West Indian Tobacco

Annual Report 2010

Our New Reality – New Opportunities

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QR to the New Reality

As the thematic device of this Report, we have chosen the quick response (QR) code of the Company. A QR code is a highly artistic pattern that is the DNA of an organisation, an identifier of who we are, and to us it represents both evolution and identity. These factors are key to how in changing circumstances a strong yet adaptable brand not only allows change but also overcomes industry upheaval and grasps fresh opportunities.

Changes to our business have required us to evolve. How do we operate? How do we market? What tools do we use? Who are we as an organisation? West Indian Tobacco has answered all these questions.

We seek to ensure the continued success of our Company, benefits to all our stakeholders, the enjoyment of our customers and the well-being of the communities in which we operate. In 2010 we embraced the changes that came upon our industry, finding new ways to conduct our business and using new tools to define our organisation. In this Annual Report we inform our shareholders how we have adapted to the new challenges.

The QR code is used prominently on the cover, combined with our purple colour, a signifier for winning, innovation and creativity.

Our Mission

To sustain our market leadership in Trinidad and Tobago and to be the number one manufacturing centre in the Caribbean Area.

Business Principles

Our Business Principles were launched in September 2004 and aim to cover all the issues which we must balance across the business. These three Principles guide our standards of conduct and are supported by a number of Core Beliefs covering the key issues which we believe underpin corporate social responsibility for our Company.

The Principle of Mutual Benefit

This Principle is the basis on which we build relationships with our stakeholders. We are primarily in business to build long-term shareholder value and we believe the best way to do this is to seek to understand and take account of the needs of all our stakeholders.

The Principle of Responsible Product Stewardship

This Principle is the basis on which we meet consumer demand for a legal product that is generally accepted as a cause of serious diseases. Therefore, our products and brands should be developed, manufactured and marketed in a responsible manner.

The Principle of Good Corporate Conduct

This Principle is the basis on which all of our business should be managed. Business success brings with it an obligation for high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

Contents

Corporate Information

BOARD OF DIRECTORS

Anthony E Phillip, Chairman
Jean-Pierre S du Coudray, Managing Director
Amanda J Cavill de Zavaley
Danielle F Chow
Ranjit R Jeewan
Ingrid L-A Lashley
Nirala N Singh
Sheldon J Taitt

AUDIT COMMITTEE

Ingrid L-A Lashley, Chairman
Ranjit R Jeewan
Anthony E Phillip

SECRETARY AND REGISTERED OFFICE

Danielle F Chow

Corner Eastern Main Road &
Mount D'Or Road
Champs Fleurs
Trinidad

REGISTRAR AND TRANSFER OFFICE

RBTT Trust Limited
55 Independence Square
Port of Spain

ATTORNEYS AT LAW & NOTARY PUBLIC

Fitzwilliam Stone Furness-Smith & Morgan
48-50 Sackville Street
Port of Spain

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11-13 Victoria Avenue
Port of Spain

BANKERS

Republic Bank Limited
59 Independence Square
Port of Spain

RBTT Bank Limited
55 Independence Square
Port of Spain

Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain

Scotiabank Trinidad and Tobago Limited
56-58 Richmond Street
Port of Spain

Notice of Annual Meeting

Notice is hereby given that the ONE HUNDRED AND SIXTH ANNUAL MEETING OF SHAREHOLDERS OF THE WEST INDIAN TOBACCO COMPANY LIMITED ("the Company") will be held at The Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 31 March 2011 at 10.30 a.m. for the following purposes:

A ORDINARY BUSINESS

1 To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.

2 To declare a Final Dividend for the financial year ended 31 December 2010.

3 To re-elect Ms Ingrid L-A Lashley, who retires in accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No. 1 for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5.

4 To re-elect Mr Sheldon J Taitt, who retires in accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No. 1 for a term from the date of his election until the close of the third Annual Meeting of the Company following his election or until his retirement in accordance with paragraph 4.7:5

5 To re-elect Mr Anthony E Phillip, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 for a term from the date of his election until the close of the next Annual Meeting.

6 To re-elect Mr Ranjit R Jeewan, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 for a term from the date of his election until the close of the next Annual Meeting.

7 To elect Mrs Nirala N Singh as a Director of the Company in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5.

8 To elect Mrs Amanda J Cavill de Zavaley as a Director of the Company in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5.

9 To appoint Messrs PricewaterhouseCoopers as Auditors of the Company to hold office until the close of the next Annual Meeting.

B SPECIAL BUSINESS

10 To consider and, if thought fit, pass the following Ordinary Resolution to increase the remuneration and fees of Non-Executive Directors:

"That pursuant to paragraph 7 of Bye law No. 1 of the Company, the following adjustments shall be made to the remuneration and fees of Directors who are non executive (being Directors who are neither employees of the Company nor employees of British American Tobacco or any of its affiliates) with effect from 1 April 2011:

(a) the monthly remuneration, an increase from
- i. $4,400 to $8,000 for a Chairman
- ii. $4,400 to $5,000 for a Director

(b) the Board of Directors' Meetings, an increase from
- i. $2,500 to $5,000 for a Chairman
- ii. $1,500 to $3,000 for a Director

for each Board of Directors' Meeting attended

(c) the Committee Meetings, an increase from
- i. $1,500 to $4,000 for a Chairman
- ii. $1,500 to $3,000 for a Director

for each Committee Meeting attended.

C To transact any other business as may properly be brought before the meeting.

BY ORDER OF THE BOARD

Danielle F Chow
Secretary

Corner Eastern Main Road and Mount D'Or Road
Champs Fleurs
TRINIDAD

Date: 18 February 2011

NOTES:

1 No material service contracts were entered into between the Company and any of its Directors.

2 The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Ch. 81:01 the statutory record date applies. Only shareholders of record at the close of business on Thursday 17 February 2011, the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting.

3 A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint a proxy or one or more alternate proxies to attend and act at the Meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy. A proxy need not be a shareholder. All Proxy Forms should be completed and deposited with the Secretary of the Company at the Registered Office of the Company at least 48 hours before the time appointed for the Annual Meeting.

4 A shareholder who is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at the Annual Meeting.

Chairman's Statement

Anthony E Phillip – Chairman

During 2010, the advent of new tobacco control measures and continued sluggish economic activity posed major challenges to West Indian Tobacco. The Company, however, continued to perform well, with a resulting Profit Before Tax of $371.9 million, which represents an increase of 5.5% over 2009. Profit After Taxation of $267.8 million reflects an increase of 3.5% over 2009. The Board of Directors has already approved the payment of three interim dividends totalling $2.23 per share which, together with the proposed final dividend of $0.61 per share, will bring the total dividends payable for 2010 to $2.84 per ordinary share.

