

UNAUDITED INTERIM RESULTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$502.8 million, for the nine months ended 30 September 2016, representing an increase of 5.0% over the corresponding period in 2015. Profit After Taxation for the period is \$372.6 million, reflecting an increase of 5.2% over 2015.

The Board has accordingly approved the payment of a third interim dividend of \$1.44 per ordinary share payable on 24 November 2016 to shareholders of record at close of business on 7 November 2016. The Register of Shareholders will be closed on 8 and 9 November 2016 for the processing of transfers.

Anthony E Phillip
Chairman
25 October 2016

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.09.16 TT\$'000	UNAUDITED 30.09.15 TT\$'000	AUDITED 31.12.15 TT\$'000
Non-current Assets			
Property, plant and equipment	196,957	201,538	196,625
Deferred income tax asset	5,721	4,982	3,663
	<u>202,678</u>	<u>206,520</u>	<u>200,288</u>
Current Assets			
Inventories	47,672	43,354	37,741
Trade and other receivables	119,023	75,722	78,682
Taxation recoverable	2,484	2,484	2,484
Cash and cash equivalents	224,239	236,911	286,778
	<u>393,418</u>	<u>358,471</u>	<u>405,685</u>
Total Assets	<u>596,096</u>	<u>564,991</u>	<u>605,973</u>
Shareholders' Equity			
Share capital	42,120	42,120	42,120
Revaluation surplus	48,331	49,080	48,893
Retained earnings	289,784	244,533	290,554
	<u>380,235</u>	<u>335,733</u>	<u>381,567</u>
Non-current Liabilities			
Retirement benefit obligation	86,933	89,368	83,369
Post-employment medical benefit obligation	5,342	5,532	5,472
	<u>92,275</u>	<u>94,900</u>	<u>88,841</u>
Current Liabilities			
Trade and other payables	91,543	99,113	102,043
Due to parent company	881	10,847	7,181
Dividends payable	31,162	24,004	23,447
Taxation payable	–	394	2,894
	<u>123,586</u>	<u>134,358</u>	<u>135,565</u>
Total Liabilities	<u>215,861</u>	<u>229,258</u>	<u>224,406</u>
Total Equity and Liabilities	<u>596,096</u>	<u>564,991</u>	<u>605,973</u>

Anthony E Phillip
Chairman

Jean-Pierre S du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.09.16 TT\$'000	UNAUDITED Three Months Ended 30.09.15 TT\$'000	UNAUDITED Nine Months Ended 30.09.16 TT\$'000	UNAUDITED Nine Months Ended 30.09.15 TT\$'000
Gross Turnover *	272,043	292,514	890,991	908,699
Revenue	224,833	242,960	739,082	749,070
Cost Of Sales	(44,061)	(61,436)	(161,634)	(172,976)
Gross Profit	180,772	181,524	577,448	576,094
Distribution Costs	(3,266)	(3,533)	(10,415)	(12,068)
Administrative Expenses	(15,772)	(18,172)	(50,656)	(63,520)
Other Operating Expenses	3,571	(8,102)	(14,066)	(21,707)
Operating Profit	165,305	151,717	502,311	478,799
Interest Income	351	24	484	28
Profit Before Taxation	165,656	151,741	502,795	478,827
Taxation	(42,760)	(38,925)	(130,154)	(124,656)
Profit After Taxation	122,896	112,816	372,641	354,171
Other Comprehensive Gain: Items that will not be reclassified to profit or loss				
Remeasurement of retirement and post-employment benefit obligations	18	8	54	25
Other Comprehensive Gain – net of tax	18	8	54	25
Total Comprehensive Income for the Period	122,914	112,824	372,695	354,196
Earnings Per Ordinary Share	\$1.46	\$1.34	\$4.42	\$4.20
Dividends Per Ordinary Share	\$1.44	\$1.44	\$3.70	\$3.70

* Gross Turnover includes excise of: three months ended 30.09.16 - \$47,210, three months ended 30.09.15 - \$49,554; nine months ended 30.09.16 - \$151,909 and nine months ended 30.09.15 - \$159,629.

