

CHAIRMAN'S REVIEW

Total Comprehensive Income declined by \$45.0M or 24% over the same period last year. This reflects reduced profit before tax of \$40.5M or 15.3%; a prior year tax adjustment of \$6.0M; and an actuarial loss of \$9.9M net of tax, arising from the remeasurement of retirement and post-employment benefit obligation.

Revenue declined by \$26.7M or 6.5% over the same period last year driven mainly by lower sales volume locally, offset by increased sales to export markets. Domestic volumes continue to be impacted by relatively slow economic activity as the recovery anticipated after the removal of certain COVID-19 restrictions has not materialised to date. More importantly, in the acceleration of the Company's portfolio transformation, the format for Lucky Strike Red (formerly du Maurier) was changed to a Super King Size offer. Our feedback suggests that consumers were hesitant to accept this variant. We have taken steps to act on this response and to address consumer preferences in the shortest possible time.

At the same time, we note a change in purchasing patterns characterised by increasing appetite for lower-priced products in all categories. We have responded accordingly with the introduction of ultra-low-priced offers since Q4 2021, which have been well received by consumers. Revenue has therefore been negatively impacted by the adjustment in sales mix for year-to-date 2022. We continue to leverage our robust distribution network to ensure that our products are available to all our customers on time and in full.

Management is optimistic going into the second half of the fiscal year based on initiatives to recover customer confidence in the local market. We have taken steps to introduce the Lucky Strike Red in regular format (formerly du Maurier) which will continue into the next period and beyond. Despite the financial results for the first half-year, the Board of Directors is confident in the strategic agenda and the Company's focus on generating shareholders' wealth. Given this and a robust cash position, the Board will continue its dividend pay-out programme for this fiscal year.

In this regard, Directors have recommended an interim dividend of \$0.39 per ordinary share which will be paid on 24 August 2022 to shareholders of record at the close of business on 05 August 2022. The Register of Shareholders will be closed on 08 and 09 August 2022 for the processing of transfers.



Ingrid Lashley
Chairman
26 July 2022

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.06.22	UNAUDITED 30.06.21	AUDITED 31.12.21
	TT\$'000	TT\$'000	TT\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	269,297	244,036	264,337
Deferred income tax asset	8,294	7,306	466
Retirement benefit asset	-	-	3,344
	<u>277,591</u>	<u>251,342</u>	<u>268,147</u>
Current assets			
Inventories	57,581	43,776	50,643
Trade and other receivables	140,505	111,683	126,877
Taxation recoverable	4,917	4,917	4,917
Cash and cash equivalents	314,035	403,184	368,496
	<u>517,038</u>	<u>563,560</u>	<u>550,933</u>
Total assets	<u>794,629</u>	<u>814,902</u>	<u>819,080</u>
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	58,459	59,410	58,936
Retained earnings	474,025	522,011	499,283
Total equity	<u>574,604</u>	<u>623,541</u>	<u>600,339</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	43,074	41,385	43,708
Retirement benefit obligation	5,913	14,506	-
Post-employment medical benefit obligation	4,764	5,030	5,028
Lease liabilities	784	497	535
	<u>54,535</u>	<u>61,418</u>	<u>49,271</u>
Current liabilities			
Trade and other payables	118,281	89,428	125,570
Dividends payable	46,456	40,515	43,360
Lease liabilities	753	-	540
	<u>165,490</u>	<u>129,943</u>	<u>169,470</u>
Total liabilities	<u>220,025</u>	<u>191,361</u>	<u>218,741</u>
Total equity and liabilities	<u>794,629</u>	<u>814,902</u>	<u>819,080</u>



Ingrid Lashley
Chairman



Laurent Meffre
Managing Director

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.06.22	UNAUDITED Three Months Ended 30.06.21	UNAUDITED Six Months Ended 30.06.22	UNAUDITED Six Months Ended 30.06.21
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
Revenue	182,147	211,207	384,202	410,876
Cost of sales	(52,198)	(48,530)	(104,991)	(91,181)
Gross profit	129,949	162,677	279,211	319,695
Distribution costs	(2,386)	(1,162)	(3,488)	(4,390)
Administrative expenses	(17,985)	(20,350)	(31,526)	(36,018)
Other operating expenses	(13,800)	(4,312)	(19,181)	(13,549)
Operating profit	95,778	136,853	225,016	265,738
Finance income	133	20	180	44
Finance cost	(52)	(48)	(90)	(110)
Profit before taxation	95,859	136,825	225,106	265,672
Taxation	(35,566)	(40,809)	(72,765)	(78,230)
Profit for the period	60,293	96,016	152,341	187,442
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Re-measurement of retirement and post-employment benefit obligations	-	(33)	(14,223)	(64)
Related tax	-	10	4,267	19
Other comprehensive income - net of tax	-	(23)	(9,956)	(45)
Total comprehensive income for the period	60,293	95,993	142,385	187,397
Earnings per ordinary share	\$0.24	\$0.38	\$0.60	\$0.74

SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Revaluation Surplus	Retained Earnings	Shareholders' Equity
	TT\$'000	TT\$'000	TT\$'000	TT\$'000
Unaudited Six Months Ended 30 June 2022				
Balance at 1 January 2022	42,120	58,936	499,283	600,339
Comprehensive income				
Profit for the period	-	-	152,341	152,341
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations - net of tax	-	-	(9,956)	(9,956)
Depreciation transfer on buildings - net of tax	-	(477)	477	-
Transactions with owners				
Dividends	-	-	(168,120)	(168,120)
Balance at 30 June 2022	42,120	58,459	474,025	574,604
Unaudited Six Months Ended 30 June 2021				
Balance at 1 January 2021	42,120	59,886	475,456	577,462
Comprehensive income				
Profit for the period	-	-	187,442	187,442
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations - net of tax	-	-	(45)	(45)
Depreciation transfer on buildings - net of tax	-	(476)	476	-
Transactions with owners				
Dividends	-	-	(141,318)	(141,318)
Balance at 30 June 2021	42,120	59,410	522,011	623,541

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED Six Months Ended 30.06.22 TT\$'000	UNAUDITED Six Months Ended 30.06.21 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	225,106	265,672
Adjustments for:		
Depreciation	7,168	6,374
Net decrease in retirement and other post-employment benefit obligations excluding actuarial losses	(8,574)	(4,662)
Interest income	(180)	(44)
Interest expense	90	110
Operating profit before working capital changes	223,610	267,450
Changes in working capital:		
(Increase)/Decrease in inventories	(6,938)	3,140
Increase in trade and other receivables	(13,628)	(60,865)
Decrease in trade and other payables	(5,130)	(14,419)
Decrease in due to parent company	-	(7,348)
Cash generated from operating activities	197,914	187,958
Interest paid	(90)	(110)
Taxation paid	(75,778)	(89,550)
Net cash from operating activities	122,046	98,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,129)	(647)
Interest received	180	44
Net cash used in investing activities	(11,949)	(603)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(165,020)	(141,451)
Lease payments	462	(982)
Net cash used in financing activities	(164,558)	(142,433)
Net decrease in cash and cash equivalents	(54,461)	(44,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	368,496	447,921
CASH AND CASH EQUIVALENTS AT END OF PERIOD	314,035	403,183
Represented by:		
Cash at bank and in hand	172,069	261,491
Short-term deposits	141,966	141,692
	314,035	403,183

NOTES TO THE SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 26 July 2022.

Note 2: Basis of Preparation

This summary financial information for the six-month period ended 30 June 2022, 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 summary interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, 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 2021, 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
Six months ended 30 June 2022				
Revenue	327,314	56,888	-	384,202
Gross Profit	270,506	8,705	-	279,211
Profit for the period includes:				
- Depreciation			(7,168)	(7,168)
Six months ended 30 June 2021				
Revenue	366,867	44,009	-	410,876
Gross Profit	315,869	3,826	-	319,695
Profit for the period includes:				
- Depreciation			(6,374)	(6,374)
Total Segment assets				
30 June 2022	154,165	54,672	585,792	794,629
30 June 2021	118,611	36,848	659,443	814,902
Total segment assets include additions to property, plant and equipment as follows:				
30 June 2022			12,129	12,129
30 June 2021			647	647

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.

Primary reporting format - geographical segment

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.

All the Company's non-current assets are located in Trinidad and Tobago. Revenues from two customers of the Company's Domestic segment represented approximately \$327,314,000 (2021: \$366,867,000) of the Company's total revenues. This consists of a 50% split between the two companies.

	30.06.22 TT\$'000	30.06.21 TT\$'000
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Note 5: Related Party Transactions

Sale of goods and services:

Sale of goods - related parties	56,888	44,009
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Purchase of goods and services:

Purchase of goods - related parties	28,455	21,503
Purchase of services - related parties	21,573	25,676
Purchase of services - parent company	8,796	10,306

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

Receivables from related parties	21,787	16,815
Payables to related parties	31,253	17,762

Key management compensation

Salaries and other short-term employee benefits	4,132	4,399
Post-retirement medical obligations	2	2
Post-retirement benefits	93	57

Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	1,363	18,513
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Note 7: Contingent Liabilities

Customs & immigration bonds	22,930	22,930
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Note 8: Dividends Paid On Ordinary Shares

Final dividend – prior year	176,904	192,067
Interim dividend	98,561	98,561
	275,465	290,628

An interim dividend of \$0.39 per share (2021: \$0.39 per share) was approved by the Board of Directors on 26 July 2022, and will be paid on 24 August 2022 to shareholders of record as at 05 August 2022. This interim dividend, amounting to \$98,560,800 (2021: \$98,560,800) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2022.