It has been reported that the economy contracted by 0.9% (year-on-year) in the second quarter 2010, however there was a slight improvement in the last quarter. This second quarter decline was the result of slower growth in the energy sector and a continuing decreasing trend in non-energy output. Construction, manufacturing, agriculture and distribution were the main non-energy sectors that exhibited lingering weaknesses into mid-2010. During the first quarter of the year, a sharp rise in the unemployment rate was recorded. Headline inflation surged into double digits for most of the year but has been projected to end 2010 at

10%. A sustained domestic economic recovery remains elusive despite a modest fiscal stimulus, an accommodating monetary policy and evidence of an evolving global turnaround.

The Company was not insulated from these developments as well as those in the international and regional markets and therefore had to grapple with rising costs for raw materials, declining demand from the CARICOM markets, and in our own economy, weaker demand. A sustained domestic economic recovery remains a crucial element in ensuring business recovery and stimulation within our market as well as the key sectors of the Trinidad and Tobago economy.

In 2010, the Tobacco Industry was also faced with increased regulation with the enactment of the Tobacco Control Act, 2009, and its part-proclamation on 17 February 2010. The sections of the Act which were brought into effect are largely focused on the prohibitions against smokers and retailers as well as the creation of the required structure to administer key aspects of the legislation. The restrictions to the display of tobacco products, public place smoking and tobacco advertising and tobacco promotion, in particular, required immediate adjustment to our trade marketing and distribution operations as well as the habits of our consumers.

As compliance with the law is the cornerstone to good corporate governance, West Indian Tobacco immediately implemented plans to ensure that our business partners and customers were informed of the new requirements, whilst providing support and advice, as required, to achieve a smooth transition to this New Reality.

The Company's commitment over many years to self-regulation, which was manifested in the strict adherence to the Tobacco International Marketing Standards, has laid the foundation for our New Reality. This has enabled us to adapt readily, yielding positive results in challenging times. In addition, West Indian Tobacco as a member of the British American Tobacco Group (the second largest listed tobacco group in the world) had access to international expertise for a smooth and steady transition since several international Group Companies had already adjusted their business operations to the requirements of tobacco control legislation.

While the first phase of the Act has been proclaimed, we await the development of Regulations for those sections relating to cigarette dispensers, licences, reporting requirements, and places for the sale of tobacco, and will seek consultation for this phase of the process. We believe that as manufacturers and marketers of cigarettes, we are knowledgeable about the product's design, manufacture, distribution and sale and we are willing to work with regulators to provide measures that are in the best interest of all stakeholders. We have always advocated effective and orderly regulation of the tobacco market, while recognising that the absence of this leads to illicit trade which harms our business and increases the likelihood of under-age access.

The Company recognises that it is faced with a New Reality, however, it is well positioned to embrace any opportunities presented and mitigate inevitable risks. We have confidence in our strategies and expect that the business will continue to deliver increased Shareholder Value and benefit Key Stakeholders.

Finally, I wish to record the Company's sincerest appreciation for the contributions of former Directors, Messrs Leonardo Morales and Miguel Lopez, who have resigned from the Board of Directors following their transfers to other British American Tobacco affiliates. I am also very pleased to welcome to the Board Mrs Nirala Singh, Finance Director, West Indian Tobacco and Mrs Amanda Cavill de Zavaley, Area Head of Finance for British American Tobacco operations in the Caribbean and Central America.

ANTHONY E PHILLIP
Chairman

18 February 2011

Management Discussion and Analysis

Jean-Pierre S Du Coudray – Managing Director

The year 2010 was a challenging one for the business on several fronts and yet still, in this environment, new opportunities were spawned.

These challenges related largely to worldwide economic developments, industry opportunities, a smarter technological and more environmentally sensitive business environment, all factors which began to reshape our world more significantly. At the same time locally, the Tobacco Control Act 2009 was enacted and the landscape of our operation changed. The issue is not really that of new technology, new rules or a new approach, but is the issue of the redefinition of the possible. This is Our New Reality.

A priority for the Company in this New Reality continues to be the balancing of our commercial objectives with the expectations of a broad range of stakeholders to ensure a sustainable business. This, together with our commitment to responsible behaviour, is an integral part of our framework of operation which addresses key business-related social, environmental and economic impacts in ways that aim to build value for all our stakeholders, including shareholders.

PERFORMANCE AND STRATEGY

We seek to deliver our vision of leadership by maintaining market leadership within Trinidad and Tobago, and at the same time being the number one manufacturing centre of tobacco products in the Caribbean. Our strategy is based on the fundamentals of growth, productivity, responsibility and building a winning organisation. We engender productivity, through effective and efficient deployment of our resources to increase profits and allow for growth in shareholder value; responsibility, by balancing our commercial objectives with the expectations of a broad range of stakeholders, thus building a sustainable business; and a winning organisation, by ensuring we have the right people and the right work environment to deliver our vision.

