes:				
– Depreciation	–	–	(2,547)	(2,547)
Total Segment assets				
31 March 2019	87,736	34,613	619,340	741,689
31 March 2018	58,915	27,766	572,282	658,963
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2019	–	–	7,137	7,137
31 March 2018	–	–	3,230	3,230

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.

	31.03.19	31.03.18
	TT\$'000	TT\$'000

Note 5: Related Party Transactions

Sale of Goods and Services:

Sale of Goods – Related Parties	25,762	25,238
Sale of Services – Related Parties	–	–

Purchase of Goods and Services:

Purchase of Goods – Related Parties	12,121	8,165
Purchase of Services – Related Parties	9,328	10,353
Purchase of Services – Parent Company	8,448	6,875

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

Receivables from Related Parties	22,593	11,700
Payables to Related Parties	2,041	2,881
Payables to Parent Company	2,386	1,850

Key Management Compensation

Salaries and other short-term employee benefits	2,993	2,135
Post-retirement medical obligations	1	1
Post-retirement benefits	202	188

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	4,462	7,856
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Note 7: Contingent Liabilities

Customs Bonds	16,400	16,900
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Note 8: Dividends Paid on Ordinary Shares

An interim dividend of \$0.83 per share (2018: \$0.82 per share) was approved by the Board of Directors on 08 May 2019 and will be paid to shareholders of record as at 21 May 2019 on 11 June 2019. This interim dividend, amounting to \$69,919,200 (2018: \$69,076,800) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2019.