WITCO
A BETTER TOMORROW

UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

CHAIRMAN'S REVIEW

West Indian Tobacco has recorded Profit Before Taxation of $265.7 million, for the six-month period ended 30th June 2021, representing a decline of $12 million or -4.4% over the corresponding period last year. Profit for the period is $187.4 million reflecting a decline of $6.1 million or 3.2% less than 2020.

These results continue to reflect the impact of COVID-19 on the business. The Company's Factory Operations were closed for the month of May and this negatively impacted Contract Manufacture and Exports to CARICOM Markets. Additionally, manufacturing and distribution of products in the Domestic Market were severely disrupted as a result of curfew and state of emergency measures enforced by the Government during the period, as they sought to manage the most severe effects of the pandemic on the population to date. Net Turnover reduced by $10.6 million or -2.5% versus the same period last year due to the reduction in Sales Volume.

In managing the ongoing risks associated with the COVID-19 Pandemic, the Company implemented new measures to ensure the health and safety of employees inclusive of daily antigen testing of all persons onsite, which is ongoing. Additionally, the Company took the opportunity to partake in the Government's 'Vaccinate to Operate' initiative which facilitated the vaccination of employees. The Company continues to comply 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 management and employees must be commended.

COVID-19 and the challenging economic environment continue to characterize the volatility of the Manufacturing Sector and require continuous assessment and innovation as we strive to meet Stakeholders' expectations.

The Board has approved the payment of an interim dividend of $0.39 per ordinary share payable on 30 August 2021 to Shareholders of record at close of business on 11 August 2021. The Register of Shareholders will be closed on 12 and 13 August 2021 for the processing of transfers.

Anthony E Phillip
Chairman
30 July 2021

CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.06.21	UNAUDITED 30.06.20	AUDITED 31.12.20
	TT$'000	TT$'000	TT$'000
ASSETS			
Non-current assets			
Property, plant and equipment	244,036	247,717	249,763
Deferred income tax asset	7,306	12,603	8,488
	251,342	260,320	258,251
Current assets			
Inventories	43,776	44,604	46,916
Trade and other receivables	111,683	91,661	50,818
Taxation recoverable	4,917	4,940	4,917
Cash and cash equivalents	403,184	343,777	447,921
	563,560	484,982	550,572
Total assets	**814,902**	**745,302**	**808,823**
EQUITY			
Share capital	42,120	42,120	42,120
Revaluation surplus	59,410	60,361	59,886
Retained earnings	522,011	441,695	475,456
Total equity	**623,541**	**544,176**	**577,462**
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	41,385	38,201	39,568
Retirement benefit obligation	14,506	33,109	18,902
Post-employment medical benefit obligation	5,030	3,276	5,232
Lease liabilities	497	1,289	858
	61,418	75,875	64,560
Current liabilities			
Trade and other payables	89,428	81,626	117,406
Due to parent company	-	2,614	7,348
Dividends payable	40,515	39,874	40,648
Taxation payable	-	-	778
Lease liabilities	-	1,137	621
	129,943	125,251	166,801
Total liabilities	**191,361**	**201,126**	**231,361**
Total equity and liabilities	**814,902**	**745,302**	**808,823**

Anthony E Phillip
Chairman

Laurent Meffre
Managing Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.06.21	UNAUDITED Three Months Ended 30.06.20	UNAUDITED Six Months Ended 30.06.21	UNAUDITED Six Months Ended 30.06.20
	TT$'000	TT$'000	TT$'000	TT$'000
Revenue	**211,207**	**188,650**	**410,876**	**421,435**
Cost of sales	(48,530)	(42,645)	(91,181)	(94,177)
Gross profit	**162,677**	**146,005**	**319,695**	**327,258**
Distribution costs	(1,162)	(1,621)	(4,390)	(4,122)
Administrative expenses	(20,350)	(14,735)	(36,018)	(34,929)
Other operating expenses	(4,312)	(2,971)	(13,549)	(11,235)
Operating profit	**136,853**	**126,678**	**265,738**	**276,972**
Finance income	20	390	44	1,042
Finance costs	(48)	(88)	(110)	(181)
Profit before taxation	**136,825**	**126,980**	**265,672**	**277,833**
Taxation	(40,809)	(38,304)	(78,230)	(84,241)
Profit for the period	**96,016**	**88,676**	**187,442**	**193,592**
Other comprehensive income: Items that will not be reclassified to profit or loss				
Re-measurement of retirement and post-employment benefit obligations - net of tax	(23)	(11)	(45)	418
Other comprehensive income - net of tax	**(23)**	**(11)**	**(45)**	**418**
Total comprehensive income for the period	**95,993**	**88,665**	**187,397**	**194,010**
Profit attributable to				
Controlling interest	48,131	44,451	93,961	97,043
Non-controlling interest	47,885	44,225	93,481	96,549
	96,016	**88,676**	**187,442**	**193,592**
Total comprehensive income attributable to:				
Controlling interest	48,119	44,446	93,938	97,253
Non-controlling interest	47,874	44,219	93,459	96,757
	95,993	**88,665**	**187,397**	**194,010**
Earnings per ordinary share	$0.38	$0.35	$0.74	$0.77

CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Six Months Ended 30.06.21	UNAUDITED Six Months Ended 30.06.20
	TT$'000	TT$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	265,672	277,833
Adjustments for:		
Depreciation	6,374	5,935
Loss on disposal of property, plant and equipment	-	13
Net decrease in retirement and other post-employment benefit obligations excluding actuarial losses	(4,662)	(4,460)
Interest income	(44)	(1,042)
Interest expense	110	181
Operating profit before working capital changes	267,450	278,460
Changes in working capital:		
Decrease / (increase) in inventories	3,140	(7,977)
Increase in trade and other receivables	(60,865)	(11,768)
Decrease in trade and other payables	(14,419)	(11,526)
Decrease in due to parent company	(7,348)	(4,731)
Decrease in lease liabilities	-	(1,152)
Cash generated from operating activities	187,958	241,306
Taxation paid	(89,550)	(93,198)
Net cash from operating activities	98,408	148,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(647)	(5,180)
Interest received	44	1,042
Interest expense	-	(181)
Net cash used in investing activities	(603)	(4,319)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(141,451)	(100,030)
Lease payment	(1,092)	-
Net cash used in financing activities	(142,543)	(100,030)
Net increase in cash & cash equivalents	(44,738)	43,759
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	447,921	300,018
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**403,183**	**343,777**
Represented by:		
Cash at bank and in hand	261,491	222,434
Short-term deposits	141,692	121,343
	403,183	**343,777**

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CONDENSED 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 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**
Unaudited six months ended 30 June 2020				
Balance at 1 January 2020	42,120	60,836	348,298	451,254
Comprehensive income				
Profit for the period	-	-	193,592	193,592
Other comprehensive income				
Re-measurement of retirement and post-employment benefit obligations - net of tax	-	-	418	418
Depreciation transfer on buildings - net of tax	-	(475)	475	-
Transactions with owners				
Dividends	-	-	(101,088)	(101,088)
Balance at 30 June 2020	**42,120**	**60,361**	**441,695**	**544,176**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 30 July 2021.

Note 2: Basis of Preparation

This condensed consolidated financial information for the six month period ended 30 June 2021, 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 2020, 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 2020, as described in those annual financial statements with the exception of taxes on income in the interim periods, which 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
Six months ended 30 June 2021				
Revenue	366,867	44,009	-	410,876
Gross profit	315,869	3,825	-	319,694
Profit for the six months includes:				
- depreciation	-		(6,374)	(6,374)
Six months ended 30 June 2020				
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)
Total Segment assets				
30 June 2021	118,611	36,848	659,443	814,902
30 June 2020	100,593	35,671	609,037	745,301
Total segment assets include additions to property, plant and equipment as follows:				
30 June 2021			647	647
30 June 2020			5,180	5,180

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 Company has several transactions and relationships with related parties as defined by IAS 24 Related Party Disclosures, all of which are undertaken in the normal course of business.

These transactions include the sale and purchase of manufactured cigarettes and raw materials and charges for Royalties, Services and Fees. The recharges of services include reimbursement for shared employee costs and writeoffs relating to contract manufacturing.

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.

	30.06.21	30.06.20
	TT$'000	TT$'000
Note 5: Related Party Transactions		
Sale of goods and services:		
Sale of goods - related parties	44,009	45,292
Purchase of goods and services:		
Purchase of goods - related parties	21,503	19,691
Purchase of services - related parties	25,676	25,599
Purchase of services - parent company	10,306	14,134
Period end balances arising from sales/purchases of goods and services:		
Receivables from related parties	16,815	17,631
Payables to related parties	17,762	17,112
Payables to parent company	-	2,614
Key management compensation		
Salaries and other short-term employee benefits	4,399	4,831
Post-retirement medical obligations	2	3
Post-retirement benefits	57	231
Note 6: Capital Commitments		
Authorised and contracted for, and not provided for in the financial statements	18,513	7,988
Note 7: Contingent Liabilities		
Customs & immigration bonds	22,930	16,937

Note 8: Dividends Paid On Ordinary Shares

An interim dividend of $0.39 per share (2020: $0.39 per share) was approved by the Board of Directors on 30 July 2021 and will be paid on 30 August 2021 to Shareholders of record as at 11 August 2021. This interim dividend, amounting to $98,560,800 (2020: $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 2021.