REVENUES

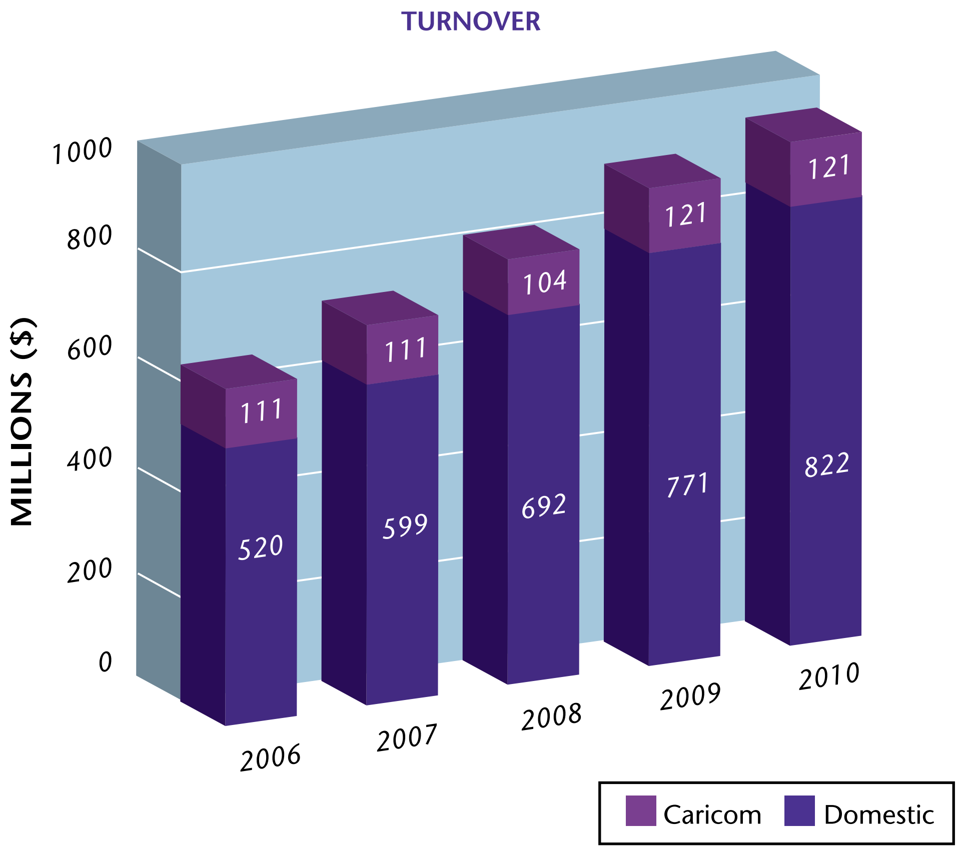
In 2010, the Company recorded a Turnover of $942.5 million, a growth of 6% over 2009, which was as a result of an improved sales performance. This was largely driven by the Company's diversified portfolio, which includes the Dunhill, Vogue, du Maurier and Broadway family of brands where volume in the premium category grew by 6% consistent with our overall vision to offer more value to the consumer. Total sales volume fell by 3%; however, we continue to grow the value of our business through innovation and the strength of our diversified portfolio.

COST OF SALES AND OVERHEADS

Cost of Sales decreased by 3% to $165.4 million, primarily driven by volume reduction. Total overheads amounted to $163.5 million, which

FINANCIAL HIGHLIGHTS

	TT$ Millions			TT$	
Gross Turnover	942.5	+6%	Profit Before Taxation	371.9	+5%
Revenue	700.6	+5%			
			Total Comprehensive Income	249.9	+1%
Total Expenses	163.5	+14%	Earnings per share	3.18	+4%
Operating Profit	371.6	+6%	Dividends per share	2.84	-7%



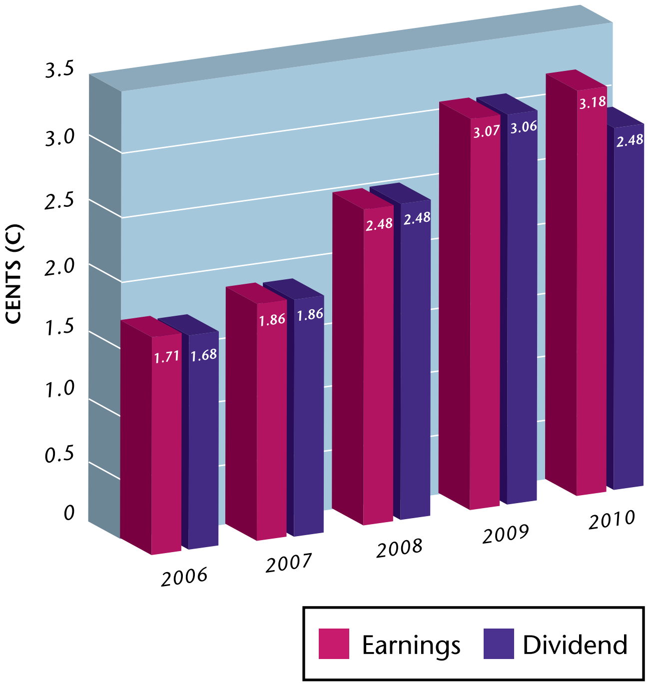
is an increase of 14% over the prior year and reflected an increase in costs of inputs to the manufacturing process as well as an increase in the cost of technical and advisory services accessed from British American Tobacco Group companies. These services are key in supporting our continued good performance, especially in the current environment. Despite these increases, and in line with our productivity objectives, we continuously and rigorously review overhead expense categories. As a result we have been able to harness efficiencies and hence deliver savings in several cost areas without compromising the sustainability of the business.

PROFIT AND TOTAL COMPREHENSIVE INCOME

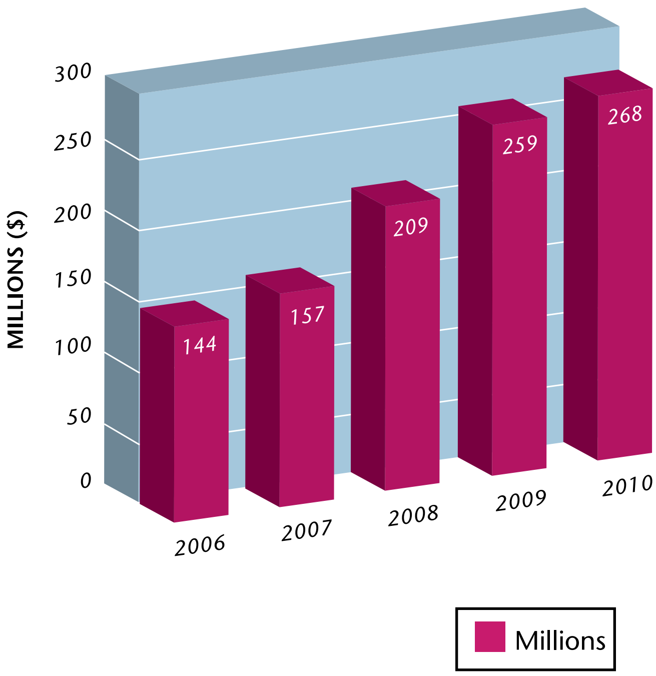
Profit Before Taxation ended at $371.9 million which represents an increase of 5.5% over the corresponding period in 2009. This profit growth is a direct result of our performance of our robust portfolio, and continued focus on key drivers.

