

# UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2016



## CHAIRMAN'S REVIEW

I am pleased to report that West Indian Tobacco has recorded Profit Before Taxation of \$138.6 million, for the three months ended 31 March 2016, representing an increase of 1.3% over the corresponding period in 2015. Profit After Taxation for the period is \$102.0 million, reflecting an increase of 3.9% over 2015.

The Board has accordingly approved the payment of a first interim dividend of \$1.00 per ordinary share payable on 31 May 2016 to shareholders of record at close of business on 10 May 2016. The Register of Shareholders will be closed on 11 and 12 May 2016 for the processing of transfers.

**Anthony E Phillip**  
Chairman  
27 April 2016

## CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31.03.16 TT\$'000	UNAUDITED 31.03.15 TT\$'000	AUDITED 31.12.15 TT\$'000
<b>Non-current Assets</b>			
Property, plant and equipment	193,134	205,511	196,625
Deferred income tax asset	3,022	1,234	3,663
	<u>196,156</u>	<u>206,745</u>	<u>200,288</u>
<b>Current Assets</b>			
Inventories	40,298	43,206	37,741
Trade and other receivables	100,264	117,984	78,682
Taxation recoverable	2,484	2,484	2,484
Cash and cash equivalents	378,177	294,883	286,778
	<u>521,223</u>	<u>458,557</u>	<u>405,685</u>
<b>Total Assets</b>	<b><u>717,379</u></b>	<b><u>665,302</u></b>	<b><u>605,973</u></b>
<b>Shareholders' Equity</b>			
Share capital	42,120	42,120	42,120
Revaluation surplus	48,706	49,475	48,893
Retained earnings	392,804	342,003	290,554
	<u>483,630</u>	<u>433,598</u>	<u>381,567</u>
<b>Non-current Liabilities</b>			
Retirement benefit obligation	84,557	86,897	83,369
Post-employment medical benefit obligation	5,429	5,571	5,472
	<u>89,986</u>	<u>92,468</u>	<u>88,841</u>
<b>Current Liabilities</b>			
Trade and other payables	116,536	89,004	102,043
Due to parent company	4,076	7,353	7,181
Dividends payable	21,299	42,879	23,447
Taxation payable	1,852	-	2,894
	<u>143,763</u>	<u>139,236</u>	<u>135,565</u>
<b>Total Liabilities</b>	<b><u>233,749</u></b>	<b><u>231,704</u></b>	<b><u>224,406</u></b>
<b>Total Equity and Liabilities</b>	<b><u>717,379</u></b>	<b><u>665,302</u></b>	<b><u>605,973</u></b>

**Anthony E Phillip**  
Chairman

**Jean-Pierre S Du Coudray**  
Managing Director

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.03.16 TT\$'000	UNAUDITED Three Months Ended 31.03.15 TT\$'000
<b>Gross Turnover *</b>	271,158	271,288
<b>Revenue</b>	<b>226,186</b>	<b>223,516</b>
Cost Of Sales	(53,341)	(51,658)
<b>Gross Profit</b>	<b>172,845</b>	<b>171,858</b>
Distribution Costs	(4,423)	(7,780)
Administrative Expenses	(16,296)	(20,628)
Other Operating Expenses	(13,546)	(6,648)
<b>Operating Profit</b>	<b>138,580</b>	<b>136,802</b>
Interest Income	-	2
<b>Profit Before Taxation</b>	<b>138,580</b>	<b>136,804</b>
Taxation	(36,534)	(38,559)
<b>Profit for the Period</b>	<b>102,046</b>	<b>98,245</b>
<b>Other Comprehensive Gain: Items that will not be reclassified to profit or loss</b>		
Remeasurement of retirement and post-employment benefit obligations	18	8
<b>Other Comprehensive Gain - net of tax</b>	18	8
<b>Total Comprehensive Income For The Period</b>	<b>102,064</b>	<b>98,253</b>
Earnings Per Ordinary Share	\$1.21	\$1.17
Dividends Per Ordinary Share	\$1.00	\$1.00

\* Gross Turnover includes excise of: three months ended 31.03.16 - \$44,972 and three months ended 31.03.15 - \$47,772 respectively.

## CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Three Months Ended 31.03.16 TT\$'000	UNAUDITED Three Months Ended 31.03.15 TT\$'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	138,580	136,804
Adjustments for:		
Depreciation	4,549	4,638
Profit on disposal of property, plant and equipment	-	(6)
Net increase in retirement and other post-employment benefit obligations excluding actuarial losses	1,145	1,227
Interest income	-	(2)
<b>Operating profit before working capital changes</b>	<b>144,274</b>	<b>142,661</b>
Changes in working capital:		
Increase in inventories	(2,557)	(1,438)
Increase in trade and other receivables	(21,582)	(70,627)
Increase in trade payables and accruals	2,093	3,153
Increase in due to related parties	20,761	9
Decrease in due to parent company	(3,105)	(4,312)
<b>Cash Generated From Operating Activities</b>	<b>139,884</b>	<b>69,446</b>
<b>Taxation Paid</b>	<b>(45,302)</b>	<b>(45,255)</b>
<b>Net Cash Generated From Operating Activities</b>	<b>94,582</b>	<b>24,191</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,035)	(591)
Proceeds from sale of property, plant and equipment	-	6
Interest received	-	2
<b>Net Cash Used In Investing Activities</b>	<b>(1,035)</b>	<b>(583)</b>
<b>Cash Flows Used In Financing Activity</b>		
Dividends paid	(2,148)	(992)
<b>Net Increase In Cash And Cash Equivalents</b>	<b>91,399</b>	<b>22,616</b>
<b>Cash and Cash Equivalents At Beginning Of Period</b>	<b>286,778</b>	<b>272,267</b>
<b>Cash and Cash Equivalents At End Of Period</b>	<b>378,177</b>	<b>294,883</b>
Cash at bank and in hand	378,175	294,881
Short-term deposits	2	2
	<b>378,177</b>	<b>294,883</b>

# UNAUDITED INTERIM RESULTS

FOR THE THREE MONTHS ENDED 31 MARCH 2016



## CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
<b>Unaudited Three Months Ended 31 March 2016</b>				
Balance at 1 January 2016	42,120	48,893	290,554	381,567
<u>Comprehensive Income</u>				
Profit for the year	–	–	102,045	102,045
<u>Other Comprehensive gain</u>				
Remeasurement of retirement and post-employment benefit obligations	–	–	18	18
Depreciation transfer on buildings – net of tax	–	(187)	187	–
<b>Balance at 31 March 2016</b>	<b>42,120</b>	<b>48,706</b>	<b>392,804</b>	<b>483,630</b>
<b>Unaudited Three Months Ended 31 March 2015</b>				
Balance at 1 January 2015	42,120	49,641	243,584	335,345
<u>Comprehensive Income</u>				
Profit for the year	–	–	98,245	98,245
<u>Other Comprehensive gain</u>				
Remeasurement of retirement and post-employment benefit obligations	–	–	8	8
Depreciation transfer on buildings – net of tax	–	(166)	166	–
<b>Balance at 31 March 2015</b>	<b>42,120</b>	<b>49,475</b>	<b>342,003</b>	<b>433,598</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 financial information was approved for issue on 27 April 2016

### Note 2: Basis of Preparation

This condensed consolidated financial information for the three-month period ended 31 March 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
<b>Three Months Ended 31 March 2016</b>				
Revenue	193,371	32,815	–	226,186
Gross Profit	171,455	1,390	–	172,845
Profit or loss for the Three Months includes:				
– Depreciation			(4,549)	(4,549)
– Taxation			(36,534)	(36,534)
<b>Three Months Ended 31 March 2015</b>				
Revenue	197,127	26,389	–	223,516
Gross Profit	170,533	1,325	–	171,858
Profit or loss for the Three Months includes:				
– Depreciation			(4,638)	(4,638)
– Taxation			(38,559)	(38,559)
<b>Total Segment assets</b>				
31 March 2016	99,139	41,423	576,817	717,379
31 March 2015	123,457	37,305	504,540	665,302
Total segment assets include additions to property, plant and equipment as follows:				
31 March 2016			1,035	1,035
31 March 2015			591	591

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.

	31.03.16 TT\$'000	31.03.15 TT\$'000
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### Note 5: Related Party Transactions

#### Sale of Goods and Services:

Sale of Goods – Related Parties	32,815	26,389
Sale of Services – Related Parties	–	–

#### Purchase of Goods and Services:

Purchase of Goods – Related Parties	11,060	17,681
Purchase of Services – Related Parties	9,342	7,574
Purchase of Services – Parent Company	22,463	14,238

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

Receivables from Related Parties	15,939	12,379
Payables to Related Parties	23,602	2,841
Payables to Parent Company	4,076	7,353

#### Key Management Compensation

Salaries and other short-term employee benefits	2,342	2,238
Post-retirement medical obligations	1	1
Post-retirement benefits	270	263

### Note 6: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	4,382	691
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### Note 7: Contingent Liabilities

Customs and Immigration Bonds	16,036	16,111
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### Note 8: Dividends Paid On Ordinary Shares

An interim dividend of \$1.00 per share (2015: \$1.00 per share) was approved by the Board of Directors on 27 April 2016 and will be paid to shareholders of record as at 10 May 2016 on the 31 May 2016. This interim dividend, amounting to \$84,240,000 (2014: \$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 2016.