

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2017



CHAIRMAN'S REVIEW

Given the prevailing economic conditions, the ongoing recession and increased taxation, the business environment continues to be challenging. This has resulted in significant changes in Consumer behaviour and consumption patterns. Also, the Company continues to engage with relevant stakeholders on the issue of the increased presence of suspected illicit products in the Market.

Against this backdrop, West Indian Tobacco has recorded Profit Before Taxation of \$99.1 million, and Profit for the Period of \$67.4 million for the three months ended 31 March 2017.

The Company continues to respond to the new business environment with revision of its Brand Portfolio and Trade Marketing and Distribution strategies, as well as prudent Cost Management.

The Board has accordingly approved the payment of a first interim dividend of \$0.76 per ordinary share payable on 26 May 2017 to shareholders of record at close of business on 2 May 2017. The Register of Shareholders will be closed on 3 and 4 May 2017 for the processing of transfers.

Anthony E Phillip
Chairman
19 April 2017

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.17 TT\$'000	UNAUDITED 31.03.16 TT\$'000	AUDITED 31.12.16 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	201,255	193,134	203,416
Deferred income tax asset	–	3,022	–
	201,255	196,156	203,416
Current assets			
Inventories	45,292	40,298	43,603
Trade and other receivables	100,760	100,264	93,078
Taxation recoverable	6,585	2,484	6,585
Cash and cash equivalents	296,301	378,177	269,483
	448,938	521,223	412,749
Total assets	650,193	717,379	616,165
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	48,020	48,706	48,194
Retained earnings	396,106	392,804	328,565
Total equity	486,246	483,630	418,879
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	5,716	–	5,264
Retirement benefit obligation	66,553	84,557	65,530
Post-employment medical benefit obligation	4,520	5,429	4,571
	76,789	89,986	75,365
Current liabilities			
Trade and other payables	57,125	116,536	90,389
Due to parent company	2,163	4,076	2,335
Dividends payable	27,870	21,299	29,197
Taxation payable	–	1,852	–
	87,158	143,763	121,921
Total liabilities	163,947	233,749	197,286
Total equity and liabilities	650,193	717,379	616,165

Anthony E Phillip
Chairman

Jean-Pierre S du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.17 TT\$'000	UNAUDITED Three Months Ended 31.03.16 TT\$'000
Gross turnover *	213,838	271,158
Revenue	171,160	226,186
Cost of sales	(46,508)	(53,341)
Gross profit	124,652	172,845
Distribution costs	(5,143)	(4,423)
Administrative expenses	(14,902)	(16,296)
Other operating expenses	(5,722)	(13,546)
Operating profit	98,885	138,580
Interest income	209	–
Profit before taxation	99,094	138,580
Taxation	(31,742)	(36,534)
Profit for the period	67,352	102,046
Other comprehensive gain:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement and post-employment benefit obligations	15	18
Other comprehensive gain – net of tax	15	18
Total comprehensive income for the period	67,367	102,064
Earnings per ordinary share	\$0.80	\$1.21
Dividends per ordinary share	\$0.76	\$1.00

* Gross Turnover includes excise of: three months ended 31.03.17 – \$42,678 and three months ended 31.03.16 - \$44,972 respectively.

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.17 TT\$'000	UNAUDITED Three Months Ended 31.03.16 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	99,094	138,580
Adjustments for:		
Depreciation	4,816	4,549
Net increase in retirement and other post-employment benefit obligations excluding actuarial gains	993	1,145
Interest income	(209)	–
Operating profit before working capital changes	104,694	144,274
Changes in working capital:		
Increase in inventories	(1,689)	(2,557)
Increase in trade and other receivables	(7,682)	(21,582)
(Decrease)/increase in trade payables and accruals	(3,132)	2,093
(Decrease)/increase in due to related parties	(17,531)	20,761
Decrease in due to parent company	(172)	(3,105)
Cash generated from operating activities	74,488	139,884
Taxation paid	(43,898)	(45,302)
Net cash from operating activities	30,590	94,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,655)	(1,035)
Interest received	209	–
Net cash used in investing activities	(2,446)	(1,035)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(1,326)	(2,148)
Net increase in cash and cash equivalents	26,818	91,399
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	269,483	286,778
CASH AND CASH EQUIVALENTS AT END OF PERIOD	296,301	378,177
Represented by:		
Cash at bank and in hand	165,287	378,175
Short-term deposits	131,014	2
	296,301	378,177

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2017



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 2017				
Balance at 1 January 2017	42,120	48,194	328,565	418,879
Comprehensive income				
Profit for the year	–	–	67,352	67,352
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations – net of tax	–	–	15	15
Depreciation transfer on buildings – net of tax	–	(174)	174	–
Balance at 31 March 2017	42,120	48,020	396,106	486,246
Unaudited three months ended 31 March 2016				
Balance at 1 January 2016	42,120	48,893	290,554	381,567
Comprehensive income				
Profit for the year	–	–	102,045	102,045
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations – net of tax	–	–	18	18
Depreciation transfer on buildings – net of tax	–	(187)	187	–
Balance at 31 March 2016	42,120	48,706	392,804	483,630

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 2017				
Revenue	148,022	23,138	–	171,160
Gross Profit	123,848	804	–	124,652
Profit for the three months includes:				
– Depreciation	–	–	(4,816)	(4,816)
Three Months Ended 31 March 2016				
Revenue	193,371	32,815	–	226,186
Gross Profit	171,455	1,390	–	172,845
Profit for the three months includes:				
– Depreciation	–	–	(4,549)	(4,549)
Total Segment Assets				
31 March 2017	105,793	40,259	504,141	650,193
31 March 2016	99,139	41,423	576,817	717,379
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2017	–	–	2,655	2,655
31 March 2016	–	–	1,035	1,035

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2017

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 19 April 2017

Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 2017, 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 2016, 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 2016, 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 5: Related Party Transactions

	31.03.17 TT\$'000	31.03.16 TT\$'000
Sale of Goods and Services		
Sale of Goods – Related Parties	23,138	32,815
Sale of Services – Related Parties	157	–
Purchase of Goods and Services:		
Purchase of Goods – Related Parties	12,172	11,060
Purchase of Services – Related Parties	12,595	9,342
Purchase of Services – Parent Company	6,294	22,463
Year end balances arising from sales/purchases of goods and services:		
Receivables from Related Parties	15,228	15,939
Payables to Related Parties	6,071	23,602
Payables to Parent Company	2,163	4,076
Key Management Compensation		
Salaries and other short-term employee benefits	1,887	2,342
Post-retirement medical obligations	1	1
Post-retirement benefits	297	270

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	2,603	4,382
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Note 7: Contingent Liabilities

Customs Bonds	16,900	16,036
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Note 8: Dividends Paid On Ordinary Shares

An interim dividend of \$0.76 per share (2016: \$1.00 per share) was approved by the Board of Directors on 19 April 2017 and will be paid to shareholders of record as at 2 May 2017 on 26 May 2017. This interim dividend, amounting to \$64,022,400 (2016: \$84,240,000) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2017.