

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2020



CHAIRMAN'S REVIEW

The West Indian Tobacco has recorded Profit Before Taxation of \$150.9 million, for the three months ended 31 March 2020, representing an increase of \$5.8 million over the corresponding period in 2019. Profit for the period is \$105 million reflecting an increase of \$4.9 million over 2019.

As a result of the COVID-19 global pandemic, the Company continues to implement several initiatives to safeguard the Health and Safety of its Employees and key Stakeholders. Further to the advent of the "stay at home" period the Company has been in complete compliance with all regulations and fully supports the efforts of the Government of Trinidad and Tobago to manage and reduce the impact of this pandemic.

Our Manufacturing Operations ceased during the "stay at home" period which has resulted in our inability to supply products to British American Tobacco, Contract Markets and the depletion of local and Caricom stock levels.

The Company remains cognizant of the fact that this unprecedented period would have lasting effects on our Operations and Distribution. However, we remain confident in our resilience to weather this storm.

Considering the current uncertainty of the full impact of COVID-19 on our business, the Board has taken a decision not to pay a 1st interim dividend for the three months ended 31 March 2020.

Anthony E Phillip
Chairman
07 May 2020

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.20 TT\$'000	UNAUDITED 31.03.19 TT\$'000	AUDITED 31.12.19 TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	246,604	242,907	248,485
Deferred income tax asset	12,390	18,619	13,294
	<u>258,994</u>	<u>261,526</u>	<u>261,779</u>
Current assets			
Inventories	35,414	35,480	36,627
Trade and other receivables	108,801	86,860	79,893
Taxation recoverable	4,940	7,189	5,071
Cash and cash equivalents	375,817	350,634	300,018
	<u>524,972</u>	<u>480,163</u>	<u>421,609</u>
Total assets	<u>783,966</u>	<u>741,689</u>	<u>683,388</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	60,599	61,550	60,836
Retained earnings	453,880	410,043	348,298
Total equity	<u>556,599</u>	<u>513,713</u>	<u>451,254</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	38,875	37,784	40,281
Retirement benefit obligation	36,260	53,528	37,161
Post-employment medical benefit obligation	3,464	3,116	3,652
Lease Liabilities	1,332	-	2,953
	<u>79,931</u>	<u>94,428</u>	<u>84,047</u>
Current liabilities			
Trade and other payables	98,889	92,644	99,348
Due to parent company	7,318	2,386	7,345
Dividends payable	37,775	38,518	38,816
Taxation payable	1,859	-	1,953
Lease Liabilities	1,595	-	625
	<u>147,436</u>	<u>133,548</u>	<u>148,087</u>
Total liabilities	<u>227,367</u>	<u>227,976</u>	<u>232,134</u>
Total equity and liabilities	<u>783,966</u>	<u>741,689</u>	<u>683,388</u>

Anthony E Phillip
Chairman

Laurent Meffre
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.20 TT\$'000	UNAUDITED Three Months Ended 31.03.19 TT\$'000
Revenue	232,785	227,062
Cost of sales	(51,532)	(50,416)
Gross profit	181,253	176,646
Distribution costs	(4,673)	(5,633)
Administrative expenses	(17,969)	(15,617)
Other operating expenses	(8,317)	(11,077)
Operating profit	150,294	144,319
Finance income	652	778
Finance Costs	(93)	-
Profit before taxation	150,853	145,097
Taxation	(45,937)	(45,059)
Profit for the period	104,916	100,038
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement and post-employment benefit obligations - net of tax	429	(2)
Other comprehensive income - net of tax	429	(2)
Total comprehensive income for the period	105,345	100,036
Profit attributable to		
Controlling interest	52,592	50,147
Non-controlling interest	52,324	49,891
	<u>104,916</u>	<u>100,038</u>
Total comprehensive income attributable to:		
Controlling interest	52,807	50,146
Non-controlling interest	52,538	49,890
	<u>105,345</u>	<u>100,036</u>
Earnings per ordinary share	\$0.42	\$0.40

