

# UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020



WEST INDIAN  
TOBACCO

## CHAIRMAN'S REVIEW

West Indian Tobacco has recorded Profit Before Taxation of \$277.8 million, for the six-month period ended 30 June 2020, representing a decline of \$23.1 million or 7.7% over the corresponding period in 2019. Profit for the period is \$193.6 million reflecting a decline of \$16.6 million or 7.9% over 2019.

These results reflect the impact of COVID-19 on the Business, in this period. The Company's Factory Operations were closed for the month of April and this negatively impacted exports to Jamaica, Guyana and other Caribbean Islands. Additionally, the Distribution of products in the domestic market was severely disrupted by the "stay at home" measures and the closure of the entertainment channels. Net Turnover fell by \$48.6 million or 10% versus the same period last year due to the reduction in Sales Volume.

Regarding the risks associated with the COVID-19 Global Pandemic, comprehensive measures were initiated to ensure the Health and Safety of Employees; including rostering, physical distancing and enhanced occupational hygiene rules. The Company has been in complete compliance with all public health regulations and supports the efforts of the Government of Trinidad and Tobago in managing this crisis. The resilience and commitment of our Executives and Staff must also be commended.

With the phased reopening of businesses, there were positive changes to our Route to Market processes which should continue to drive efficiencies and ensure our products are available to all our Customers.

Notwithstanding the continued uncertainty with COVID-19 and the challenging economic environment, the Board has approved the payment of an interim dividend of \$0.39 per ordinary share payable on 24 August 2020 to Shareholders on record at close of business on 05 August 2020. The Register of Shareholders will be closed on 06 and 07 August 2020 for the processing of transfers.

**Anthony E Phillip**  
Chairman  
24 July 2020

## CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.06.20 TT\$'000	UNAUDITED 30.06.19 TT\$'000	AUDITED 31.12.19 TT\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	247,717	246,130	248,485
Deferred income tax asset	12,603	19,845	13,294
	<u>260,320</u>	<u>265,975</u>	<u>261,779</u>
<b>Current assets</b>			
Inventories	44,604	34,337	36,627
Trade and other receivables	91,661	100,269	79,893
Taxation recoverable	4,940	7,189	5,071
Cash and cash equivalents	343,777	256,868	300,018
	<u>484,982</u>	<u>398,663</u>	<u>421,609</u>
<b>Total assets</b>	<u>745,302</u>	<u>664,638</u>	<u>683,388</u>
<b>EQUITY</b>			
Share capital	42,120	42,120	42,120
Revaluation surplus	60,361	61,312	60,836
Retained earnings	441,695	326,651	348,298
<b>Total equity</b>	<u>544,176</u>	<u>430,083</u>	<u>451,254</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability	38,201	39,881	40,281
Retirement benefit obligation	33,109	49,593	37,161
Post-employment medical benefit obligation	3,276	3,040	3,652
Lease Liabilities	1,289	-	2,953
	<u>75,875</u>	<u>92,514</u>	<u>84,047</u>
<b>Current liabilities</b>			
Trade and other payables	81,626	96,374	99,348
Due to parent company	2,614	3,698	7,345
Dividends payable	39,874	41,969	38,816
Taxation payable	-	-	1,953
Lease Liabilities	1,137	-	625
	<u>125,251</u>	<u>142,041</u>	<u>148,087</u>
<b>Total liabilities</b>	<u>201,126</u>	<u>234,555</u>	<u>232,134</u>
<b>Total equity and liabilities</b>	<u>745,302</u>	<u>664,638</u>	<u>683,388</u>