Total Comprehensive Income increased by 1%. This was as a result of the Company's alignment to international practice with respect to the International Accounting Standard (IAS) #19 "Employee Benefits", which was effected on 1 January 2010 and included

EARNINGS/DIVIDEND PER ORDINARY SHARE



PROFIT AFTER TAXATION

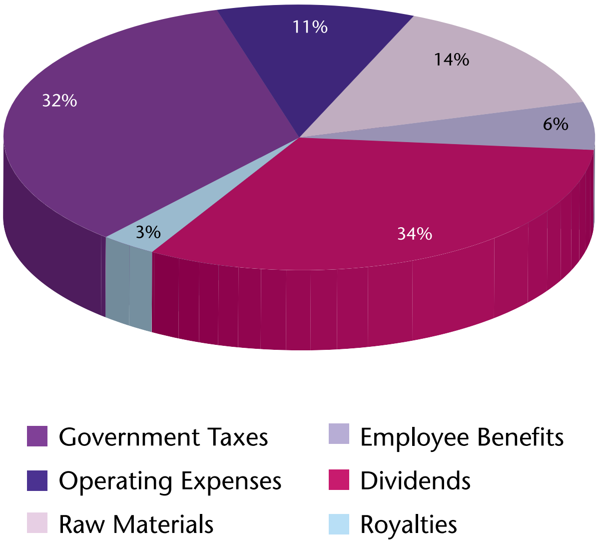


a new approach to its accounting methodology. All actuarial gains and losses are now immediately recognised in Other Comprehensive Income in the period in which they occur. The Financial Statements, including the Statement of Financial Position, have now been restated and includes the full amount of these actuarial gains and losses in Revenue Reserves.

CASH FLOWS

Cash Flows generated from operations declined by $39.5 million to end the year at $277.3 million. There was growth in underlying operating performance but this was partially offset by the timing of working capital movements. The net cash position also declined by $61 million, largely driven by a change in dividend payment procedure in 2010. This resulted in a larger percentage of realised profits being distributed earlier during the year through three interim dividend payments and the final dividend, this year and in the future, representing a lower percentage of the total dividends paid. In keeping with this new procedure and subject to final approval by shareholders, a final dividend

INCOME DISTRIBUTION



payment of 61 cents per share will be paid. This will result in total dividend payments of $2.84 for 2010.

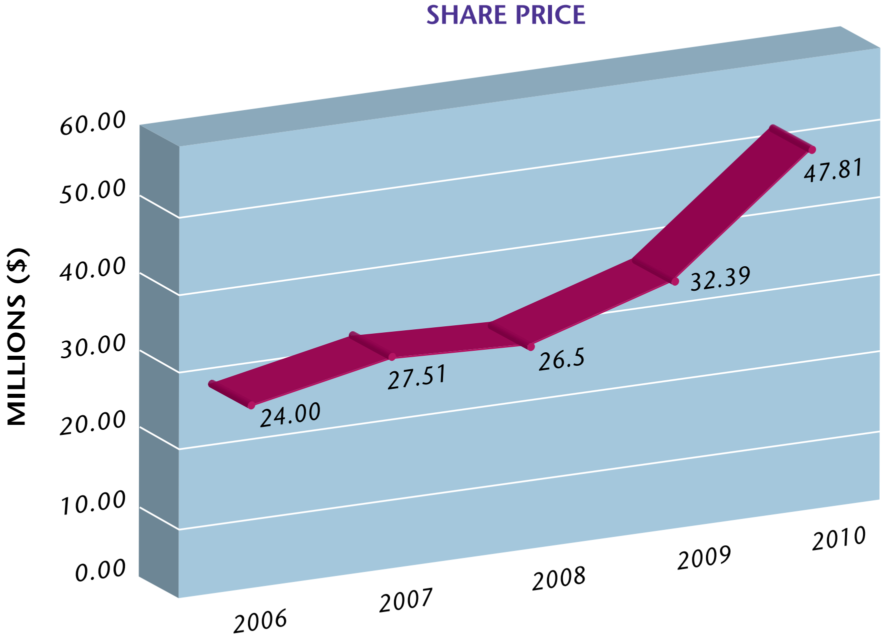
GROWTH

We are consistently in pursuit of a goal to develop the best portfolio to meet the needs of our discerning consumer, and in 2010 this was no different.

Du Maurier remained the leading brand in the portfolio, delivering a continued strong performance. Portfolio enhancements were offered to adult consumers in 2010 which included du Maurier – Blue and Green variants and Vogue – Menthe and Bleu variants. At the same time, Broadway was the brand of choice for those consumers seeking a more affordable option. Our consumers indicated their preferences and the Pall Mall brand was delisted in August 2010.

Dunhill continued to set the standard for premium and high quality brand performance, and the expansion of its range with the launch of Dunhill Fine Cut Menthol in May 2010 reinforced this position. In October, packaging innovation was added to all Fine Cut packs in the form of a "Reloc" mechanism to reinforce the product

SHARE PRICE



quality. This innovation has continued the process of strengthening the brand's equity and loyalty of its franchise.

Whilst the Tobacco Control Act 2009, as proclaimed in 2010, has changed the landscape for the sale and marketing of tobacco products in Trinidad and Tobago, we are fortunate that the Company's marketing efforts were already substantially aligned with the law through our early and voluntary adoption of International Marketing Standards (IMS). Our focus, therefore, was in changing our processes and supporting our trade, employees and other business partners in transitioning in this new legislative environment. Our brands have remained strong and our consumers loyal, despite the challenges.

This new way of marketing has brought the Company back to the fundamentals of brand marketing where product brand communication is primarily based on one-to-one permission marketing to adult smokers in much more focused, narrower channels. This approach ensures strict standards for age verification, where verified adult consumers have specifically requested or consented to receiving factual or brand preference information through direct mailing or signage in age-controlled venues. Displays of our product are allowed but in restricted circumstances and only in a dispenser provided by the manufacturer. A dispenser which, of itself, while being available to indicate availability of the product, will not be used for the promotion or advertising of product.

Our Trade Marketing and Distribution capabilities continue to be strengthened through additional resources and the implementation of new tools and systems to drive efficiency and effectiveness. This facilitated increased distribution efficiencies and, therefore, an improved service level to our customers, while supporting the achievement of our overall marketing strategy.

Total Production volumes declined in 2010 by 2.2% when compared to 2009 largely as a result of the economic circumstances in our export markets. We continue to work with our business partners to determine the needs and the right portfolio for these markets.

PRODUCTIVITY

We continually seek to increase the productivity of our business and are always on a drive for initiatives that lend themselves to productivity savings. Our focus is on smart cost management, marketing efficiency and capital effectiveness. This includes reducing unnecessary complexity to save costs and using available resources more efficiently and effectively. All of these savings which are generated are a source of operating profit growth and revenue for potential reinvestment in the business.

