# UNAUDITED INTERIM RESULTS

## FOR THE THREE MONTHS ENDED 31 MARCH 2020

WEST INDIAN TOBACCO

## 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 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 cognisant 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 first 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 | UNAUDITED 31.03.19 | AUDITED 31.12.19 |
|---|---|---|---|
| | TT$'000 | TT$'000 | 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 |
| | 258,994 | 261,526 | 261,779 |
| **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 |
| | 524,972 | 480,163 | 421,609 |
| **Total assets** | 783,966 | 741,689 | 683,388 |
| **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** | 556,599 | 513,713 | 451,254 |
| **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 |
| | 79,931 | 94,428 | 84,047 |
| **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 |
| | 147,436 | 133,548 | 148,087 |
| **Total liabilities** | 227,367 | 227,976 | 232,134 |
| **Total equity and liabilities** | 783,966 | 741,689 | 683,388 |

**Anthony E Phillip**
**Chairman**

**Laurent Meffre**
**Managing Director**

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | UNAUDITED Three Months Ended 31.03.20 | UNAUDITED Three Months Ended 31.03.19 |
|---|---|---|
| | TT$'000 | TT$'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 |
| | **104,916** | **100,038** |
| **Total comprehensive income attributable to:** | | |
| Controlling interest | 52,807 | 50,146 |
| Non-controlling interest | 52,538 | 49,890 |
| | **105,345** | **100,036** |
| Earnings per ordinary share | $0.42 | $0.40 |

## CONDENSED STATEMENT OF CASH FLOWS

| | UNAUDITED Three Months Ended 31.03.20 | UNAUDITED Three Months Ended 31.03.19 |
|---|---|---|
| | TT$'000 | TT$'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 |
| | **375,816** | **350,634** |

# UNAUDITED INTERIM RESULTS

## FOR THE THREE MONTHS ENDED 31 MARCH 2020

WEST INDIAN TOBACCO

### 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.

| | 31.03.20 | 31.03.19 |
|---|---|---|
| | TT$'000 | TT$'000 |
| **Note 6: Related Party Transactions** | | |
| **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 31March 2020 (2019: $69,919,200).