

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2014



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has delivered Profit Before Taxation for the three months ended 31 March 2014 of \$127.9 million, which represents an increase of 10.8% over the corresponding period in 2013. Profit for the Year to date of \$96.8 million, reflects an increase of 14% over 2013.

The Board has accordingly approved the payment of a first interim dividend of \$0.98 per ordinary share payable on 12 May 2014 to shareholders of record at close of business on 01 May 2014. The register of shareholders will be closed on 02 and 05 May 2014 for the processing of transfers.

Anthony E Phillip
Chairman
17 April 2014

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.14 TTS'000	UNAUDITED 31.03.13 TTS'000	AUDITED 31.12.13 TTS'000
Non-current Assets			
Property, plant and equipment	210,530	215,644	213,241
Deferred income tax asset	–	–	522
	<u>210,530</u>	<u>215,644</u>	<u>213,763</u>
Current Assets			
Inventories	48,903	48,518	49,646
Trade and other receivables	75,712	47,660	42,393
Taxation recoverable	1,914	–	1,914
Cash and cash equivalents	276,948	212,137	212,132
	<u>403,477</u>	<u>308,315</u>	<u>306,085</u>
Total Assets	<u>614,007</u>	<u>523,959</u>	<u>519,848</u>
Shareholders' Equity			
Share capital	42,120	42,120	42,120
Revaluation surplus	50,181	48,109	50,324
Retained earnings	283,550	219,063	188,623
	<u>375,851</u>	<u>309,292</u>	<u>281,067</u>
Non-current Liabilities			
Deferred income tax liability	788	3,925	–
Retirement benefit obligation	80,096	66,623	79,057
Post employment medical benefit obligation	6,015	6,667	6,050
	<u>86,899</u>	<u>77,215</u>	<u>85,107</u>
Current Liabilities			
Trade and other payables	108,276	107,175	109,340
Due to parent company	7,233	2,447	8,139
Dividends payable	35,748	25,765	36,195
Taxation payable	–	2,065	–
	<u>151,257</u>	<u>137,452</u>	<u>153,674</u>
Total Liabilities	<u>238,156</u>	<u>214,667</u>	<u>238,781</u>
Total Equity and Liabilities	<u>614,007</u>	<u>523,959</u>	<u>519,848</u>

Anthony E Phillip
Chairman

Jean-Pierre S Du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.14 TTS'000	UNAUDITED Three Months Ended 31.03.13 TTS'000
Gross Turnover *	266,035	275,080
Revenue	<u>215,002</u>	<u>217,591</u>
Cost Of Sales	(48,590)	(58,652)
Gross Profit	<u>166,412</u>	<u>158,939</u>
Distribution Costs	(8,339)	(5,094)
Administrative Expenses	(21,355)	(24,231)
Other Operating Expenses	(8,878)	(14,511)
Other Income	105	343
Operating Profit	<u>127,945</u>	<u>115,446</u>
Interest Income	–	2
Profit Before Taxation	<u>127,945</u>	<u>115,448</u>
Taxation	(31,108)	(30,532)
Profit for the Year	<u>96,837</u>	<u>84,916</u>
Other Comprehensive Gain/ (Loss):		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement and post employment benefit obligations	33	(3,429)
Other Comprehensive Gain/ (Loss) – net of tax	<u>33</u>	<u>(3,429)</u>
Total Comprehensive Income For The Year	<u>96,870</u>	<u>81,487</u>
Earnings Per Ordinary Share	\$1.15	\$1.01
Dividends Per Ordinary Share	\$0.98	\$0.82

* Gross Turnover includes excise of: three months ended 31.03.14 – \$51,033 and three months ended 31.03.13 – \$57,489 respectively.