In 2009, the Company introduced Systems, Applications and Products (SAP), which now provides a significantly improved reporting tool that has integrated aspects of the operation. This also facilitates a comprehensive set of integrated, cross-functional business processes to enhance the way we operate and enables the delivery of even more sustainable, stretching results in the future. The knowledge base and understanding of the system capabilities were consolidated in 2010 and was supported with the introduction of the SAP Utilisation and Academy Portal – a single, central repository for all tools and resources.

With a strong and concentrated focus on meeting the needs of our customers and consumers, an additional cigarette-making machine was installed in the factory operations. This has now given the factory the required capability and flexibility to meet the demands of an innovative and challenging marketing portfolio strategy.

The Company has also invested in other machinery upgrades throughout the manufacturing process, to ensure consistent benchmark quality performance. The infrastructure was enhanced with the development of two key Web-based systems which will optimise the forecasting, shipping, ordering and production planning processes, to improve service delivery to our twenty-two export markets.

An integrated Environmental, Health and Safety Management System continues as a key Company focus in alignment with the applicable regulatory authorities and with awareness programmes for safe working practices and accident reduction. In 2010, we attained the enviable achievement of working more than one continuous year without any lost workday cases.

As a responsible Company we aim to reduce our carbon footprint and seek to achieve this through activities that include energy conservation programmes, investment in energy efficient equipment and processes at our factory, water and air protection; afforestation; and the minimisation of waste and recycling activites. In addition, in our continuing drive to reduce our carbon footprint, the employees completed two tree maintenance activities for trees previously planted in 2009 while 8,100 new trees were planted in 2010.

WINNING ORGANISATION

Ensuring we have the right people and the right work environment to deliver our vision remains a key factor in our strategy. Continuous active listening to our employees' concerns remains a primary focus, and in 2010 our biennial international Employee Opinion Survey was conducted in which employees voiced their views on a series of key organisational success indicators. Employee participation was a record 97% and their feedback is incorporated in future plans for the Company.

The Company continued to deploy a Career Planning initiative for managerial staff; Team Leaders Development Workshop; and revalidated succession planning for business critical roles. It also continued to focus on people with the completion of the second phase of a change management programme for all employees within Operations. This journey is a critical component for building a performance-driven organisational culture, which is essential in ensuring a consistent, reliable and sustainable manufacturing operation in the face of increasing regional and global competitiveness.

Our collaborative relationship with the employees' union, the Seamen and Waterfront Workers' Trade Union (SWWTU), continues to be mutually rewarding. We extend our thanks to the union for their continued partnership and suport.

RESPONSIBILITY

Our philosophy as a tobacco Company acknowledges that if a business is managing products that pose health risks, it is all the more important that it does so responsibly. The Company, continuing a theme established in 2000, introduced a revamped Youth Smoking Prevention Communication Programme in keeping with our position that minors should not have access to tobacco products. In addition, in line with our Courtesy of Choice Programme and working with our Trade Marketing Department, we have collaborated with our business partners to create a significant number of new comfortable outdoor spaces where our consumers have been enjoying our products.

We believe that business has a key role to play in helping societies to achieve the necessary sustainable balance of economic growth, environmental protection and social progress – and that partnerships among governments, civil society and business are vital for progress. In that light, we continue to recognise the role of our business as a corporate citizen and the Company continues to support local communities and charitable projects. In addition, we support the development and creativity of the national musical instrument as well as empowerment programmes for steelband members as a means of bringing value to this community.

We endorse balanced tobacco legislation that can help reduce the impact of tobacco use on public health, while ensuring that adult consumers can continue to make informed choices. We therefore seek to contribute information, ideas and practical steps to Government and regulators to address the key issues surrounding our product – under-age access, illicit trade, product information, product safety and involuntary exposure to smoke – while maintaining a competitive market that accommodates the significant percentage of local adults who choose to be tobacco consumers.

Moving forward in this environment, we propose the achievement of a "win-win-win" scenario of all stakeholders. The key to such a future is reasonable co-operation.

LOOKING AHEAD

Despite challenging times, 2010 was a successful year for the employees and stakeholders of West Indian Tobacco. The Company's strong performance reflected a smooth transition to Our New Reality, which presented New Opportunities which were readily embraced by the team. That approach has delivered growth and continues to build shareholder value.

With all of these changes, some fundamentals, however, remained the same and our stakeholders can be assured that neither the philosophy nor the core values of the Company have changed. We continue to support responsible product stewardship, where our brands are developed, manufactured and marketed in a responsbile manner; the principle of mutual benefit for all our stakeholders and the principle of good corporate conduct which ensures the highest standards of behaviour in everything we do.

I wish to conclude by saying that we are moving forward with momentum as a well-established, successful Company with a winning strategy, a driven management team and committed employees. It is to the great credit of all our people that West Indian Tobacco continues to thrive. I take this opportunity to thank all our employees for their energy and hard work.

JEAN-PIERRE S DU COUDRAY
Managing Director

Feb 18, 2011

Board of Directors

Our strategy is based on the fundamentals of growth, productivity, responsibility and building a winning organisation.

Anthony E Phillip
Chairman

Jean-Pierre S du Coudray
Managing Director

Nirala N Singh
Executive Director

Danielle F Chow
Executive Director

Sheldon J Taitt
Executive Director

Ingrid L-A Lashley
Non-Executive Director

Ranjit R Jeewan
Non-Executive Director

Amanda Cavill
Non-Executive Director

Directors' Report

The Directors have pleasure in submitting their report and the Audited Financial Statements for the year ended 31 December 2010.

FINANCIAL HIGHLIGHTS

		$'000	$'000
Gross Turnover			942,516
-including excise of			241,907
Revenue			700,609
Cost Of Sales			(165,422)
Gross Profit			**535,187**
Distribution Costs			(14,047)
Administrative Expenses			(87,296)
Other Operating Expenses			(65,983)
Other Income			3,774
Operating Profit			**371,635**
Interest Income			242
Profit Before Taxation			371,877
Taxation			(104,095)
Profit for the year			**267,782**
Other Comprehensive Income			
-Actuarial gains/(losses) on Pension and Other post Retirement Benefits			(17,859)
Total Comprehensive Income for the year			**249,923**
Dividends			$2.84
Interim - 1st	- 37¢ per ordinary share paid on 20 May 2010	31,169	
Interim - 2nd	- 57¢ per ordinary share paid on 26 August 2010	48,017	
Interim - 3rd	- 129¢ per ordinary share paid on 25 November 2010	108,670	
Proposed Final	- 61¢ per ordinary share to be paid on 28 April 2011	51,386	
			(239,242)
Retained Earnings transferred to Revenue Reserves			**10,681**

DIRECTORS, SENIOR OFFICERS, CONNECTED PERSONS & SUBSTANTIAL INTERESTS/LARGEST HOLDERS

In accordance with the requirements of our Listing agreement with The Trinidad and Tobago Stock Exchange Limited ("the TTSE") and Rule 601 of the Rules of the TTSE, we record hereunder details of the beneficial interest of each Director and Officer, together with their connected persons, in the share capital of the Company as at the end of the Company's financial year 31 December 2010.