**Anthony E Phillip**  
Chairman

**Laurent Meffre**  
Managing Director

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.06.20 TT\$'000	UNAUDITED Three Months Ended 30.06.19 TT\$'000	UNAUDITED Six Months Ended 30.06.20 TT\$'000	UNAUDITED Six Months Ended 30.06.19 TT\$'000
<b>Revenue</b>	<b>188,650</b>	<b>242,944</b>	<b>421,435</b>	<b>470,006</b>
Cost of sales	(42,645)	(53,598)	(94,177)	(104,014)
<b>Gross profit</b>	<b>146,005</b>	<b>189,346</b>	<b>327,258</b>	<b>365,992</b>
Distribution costs	(1,621)	(722)	(4,122)	(6,355)
Administrative expenses	(14,735)	(24,398)	(34,929)	(40,015)
Other operating expenses	(2,971)	(8,982)	(11,235)	(20,059)
<b>Operating profit</b>	<b>126,678</b>	<b>155,244</b>	<b>276,972</b>	<b>299,563</b>
Finance income	390	849	1,042	1,627
Finance Costs	(88)	(260)	(181)	(260)
<b>Profit before taxation</b>	<b>126,980</b>	<b>155,833</b>	<b>277,833</b>	<b>300,930</b>
Taxation	(38,304)	(45,710)	(84,241)	(90,769)
<b>Profit for the period</b>	<b>88,676</b>	<b>110,123</b>	<b>193,592</b>	<b>210,161</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of retirement and post-employment benefit obligations - net of tax	(11)	(1)	418	(3)
<b>Other comprehensive income - net of tax</b>	<b>(11)</b>	<b>(1)</b>	<b>418</b>	<b>(3)</b>
<b>Total comprehensive income for the period</b>	<b>88,665</b>	<b>110,122</b>	<b>194,010</b>	<b>210,158</b>
<b>Profit attributable to:</b>				
Controlling interest	44,451	55,202	97,043	105,349
Non-controlling interest	44,225	54,921	96,549	104,812
	<u>88,676</u>	<u>110,123</u>	<u>193,592</u>	<u>210,161</u>
<b>Total comprehensive income attributable to:</b>				
Controlling interest	44,446	55,202	97,253	105,348
Non-controlling interest	44,219	54,920	96,757	104,810
	<u>88,665</u>	<u>110,122</u>	<u>194,010</u>	<u>210,158</u>
Earnings per ordinary share	\$0.35	\$0.44	\$0.77	\$0.83

## CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Six Months Ended 30.06.20 TT\$'000	UNAUDITED Six Months Ended 30.06.19 TT\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	277,833	300,930
Adjustments for:		
Depreciation	5,935	5,096
Loss on disposal of property, plant and equipment	13	355
Net (decrease) in retirement and other post-employment benefit obligations excluding actuarial losses	(4,460)	(3,526)
Interest income	(1,042)	(1,627)
Interest Expense	181	260
<b>Operating profit before working capital changes</b>	<b>278,460</b>	<b>301,488</b>
Changes in working capital:		
(Increase)/Decrease in inventories	(7,977)	14,371
(Increase) in trade and other receivables	(11,768)	(25,800)
(Decrease) in trade and other payables	(11,526)	(11,619)
(Decrease) in due to parent company	(4,731)	(56)
(Decrease) in Lease Liabilities	(1,152)	-
<b>Cash generated from operating activities</b>	<b>241,306</b>	<b>278,384</b>
Taxation paid	(93,198)	(101,950)
<b>Net cash from operating activities</b>	<b>148,108</b>	<b>176,434</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,180)	(13,329)
Interest received	1,042	1,627
Interest Expense	(181)	(260)
<b>Net cash used in investing activities</b>	<b>(4,319)</b>	<b>(11,962)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Dividends paid	(100,030)	(192,474)
<b>Net Cash Used In Financing Activities</b>	<b>(100,030)</b>	<b>(192,474)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>43,759</b>	<b>(28,002)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>300,018</b>	<b>284,870</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>343,777</b>	<b>256,868</b>
<b>Represented by:</b>		
Cash at bank and in hand	222,434	155,581
Short-term deposits	121,343	101,287
	<u>343,777</u>	<u>256,868</u>

# UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020



## 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 Six Months Ended 30 June 2020</b>				
Balance at 1 January 2020	42,120	60,836	348,298	451,254
<b>Comprehensive income</b>				
Profit for the year	-	-	193,592	193,592
<b>Other comprehensive income</b>				
Remeasurement of retirement and post-employment benefit obligations – net of tax	-	-	418	418
Depreciation transfer on buildings – net of tax	-	(475)	475	-
<b>Transactions with owners</b>				
Dividends	-	-	(101,088)	(101,088)
<b>Balance at 30 June 2020</b>	<b>42,120</b>	<b>60,361</b>	<b>441,695</b>	<b>544,176</b>
<b>Unaudited Six Months Ended 30 June 2019</b>				
Balance at 1 January 2019	42,120	61,786	309,771	413,677
<b>Comprehensive income</b>				
Profit for the year	-	-	210,161	210,161
<b>Other comprehensive income</b>				
Remeasurement of retirement and post-employment benefit obligations – net of tax	-	-	(3)	(3)
Depreciation transfer on buildings – net of tax	-	(474)	474	-
<b>Transactions with owners</b>				
Dividends	-	-	(193,752)	(193,752)
<b>Balance at 30 June 2019</b>	<b>42,120</b>	<b>61,312</b>	<b>326,651</b>	<b>430,083</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 24 July 2020.

### Note 2: Basis of Preparation

This condensed consolidated financial information for the six month period ended 30 June 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 TT\$'000	CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
<b>Six months ended 30 June 2020</b>				
Revenue	376,143	45,292	-	421,435
Gross Profit	320,163	7,095	-	327,258
Profit for the six months includes:				
- Depreciation			(5,935)	(5,935)
<b>Six months Ended 30 June 2019</b>				
Revenue	417,699	52,307	-	470,006
Gross Profit	360,178	5,814	-	365,992
Profit for the six months includes:				
- Depreciation			(5,096)	(5,096)
<b>Total Segment assets</b>				
30 June 2020	100,593	35,671	609,037	745,301
30 June 2019	99,978	34,627	530,032	664,637

Total segment assets include additions to property, plant and equipment as follows:

30 June 2020	5,180	5,180
30 June 2019	13,329	13,329

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 \$1.1 million) and right-of-use assets (\$4 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

	30.06.20 TT\$'000	30.06.19 TT\$'000
<b>Sale of Goods and Services:</b>		
Sale of Goods - Related Parties	45,292	52,307
<b>Purchase of Goods and Services:</b>		
Purchase of Goods - Related Parties	19,691	26,867
Purchase of Services - Related Parties	25,599	26,381
Purchase of Services - Parent Company	14,134	16,375
<b>Period end balances arising from sales/purchases of goods and services:</b>		
Receivables from Related Parties	17,631	17,534
Payables to Related Parties	17,112	20,887
Payables to Parent Company	2,614	3,697
<b>Key Management Compensation</b>		
Salaries and other short-term employee benefits	4,831	4,325
Post-retirement medical obligations	3	1
Post-retirement benefits	231	403

### Note 7: Capital Commitments

Authorised and contracted for, and not provided for in the financial statements	7,988	6,666
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### Note 8: Contingent Liabilities

Customs & Immigration Bonds	16,937	16,900
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### Note 9: Dividends Paid On Ordinary Shares

An interim dividend of \$0.39 per share (2019: \$0.39 per share) was approved by the Board of Directors on 24 July 2020 and will be paid to shareholders of record as at 05 Aug 2020 on 24 August 2020. This interim dividend, amounting to \$98,560,800 (2019: \$97,718,400) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2020. As a reminder, a final dividend of \$0.11 per ordinary share is proposed and once approved by shareholders at the Annual Meeting, which will be held at a date to be determined, the final 2019 dividend will be paid at a date to be determined.