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.14 TTS'000	UNAUDITED Three Months Ended 31.03.13 TTS'000
Cash Flows From Operating Activities		
Profit before taxation	127,945	115,448
Adjustments for:		
Depreciation	4,707	4,481
Loss on disposal of property, plant and equipment	22	–
Net increase in retirement and other post employment benefit obligations excluding actuarial losses	1,049	1,215
Interest income	–	(2)
Operating profit before working capital changes	<u>133,723</u>	<u>121,142</u>
Changes in working capital:		
Decrease/(Increase) in inventories	743	(501)
Increase in trade and other receivables	(33,319)	(15,995)
Increase in trade payables and accruals	4,824	17,170
(Decrease)/Increase in due to related parties	(5,888)	2,669
Decrease in due to parent company	(906)	(7,764)
Cash Generated From Operating Activities	<u>99,177</u>	<u>116,721</u>
Taxation Paid	<u>(37,061)</u>	<u>(34,007)</u>
Net Cash Generated From Operating Activities	<u>62,116</u>	<u>82,714</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,025)	(4,973)
Proceeds from sale of property, plant and equipment	6	–
Interest received	–	2
Net Cash Used In Investing Activities	<u>(2,019)</u>	<u>(4,971)</u>
Cash Flows Used In Financing Activity		
Dividends paid	(446)	(392)
Net Increase In Cash And Cash Equivalents	<u>59,651</u>	<u>77,351</u>
Cash and Cash Equivalents At Beginning Of Year	<u>212,132</u>	<u>134,787</u>
Cash and Cash Equivalents At End Of Year	<u>271,783</u>	<u>212,138</u>
Cash at bank and in hand	276,946	212,136
Short-term deposits	2	2
	<u>276,948</u>	<u>212,138</u>

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2014



CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Unaudited Three Months Ended 31 March 2014				
Balance at 1 January 2014	42,120	50,324	188,623	281,067
<u>Comprehensive Income</u>				
Profit for the year	-	-	96,837	96,837
<u>Other Comprehensive loss</u>				
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)
<u>Transactions with owners</u>				
Dividends	-	-	-	-
Balance at 31 March 2014	42,120	50,181	283,550	375,851
Unaudited Three Months Ended 31 March 2013				
Balance at 1 January 2013	42,120	48,276	137,409	227,805
<u>Comprehensive Income</u>				
Profit for the year	-	-	84,916	84,916
<u>Other comprehensive loss</u>				
Remeasurement of retirement and post employment benefit obligations	-	-	(3,429)	(3,429)
Depreciation transfer on buildings – net of tax	-	(167)	167	-
<u>Transactions with owners</u>				
Dividends	-	-	-	-
Balance at 31 March 2013	42,120	48,109	219,063	309,292

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

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 2014

Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 2014, 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 2013, 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 2013, 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
Three Months Ended 31 March 2014				
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)
Three Months Ended 31 March 2013				
Revenue	185,334	32,257	-	217,591
Gross Profit	157,635	1,304	-	158,939
Profit or loss for the Three Months includes:				
- Depreciation			(4,481)	(4,481)
- Taxation			(30,532)	(30,532)
Total Segment assets				
31 March 2014	78,225	41,225	494,557	614,007
31 March 2013	53,265	42,913	427,781	523,959
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2014			2,025	2,025
31 March 2013			4,973	4,973

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.

	31.03.14 TT\$'000	31.03.13 TT\$'000
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Note 5: Related Party Transactions

Sale of Goods and Services:

Sale of Goods - Related Parties	24,523	32,257
Sale of Services - Related Parties	105	343

Purchase of Goods and Services:

Purchase of Goods - Related Parties	19,746	18,803
Purchase of Services - Related Parties	9,533	13,308
Purchase of Services - Parent Company	13,235	12,477

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

Receivables from Related Parties	14,479	14,040
Payables to Related Parties	2,832	8,720
Payables to Parent Company	7,233	2,447

Key Management Compensation

Salaries and other short-term employee benefits	2,264	3,027
Post retirement medical obligations	2	2
Post retirement benefits	195	218

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	2,844	780
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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 Company has provided documentary evidence to support its position and is currently engaged in further discussions with the BIR. The Directors, based on these discussions and appropriate professional advice, are satisfied that they can actively defend the matter and as such the Company has not recorded any additional provisions in the financial statements. The adjustments relate to the deductibility of certain expenses amounting to \$74,772,830. The tax impact of these adjustments at the statutory rate of 25% is \$18,693,208.

Customs and Immigration Bonds	10,725	5,796
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Note 8: Dividends Paid On Ordinary Shares

An interim dividend of \$0.98 per share (2013: \$0.82 per share) was approved by the board of directors on 17th April 2014 and will be paid to shareholders of record as at 1st May 2014 on the 12th May 2014. This interim dividend, amounting to \$82,555,200 (2013: \$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 2014.