DIRECTORS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
Mr Anthony E Phillip	NIL	NIL
Mr Jean-Pierre S du Coudray	14,219	NIL
Mrs Amanda J Cavill de Zavaley	NIL	NIL
Mrs Danielle F Chow	NIL	NIL
Mr Ranjit R Jeewan	28,000	NIL
Ms Ingrid L-A Lashley	NIL	NIL
Mrs Nirala N Singh	NIL	NIL
Mr Sheldon J Taitt	NIL	NIL

There are no other interests held by the Directors. There has been no change in the interests of Directors or connected persons of Directors between the end of the Company's financial year and January 31, 2011, the latter being a date not more than one (1) month prior to the date of the notice convening the Company's Annual Meeting.

SENIOR OFFICERS	**ORDINARY SHARES**	**NO. OF SHARES HELD BY CONNECTED PERSONS**
Mr Jean-Pierre S du Coudray	14,219	NIL
Mrs Danielle F Chow	NIL	NIL
Mrs Cassandra Patrovani-Sylvester	NIL	NIL
Mrs Nirala N Singh	NIL	NIL
Mr Sheldon J Taitt	NIL	NIL

SUBSTANTIAL INTEREST/LARGEST HOLDERS

In accordance with the requirements of our Listing agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below those persons holding the ten (10) largest block of shares in the Company as at 31 December 2010 and as at 31 January 2011, being a date not more than one month prior to the date of the notice convening the Company's Annual Meeting.

The Trinidad and Tobago Central Depository holds the legal interest in shares for and on behalf of several beneficial owners totalling 35,147,357 as at 31 December 2010 and 35,156,983 as at 31 January 2011.

	Total Shares Held As at 31 December 2010	**Total Shares Held As at 31 January 2011**
British American Tobacco Investments Limited	42,227,652	42,227,652
Home Mortgage Bank	6,455,461	6,455,461
Republic Bank Limited – All Accounts	5,798,979	5,827,441
RBTT Trust Limited – All Accounts	5,502,502	5,503,861
Colonial Life Insurance Co. (Trinidad) Limited	4,535,878	4,535,878
Trintrust Limited	2,184,530	2,184,530
First Citizens Trust and Asset Management	2,103,479	2,103,479
Tatil Life Assurance – All Accounts	1,698,865	1,698,865
National Insurance Board	1,009,906	1,009,906
T Geddes Grant – All Accounts	780,000	780,000

DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACT

At no time during the current financial year has any Director been a party to a material contract with the Company, or was materially interested in a contract or in a party to a material contract which was significant in relation to the Company's business

DIRECTORS

In accordance with Paragraph 4.7:5 of the Bye-Law No. 1 of the Company, Ms Ingrid L-A Lashley and Mr Sheldon J Taitt retire from the Board of Directors and, being eligible, offer themselves for re-election.

In accordance with Paragraph 4.7:2(g) of Bye-Law No. 1 of the Company, Messrs Anthony E Phillip and Ranjit R Jeewan retire from the Board of Directors and, being eligible, under Paragraph 4.7:10, offer themselves for re-election.

In accordance with Paragraph 4.7:5 of the Bye-Law No. 1 of the Company, Messrs Miguel A Lopez and Leonardo R Morales resign from the Board of Directors on 5 August 2010 and 9 December 2010 respectively. In light of the casual vacancies caused by the resignation of Messrs Lopez and Morales, Mrs Nirala N Singh and Mrs Amanda J Cavill de Zavaley were appointed to the Board on 5 August 2010 and on 18 February 2011 respectively until the expiration of the term of their respective predecessors.

In accordance with paragraph 4.7:5 of the Bye-Law No. 1 of the Company, Mrs Nirala N Singh and Mrs Amanda J Cavill de Zavaley retire from the Board of Directors and, being eligible, offer themselves for election.

AUDITORS

The Auditors, Messrs PricewaterhouseCoopers, retire and have expressed their willingness to be re-appointed. Messrs PricewaterhouseCoopers are practising members of the Institute of Chartered Accountants of Trinidad and Tobago and are eligible for appointment as auditors of the Company under the rules of the said Institute.

DIRECTORS FEES

Pursuant to paragraph 7 of Bye Law No. 1 of the Company, it is proposed to recommend an increase in the remuneration and fees payable to Non-Executive Directors (being Directors who are neither employees of the Company nor employees of British American Tobacco or any of its affiliates) with effect from 1 April 2011.

FINANCIAL CALENDAR

REPORTS	
Interim Report for First Quarter ending 31 March 2011	May 2011
Interim Report for Second Quarter ending 30 June 2011	August 2011
Interim Report for Third Quarter ending 30 September 2011	November 2011
Preliminary Announcement for the year to 31 December 2011	February 2012
Annual Financial Statement for the period ending 31 December 2011	March 2012

PROPOSED DIVIDEND PAYMENTS (in accordance with Bye Law No. 16)	
Final 2010	April 2011
First Interim 2011	May 2011
Second Interim 2011	August 2011
Third Interim 2011	November 2011
Final 2011	April 2012

By Order of the Board

Danielle Chow
Company Secretary

18 February 2011

Management Teams

OPERATIONS SUPPORT TEAM

From left to right:

Gina Ferguson Spencer (Logistics)
Ian Bahadoorsingh (Customer Relationship)
Yvette Hoyte (Quality)
Vashistha Soopaya (Logistics)
Solmer Thom (Product Development)
Daniel Cockburn (Information Technology)
Shalini Singh (Logistics)

MARKETING TEAM

From left to right:

Malissa Sylvester (Trade Marketing & Distribution)
Vijay Singh (Trade Marketing & Distribution)
Rishi Basdeo (Trade Marketing & Distribution)
Scott Mc Sween (Trade Marketing & Distribution)
Allister James (Trade Marketing & Distribution)
Derrick Asraf (Brand Marketing)
Tracey Modeste (Brand Marketing)

MANUFACTURING TEAM

From left to right:

Seated:
Taran Persad (Primary Manufacturing)
Sheldon Taitt (Production)
Hector Enrique Martinez-Bello (Secondary Marketing)
Alvin Morton (Engineering)

Standing:
Dwight Pierre (Secondary Manufacturing)
Vaughn Allum (Secondary Manufacturing)
Kahil Commissiong (Engineering)
Andre Coker (Secondary Manufacturing)
Jorge Solera (Secondary Manufacturing)
Marlon Rattan (Secondary Manufacturing)

CORPORATE SERVICES TEAM

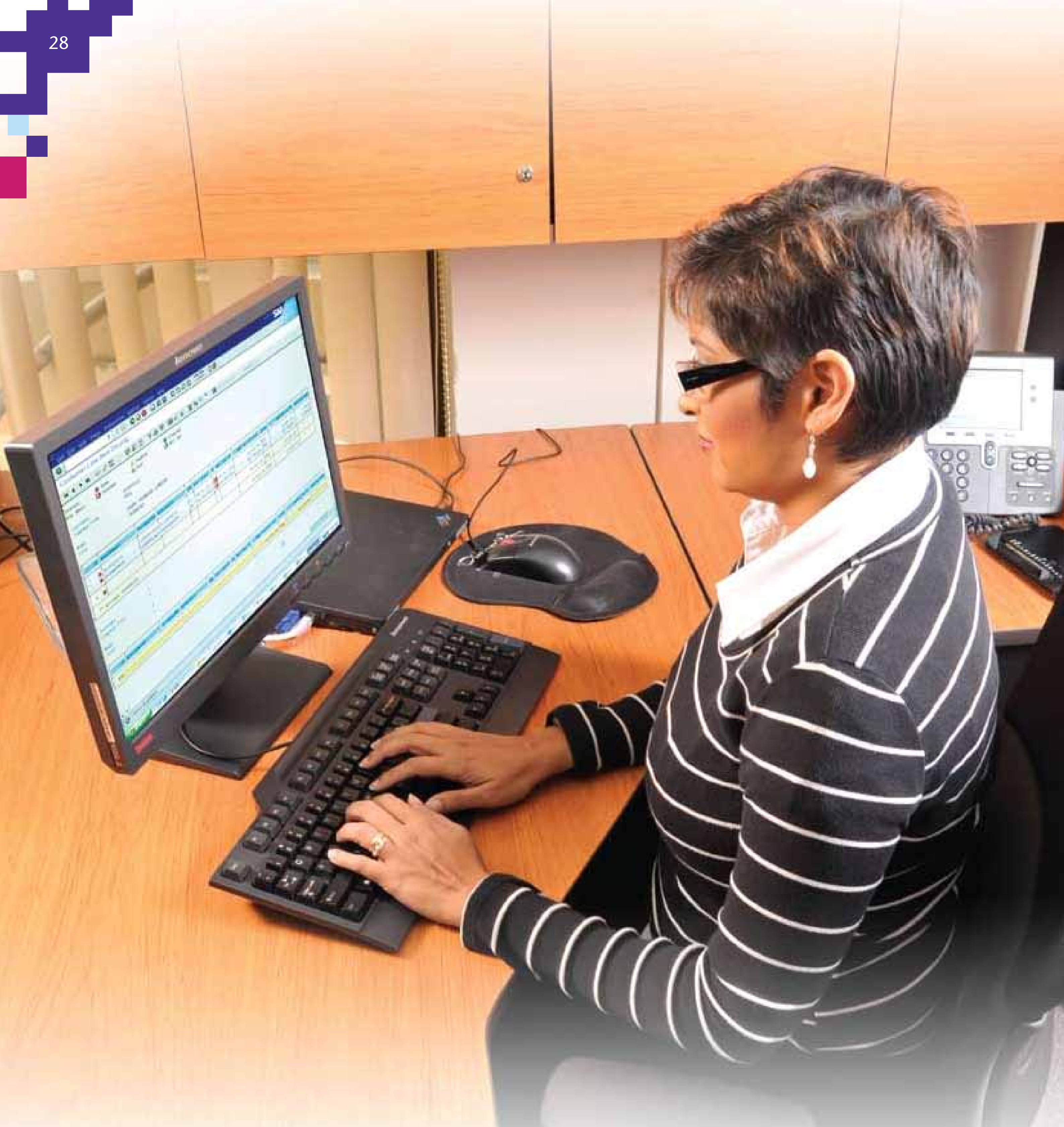
From left to right:

Seated at front:
Danielle Chow (Corporate & Legal Affairs)
Nirala Singh (Finance)
Cassandra Patrovani-Sylvester (Human Resources)

Back row:
Charmaine Mohamed (Corporate Affairs)
Rowan Brathwaite (Legal)
Allison Manwarring (Procurement)
Celisha Webster (Finance)
Shereen Smith (Finance)
Jerome Singh (Human Resources)
Olivia Constantine (Human Resources)

Opportunity in a New Age

We have entered a New Reality – one of both stricter regulations and fresh opportunities. To properly adhere to the former and make the most of the latter we must be proactive, creative, adaptable and maximise the use of the tools available to us. 2010 was one of our most challenging years but it was also filled with opportunities. Through our outlook, operations and technology, we made every effort to seize them.



Greater Operational Efficiency through SAP

We have implemented the Systems, Applications and Products (SAP) information technology platform which is internationally recognised as a leading business tool. SAP's Utilisation and Academy Portal will support a comprehensive set of integrated, cross-functional business processes that will enhance the way we operate and enable the delivery of greater efficiency.

Marketing to our Community

The implementation of tobacco control measures created new realities in the conduct of our business, and changed the landscape for the sale and marketing of tobacco products in Trinidad and Tobago.

We have therefore developed approaches that are appropriate for marketing of our product in this environment. This new way of marketing has brought us back to where brand marketing started – with product information and differentiation offering the adult smoker real choice.

We recognise that most forms of product-branded mass media promotion, and TV and radio advertising now belong in the past. We invest in developments across the marketing mix that aim to be truly relevant to consumers' tastes, attitudes, pockets and purchasing patterns. We aim to be spot-on with taste and product formats that consumers like, with quality that consumers demand and with availability of our brands in the places where our consumers want to buy.

Our focus is on one-to-one or permission marketing, where verified adult consumers have specifically requested or consented to receiving factual or brand preference information through direct mailing or signage in age-controlled venues.

This puts tight boundaries around any unintended "spill over" to non-smokers and the under-age.

Reducing our Carbon Footprint

We recognise the significant concerns about climate change in general and view the "greening" of our business as vital not only for our own interests but for the interests of the society.