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Nine Months Ended 30.09.16 TT\$'000	UNAUDITED Nine Months Ended 30.09.15 TT\$'000
Cash Flows From Operating Activities		
Profit before taxation	502,795	478,827
Adjustments for:		
Depreciation	13,741	13,989
Profit on disposal of property, plant and equipment	–	2,862
Net increase in retirement and other post-employment benefit obligation excluding actuarial losses	3,406	3,681
Interest income	(484)	(28)
Operating profit before working capital changes	519,458	499,331
Changes in working capital:		
Increase in inventories	(9,931)	(1,586)
Increase in trade and other receivables	(37,358)	(28,365)
(Decrease)/Increase in trade payables and accruals	(6,483)	12,404
(Decrease)/Increase in due to related parties	(4,017)	867
(Decrease) in due to parent company	(6,300)	(818)
Cash Generated From Operating Activities	455,369	481,833
Taxation Paid	(138,008)	(129,051)
Net Cash Generated From Operating Activities	317,361	352,782
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(14,073)	(14,098)
Proceeds from sale of property, plant and equipment	–	35
Interest received	484	28
Net Cash Used In Investing Activities	(13,589)	(14,035)
Cash Flows Used In Financing Activities		
Dividends paid	(366,311)	(374,103)
Decrease In Cash And Cash Equivalents	(62,539)	(35,356)
Cash and Cash Equivalents At Beginning Of Period	286,778	272,267
Cash and Cash Equivalents At End Of Period	224,239	236,911
Cash at bank and in hand	58,663	236,909
Short-term deposits	165,576	2
	<u>224,239</u>	<u>236,911</u>

UNAUDITED INTERIM RESULTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 Nine Months Ended 30 September 2016				
Balance at 1 January 2016	42,120	48,893	290,554	381,567
Comprehensive Income				
Profit for the year	–	–	372,641	372,641
Other Comprehensive Loss				
Remeasurement of retirement and post-employment benefit obligations	–	–	54	54
Depreciation transfer on buildings - net of tax	–	(562)	562	–
Transactions With Owners				
Dividends	–	–	(374,027)	(374,027)
Balance at 30 September 2016	42,120	48,331	289,784	380,235
Unaudited Nine Months Ended 30 September 2015				
Balance at 1 January 2015	42,120	49,641	243,584	335,345
Comprehensive Income				
Profit for the year	–	–	354,171	354,171
Other Comprehensive Loss				
Remeasurement of retirement and post-employment benefit obligations	–	–	25	25
Depreciation transfer on buildings - net of tax	–	(561)	561	–
Transactions With Owners				
Dividends	–	–	(353,808)	(353,808)
Balance at 30 September 2015	42,120	49,080	244,533	335,733

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 25th October 2016.

Note 2: Basis of Preparation

This condensed consolidated financial information for the nine-month period ended 30 September 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
Nine Months Ended 30 September 2016				
Revenue	658,122	80,960	–	739,082
Gross Profit	571,645	5,803	–	577,448
Profit or loss for the Three Months includes:				
- Depreciation			(13,741)	(13,741)
- Taxation			(130,154)	(130,154)
Nine Months Ended 30 September 2015				
Revenue	654,776	94,294	–	749,070
Gross Profit	569,678	6,416	–	576,094
Profit or loss for the Three Months includes:				
- Depreciation			(13,989)	(13,989)
- Taxation			(124,656)	(124,656)
Total Segment Assets				
30 September 2016	130,025	36,670	429,401	596,096
30 September 2015	76,483	42,593	445,915	564,991
Total segment assets include additions to property, plant and equipment as follows:				
30 September 2016			14,073	14,073
30 September 2015			14,098	14,098

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.

	30.09.16 TT\$'000	30.09.15 TT\$'000
Note 5: Related Party Transactions		
Sale of Goods and Services:		
Sale of Goods - Related Parties	80,960	94,294
Purchase of Goods and Services:		
Purchase of Goods - Related Parties	50,258	35,629
Purchase of Services - Related Parties	30,308	29,481
Purchase of Services - Parent Company	44,082	44,894
Period end balances arising from sales/purchases of goods and services:		
Receivables from Related Parties	9,452	13,177
Payables to Related Parties	7,675	14,697
Payables to Parent Company	881	14,314
Key Management Compensation		
Salaries and other short-term employee benefits	4,571	5,091
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	3,401	13,340
Note 7: Contingent Liabilities		
Customs and Immigration Bonds	16,900	15,900
Note 8: Dividends Paid On Ordinary Shares		
Final dividend – prior year	183,645	163,426
First interim dividend	84,240	84,240
Second interim dividend	106,142	106,142
	<u>374,027</u>	<u>353,808</u>

An interim dividend of \$1.44 per share (2015: \$1.44 per share) was approved by the board of directors on 25th October 2016 and will be paid to shareholders of record as at 7th November 2016 on the 24th November 2016. This interim dividend, amounting to \$121,305,600 (2015: \$121,305,600) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2016.