

FINANCIAL RESULTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$655.1 million, for the year ended 31 December 2014, representing an increase of 17.8% over the corresponding period in 2013. Profit for the Year of \$489.2 million, reflects an increase of 19% over 2013.

Directors will recommend to shareholders for approval, a final dividend of \$1.94 per share at the Annual Meeting on Thursday 09 April 2014. This, when added to the interim dividends of \$3.57, will result in a total dividend of \$5.51 per share for 2014.

If approved, the final dividend will be paid on 30 April 2015 to shareholders of record at close of business on 21 April 2015. The Register of Shareholders will be closed on 22 and 23 April 2015 for the processing of transfers.

Anthony E Phillip
Chairman
23 February 2015

CONDENSED STATEMENT OF FINANCIAL POSITION

	AUDITED 31.12.14 TT\$'000	AUDITED 31.12.13 TT\$'000
Non-current Assets		
Property, plant and equipment	204,326	213,241
Deferred Income Tax	1,352	522
	205,678	213,763
Current Assets		
Inventories	41,768	49,646
Trade and other receivables	47,357	42,393
Taxation Recoverable	2,484	1,914
Cash and cash equivalents	272,267	212,132
	363,876	306,085
Total Assets	569,554	519,848
Shareholders' Equity		
Share capital	42,120	42,120
Revaluation surplus	49,641	50,324
Retained earnings	243,584	188,623
	335,345	281,067
Non-current Liabilities		
Retirement benefit obligation	85,661	79,057
Post-employment medical benefit obligation	5,591	6,050
	91,252	85,107
Current Liabilities		
Trade and other payables	85,842	109,340
Due to parent company	11,665	8,139
Dividends Payable	44,300	36,195
Taxation payable	1,150	-
	142,957	153,674
Total Liabilities	234,209	238,781
Total Equity and Liabilities	569,554	519,848

Anthony E Phillip
Chairman

Jean-Pierre S Du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	AUDITED Three Months Ended 31.12.14 TT\$'000	AUDITED Three Months Ended 31.12.13 TT\$'000	AUDITED Twelve Months Ended 31.12.14 TT\$'000	AUDITED Twelve Months Ended 31.12.13 TT\$'000
Gross Turnover *	379,935	341,430	1,252,058	1,184,805
Revenue	311,070	275,621	1,017,368	944,790
Cost Of Sales	(69,170)	(70,302)	(233,802)	(243,788)
Gross Profit	241,900	205,319	783,566	701,002
Distribution Costs	(1,338)	(4,452)	(12,776)	(17,964)
Administrative Expenses	(18,841)	(20,719)	(89,289)	(94,570)
Other Operating Expenses	(3,003)	(10,931)	(26,550)	(32,815)
Other Income	-	103	139	656
Operating Profit	218,718	169,320	655,090	556,309
Interest Income	3	1	25	15
Profit for the Year	218,721	169,321	655,115	556,324
Taxation	(58,790)	(43,459)	(165,920)	(145,253)
Profit After Taxation	159,931	125,862	489,195	411,071
Other Comprehensive Loss				
Items that will not be reclassified to profit and loss				
Remeasurement of retirement and post-employment benefit obligations	(460)	2,301	(360)	(10,931)
Gains on revaluation of land and building	-	2,717	-	2,717
Other Comprehensive Loss – net of tax	(460)	5,018	(360)	(8,214)
Total Comprehensive Income for the Year	159,471	130,880	488,835	402,857
Earnings Per Ordinary Share	\$1.90	\$1.49	\$5.81	\$4.88
Dividends Per Ordinary Share	\$1.94	\$1.61	\$5.51	\$4.54

* Gross Turnover includes excise of: three months ended 31.12.14 - \$65,865, three months ended 31.12.13 - \$65,809; twelve months ended 31.12.14 - \$234,690 and twelve months ended 31.12.13 - \$240,015.

