

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2018



CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$105.8 million, for the three months ended 31 March 2018, representing an increase of 6.8% over the corresponding period in 2017. Profit for the period is \$72.5 million reflecting an increase of 7.6% over 2017.

The Board has accordingly approved the payment of a first interim dividend of \$0.82 (2017 \$0.76) per ordinary share payable on 21 May 2018 to shareholders of record at close of business on 02 May 2018. The Register of Shareholders will be closed on 03 and 04 May 2018 for the processing of transfers.

Anthony E Phillip
Chairman
19 April 2018

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.18 TT\$'000	UNAUDITED 31.03.17 TT\$'000	AUDITED 31.12.17 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	212,657	201,255	211,974
Deferred income tax asset	19,869	24,711	20,671
	<u>232,526</u>	<u>225,966</u>	<u>232,645</u>
Current assets			
Inventories	36,710	45,292	44,751
Trade and other receivables	49,980	100,760	85,119
Taxation recoverable	7,189	6,585	7,189
Cash and cash equivalents	332,558	296,301	234,655
	<u>426,437</u>	<u>448,938</u>	<u>371,714</u>
Total assets	<u>658,963</u>	<u>674,904</u>	<u>604,359</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	47,320	48,020	47,495
Retained earnings	360,849	396,106	288,210
Total equity	<u>450,289</u>	<u>486,246</u>	<u>377,825</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	34,058	30,427	33,641
Retirement benefit obligation	54,168	66,553	53,834
Post-employment medical benefit obligation	3,707	4,520	3,771
	<u>91,933</u>	<u>101,500</u>	<u>91,246</u>
Current liabilities			
Trade and other payables	78,591	57,125	95,323
Due to parent company	1,850	2,163	2,618
Dividends payable	36,300	27,870	35,390
Taxation payable	–	–	1,957
	<u>116,741</u>	<u>87,158</u>	<u>135,288</u>
Total liabilities	<u>208,674</u>	<u>188,658</u>	<u>226,534</u>
Total equity and liabilities	<u>658,963</u>	<u>674,904</u>	<u>604,359</u>

Anthony E Phillip
Chairman

Jean-Pierre S Du Coudray
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.18 TT\$'000	UNAUDITED Three Months Ended 31.03.17 TT\$'000
Gross turnover – including excise *	236,062	213,838
Revenue	187,809	171,160
Cost of sales	(46,355)	(46,508)
Gross profit	141,454	124,652
Distribution costs	(6,270)	(5,143)
Administrative expenses	(15,653)	(14,902)
Other operating expenses	(14,045)	(5,722)
Operating profit	105,486	98,885
Interest income	298	209
Profit before taxation	105,784	99,094
Taxation	(33,322)	(31,742)
Profit for the period	72,462	67,352
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement and post-employment benefit obligations	2	15
Other comprehensive income - net of tax	2	15
Total comprehensive income for the year	72,464	67,367
Earnings per ordinary share	\$0.86	\$0.80

* Gross Turnover includes excise of: three months ended 31.03.18 – \$48,253 and three months ended 31.03.17 – \$42,678

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.18 TT\$'000	UNAUDITED Three Months Ended 31.03.17 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	105,784	99,094
Adjustments for:		
Depreciation	2,547	4,816
Net increase in retirement and other post-employment benefit obligations excluding actuarial gains	272	993
Interest income	(298)	(209)
Operating profit before working capital changes	108,305	104,694
Changes in working capital:		
Decrease/(increase) in inventories	8,041	(1,689)
Decrease/(increase) in trade and other receivables	37,093	(7,682)
Decrease in trade and other payables	(9,038)	(20,663)
Decrease in due to parent company	(768)	(172)
Cash generated from operating activities	143,633	74,488
Taxation paid	(41,754)	(43,898)
Net cash from operating activities	101,879	30,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,230)	(2,655)
Interest received	298	209
Net cash used in investing activities	(2,932)	(2,446)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(1,044)	(1,326)
Net increase in Cash & Cash Equivalents	97,903	26,818
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	234,655	269,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	332,558	296,301
Represented by:		
Cash at bank and in hand	251,486	165,287
Short-term deposits	81,072	131,014
	332,558	296,301

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2018



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 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
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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

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 2018.

Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 2018, 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 IAS34. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, 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 2017, 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 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)
Three months ended 31 March 2017				
Revenue	148,022	23,138	–	171,160
Gross Profit	123,848	804	–	124,652
Profit for the year includes:				
– Depreciation			(4,816)	(4,816)
Total Segment assets				
31 March 2018	58,915	27,766	572,282	658,963
31 March 2017	105,793	40,259	528,852	674,904
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2018			3,230	3,230
31 March 2017			2,655	2,655

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.

Note 5: Related Party Transactions

Sale of Goods and Services:

	31.03.18	31.03.17
	TT\$'000	TT\$'000
Sale of Goods – Related Parties	25,238	23,138
Sale of Services – Related Parties	–	157

Purchase of Goods and Services:

Purchase of Goods – Related Parties	8,165	12,172
Purchase of Services – Related Parties	10,353	12,595
Purchase of Services – Parent Company	6,875	6,294

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

Receivables from Related Parties	11,700	15,228
Payables to Related Parties	2,881	6,071
Payables to Parent Company	1,850	2,163

Key Management Compensation

Salaries and other short-term employee benefits	2,135	1,887
Post retirement medical obligations	1	1
Post retirement benefits	188	297

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	7,856	2,603
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Note 7: Contingent Liabilities

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

An interim dividend of \$0.82 per share (2017: \$0.76 per share) was approved by the Board of Directors on 19 April 2018 and will be paid to shareholders of record as at 2 May 2018 on the 21 May 2018. This interim dividend, amounting to \$69,076,800 (2017: \$64,022,400) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2018.