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.20 TT\$'000	UNAUDITED Three Months Ended 31.03.19 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	150,853	145,097
Adjustments for:		
Depreciation	2,967	2,482
Net (decrease) / increase in retirement and other post employment benefit obligations excluding actuarial losses	(1,105)	487
Interest income	(652)	(778)
Interest Expense	93	-
Operating profit before working capital changes	152,156	147,288
Changes in working capital:		
Decrease in inventories	1,213	13,227
(Increase) in trade and other receivables	(28,908)	(14,564)
(Decrease) in trade and other payables	(459)	(13,569)
(Decrease) in due to parent company	(27)	(1,367)
(Decrease) in Lease Liabilities	(651)	-
Cash generated from operating activities	123,324	131,015
Taxation paid	(45,957)	(58,892)
Net cash from operating activities	77,367	72,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,087)	(7,137)
Interest received	652	778
Interest Expense	(93)	-
Net cash used in investing activities	(528)	(6,359)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(1,041)	-
Net Cash Used In Financing Activities	(1,041)	-
Net Increase in Cash & Cash Equivalents	75,798	65,764
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	300,018	284,870
CASH AND CASH EQUIVALENTS AT END OF PERIOD	375,816	350,634
Represented by:		
Cash at bank and in hand	253,933	249,334
Short-term deposits	121,883	101,300
	<u>375,816</u>	<u>350,634</u>

UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2020



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 2020				
Balance at 1 January 2020	42,120	60,836	348,298	451,254
Comprehensive income				
Profit for the year	-	-	104,916	104,916
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations - net of tax	-	-	429	429
Depreciation transfer on buildings - net of tax	-	(237)	237	-
Balance at 31 March 2020	42,120	60,599	453,880	556,599
Unaudited Three Months Ended 31 March 2019				
Balance at 1 January 2019	42,120	61,786	309,771	413,677
Comprehensive income				
Profit for the year	-	-	100,038	100,038
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations - net of tax	-	-	(2)	(2)
Depreciation transfer on buildings - net of tax	-	(236)	236	-
Balance at 31 March 2019	42,120	61,550	410,043	513,713

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

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 07 May 2020.

Note 2: Basis of Preparation

This condensed consolidated financial information for the three month period ended 31 March 2020, 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 2019, 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 2019, 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 2020				
Revenue	207,611	25,174	-	232,785
Gross Profit	178,156	3,097	-	181,253
Profit for the three months includes:				
- Depreciation	-	-	(2,967)	(2,967)
Three months Ended 31 March 2019				
Revenue	201,300	25,762	-	227,062
Gross Profit	174,735	1,911	-	176,646
Profit for the three months includes:				
- Depreciation	-	-	(2,482)	(2,482)
Total Segment assets				
31 March 2020	111,014	33,201	639,751	783,966
31 March 2019	87,736	34,613	619,340	741,689
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2020			1,087	1,087
31 March 2019			7,137	7,137

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: Initial Application of IFRS 16 Leases

As of 1 January 2019, IFRS 16, "Leases", amended the recognition of lease contracts so that the rent payments for the remaining term of the lease period are recognised in the statement of financial position at their present value as both assets and liabilities, and period rent expenses are not recognised in income statement, instead of that the depreciation and interest expense are recognised in the income statement. The Company has applied IFRS 16 Leases and has not restated prior periods as allowed by the Standard. The Company has recognised the present value of the remaining lease payments as the lease liabilities (Non Current \$1.3 million and Current \$1.6 million) and right-of-use assets (\$4.3 million) for material leases previously classified as operating leases. On initial application, the Company applied the incremental borrowing rate of 9.25% on the lease liability.

Note 6: Related Party Transactions

	31.03.20	31.03.19
	TT\$'000	TT\$'000
Sale of Goods and Services:		
Sale of Goods - Related Parties	25,174	25,762
Purchase of Goods and Services:		
Purchase of Goods - Related Parties	14,850	12,121
Purchase of Services - Related Parties	16,661	9,328
Purchase of Services - Parent Company	9,181	8,448
Period end balances arising from sales/ purchases of goods and services:		
Receivables from Related Parties	20,647	22,593
Payables to Related Parties	12,651	2,041
Payables to Parent Company	7,318	2,386
Key Management Compensation		
Salaries and other short-term employee benefits	3,241	2,993
Post retirement medical obligations	1	1
Post retirement benefits	116	202
Note 7: Capital Commitments		
Authorised and contracted for, and not provided for in the financial statements	10,967	4,462
Note 8: Contingent Liabilities		
Customs & Immigration Bonds	16,937	16,400

Note 9: Dividends Paid On Ordinary Shares

Considering the current uncertainty with COVID-19 and the impact that we have noted to date on our markets, the Board has taken a decision to not pay a 1st interim dividend for the three months ended 31 March 2020 (2019: \$69,919,200).