CONDENSED STATEMENT OF CASH FLOWS

	AUDITED Year Ended 31.12.14 TT\$'000	AUDITED Year Ended 31.12.13 TT\$'000
Cash Flows From Operating Activities		
Profit before taxation	655,115	556,324
Adjustments for:		
Depreciation	18,912	18,082
Loss/ (profit) on disposal of property, plant and equipment	1,208	(216)
Net increase in retirement and other post employment benefit obligation excluding actuarial losses	5,665	3,029
Interest income	(25)	(15)
Operating profit before working capital changes	680,875	577,204
Changes in working capital:		
Decrease/ (increase) in inventories	7,878	(1,629)
Increase in trade and other receivables	(4,964)	(10,728)
(Decrease)/ increase in trade payables and accruals	(4,426)	16,931
(Decrease)/ increase in due to related parties	(19,072)	5,073
Increase/ (decrease) in due to parent company	3,526	(2,072)
Cash Generated From Operating Activities	663,817	584,779
Taxation Paid	(166,050)	(154,932)
Net Cash Generated From Operating Activities	497,767	429,847
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(11,262)	(13,242)
Proceeds from sale of property, plant and equipment	57	283
Interest received	25	15
Net Cash Used In Investing Activities	(11,180)	(12,944)
Cash Flows Used In Financing Activities		
Dividends paid	(426,452)	(339,558)
Net Increase in Cash & Cash Equivalents	60,135	77,345
Cash and Cash Equivalents At Beginning Of Period	212,132	134,787
Cash and Cash Equivalents At End Of Period	272,267	212,132
Cash at bank and in hand	272,265	212,130
Short-term deposits	2	2
	272,267	212,132

FINANCIAL RESULTS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014



CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Year Ended 31 December 2014				
Balance at 1 January, 2014	42,120	50,324	188,623	281,067
Comprehensive Income				
Profit for the year	-	-	489,195	489,195
Other Comprehensive loss				
Remeasurement of retirement and post-employment benefit obligations	-	-	(360)	(360)
Depreciation transfer on buildings – net of tax	-	(683)	683	-
Transactions with owners				
Dividends	-	-	(436,363)	(436,363)
Write back of unclaimed dividends			1,806	1,806
Balance at 31 December 2014	42,120	49,641	243,584	335,345
Year Ended 31 December 2013				
Balance at 1 January 2013	42,120	48,276	137,410	227,806
Comprehensive Income				
Profit for the year	-	-	411,071	411,071
Other comprehensive loss				
Remeasurement of retirement and post-employment benefit obligations	-	-	(10,931)	(10,931)
Gain on revaluation of land and building	-	2,717	-	2,717
Depreciation transfer on buildings, net of tax	-	(669)	669	-
Transactions with owners				
Dividends	-	-	(349,596)	(349,596)
Balance at 31 December 2013	42,120	50,324	188,623	281,067

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 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 interim financial information was approved for issue on 23rd February 2015.

Note 2: Basis of Preparation

This condensed consolidated financial information for the twelve-month period ended 31 December 2014, has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. 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 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
Year Ended 31 December 2014				
Revenue	896,638	120,730	-	1,017,368
Gross Profit	777,641	5,925	-	783,566
Profit or loss for the year includes:				
– Depreciation	-	-	(18,912)	(18,912)
– Taxation	-	-	(165,920)	(165,920)
Year Ended 31 December 2013				
Revenue	811,805	132,985	-	944,790
Gross Profit	693,275	7,727	-	701,002
Profit or loss for the year includes:				
– Depreciation	-	-	(18,082)	(18,082)
– Taxation	-	-	(145,253)	(145,253)
Total Segment assets				
31 December 2014	55,496	33,629	480,429	569,554
31 December 2013	46,559	45,480	427,809	519,848
Total segment assets include additions to property, plant and equipment as follows:				
31 December 2014	-	-	11,262	11,262
31 December 2013	-	-	13,242	13,242

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.

31.12.14
TT\$'000

31.12.13
TT\$'000

Note 5: Related Party Transactions

Sale of Goods and Services:

Sale of Goods - Related Parties	120,730	132,981
Sale of Services - Related Parties	139	656

Purchase of Goods and Services:

Purchase of Goods - Related Parties	62,671	70,662
Purchase of Services - Related Parties	26,441	49,612
Purchase of Services - Parent Company	59,625	53,064

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

Receivables from Related Parties	10,379	16,883
Payables to Related Parties	10,451	29,523
Payables to Parent Company	11,665	8,139

Key Management Compensation

Salaries and other short-term employee benefits	7,614	6,596
Post-retirement medical obligations	5	7
Post-retirement benefits	1,053	778

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	1,100	1,796
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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	15,975	10,975
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Note 8: Dividends Paid On Ordinary Shares

Final dividend – prior year	135,626	102,773
First interim dividend	82,555	69,077
Second interim dividend	101,088	87,610
Third interim dividend	117,094	90,136
	<u>436,363</u>	<u>349,596</u>

A final dividend in respect of 2014 of \$1.94 per share (2013: \$1.61 cents per share) amounting to \$163,425,600 (2013: \$135,626,400) is to be proposed at the Annual Meeting on the 09 April 2015. If approved, the total dividend for the year will be \$5.51, an increase of 21.4% over dividend distribution of \$4.54 with respect to 2013.