Every individual and organisation must place some emphasis on protecting the environment as the consequences for not doing so will be detrimental to us all. We have assessed this with a view to the future and are working to take prudent action now.

Following an environmental impact study we have implemented a comprehensive plan to manage our environmental impacts and strengthen our environmental governance processes. This includes energy conservation programmes, investing in energy efficient technology, using energy efficient work practices both in manufacturing and transportation, recycling and tree planting.

We will continue to develop our environmental management programmes to reduce our carbon footprint in optimal ways that also help us to conserve energy, water and natural resources, to minimise waste and to work for air, soil and water protection.

Our Technology Approach

West Indian Tobacco has made investments in technology to improve internal and external communications, increase the quality and access to knowledge and give our team members increased mobility while utilising information and communications tools. At the same time, these business enablers maximise opportunities for time, potentially reduce travel costs and support work-life balance for employees.

IT Services Transformation

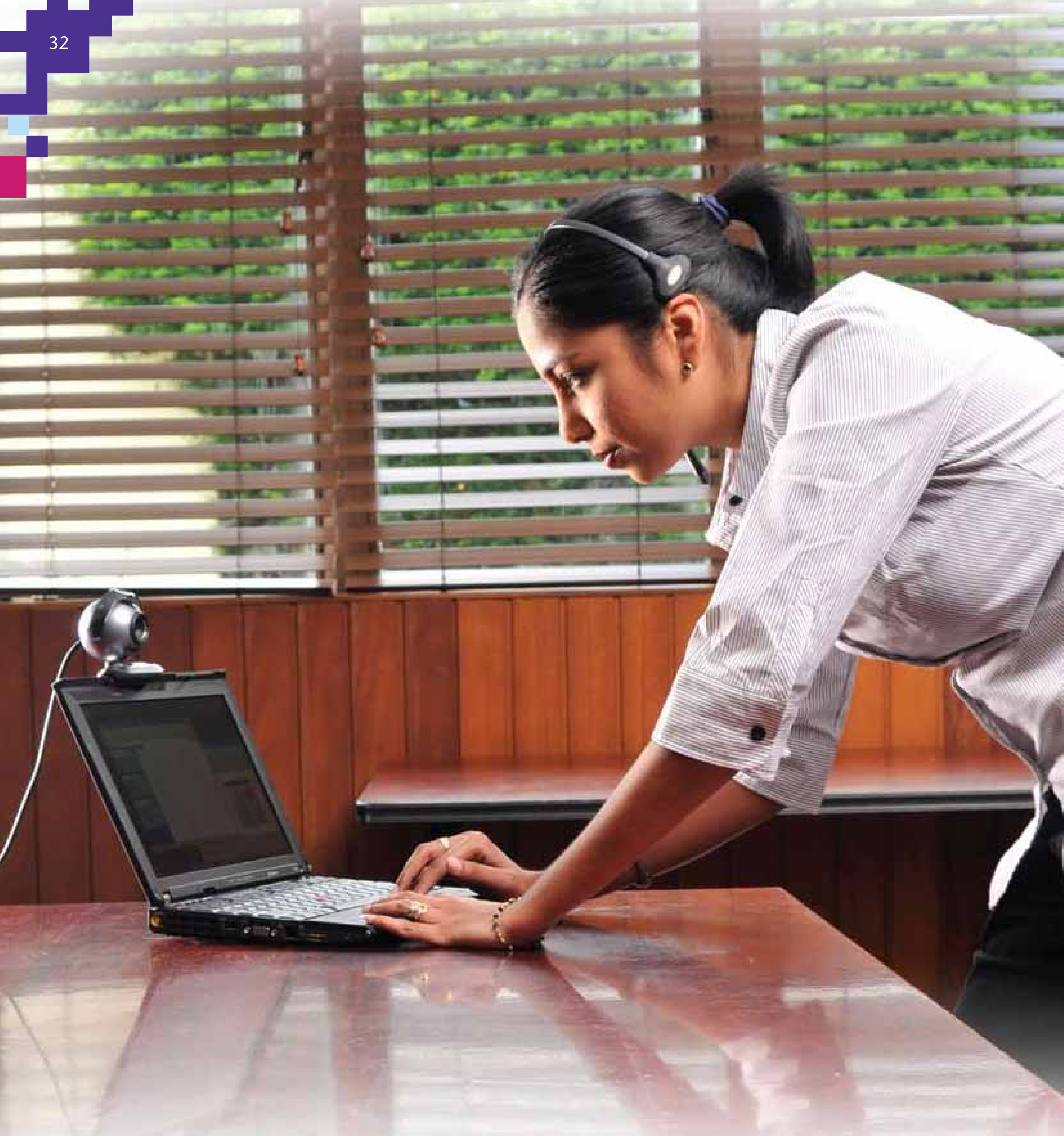
We have embarked on a journey to transform into a standardised and fully integrated global enterprise.

We will continue to rationalise our systems and services and integrate them into operationally sound frameworks that are supported by global standards, processes, tools and governance.

Through our new IP telephony system and an upgrade to our main link to the regional data centre we were able to implement videoconferencing facilities and implement direct extension dialling with the regional affiliate offices.

Implementation of the MDM Project

Accurate information is critical to supporting the business and so the Company initiated a Master Data Management (MDM) cross-functional Business Information project aimed at increasing the quality of master data. This is making business processes less error prone and enabling the business tranformation projects and programmes to deliver high quality information and will also increase efficiency and reduce cost.



Full Office Mobility

During the period we introduced several initiatives aimed at achieving the "full mobility" of our staff. We implemented "soft phones" on laptops (basically a virtual office extension), upgraded our software with a virtual private network (VPN) that allows employees to connect to the Global network from any Internet connection and added Wi-Fi zones that cover all of our offices. Together these technologies mean that an employee with his company laptop with soft phone installed is virtually in his office anywhere in the world there is an Internet connection. Also supporting this "virtual office" was the implementation of CISCO virtual meeting software. This allowed users to schedule and host their own virtual meetings in the office and also out of the office connected over the secure VPN connection.

The Year at a Glance

	2010 $'000	2009 $'000	Change %
Gross Turnover	942,516	891,155	5.8%
Gross Profit	535,187	495,197	8.1%
Total Expenses	(163,552)	(143,452)	14.0%
Operating Profit	371,635	351,745	5.7%
Interest Income	242	833	-71.0%
Profit Before Taxation	371,877	352,578	5.5%
Taxation	(104,095)	(93,903)	10.9%
Profit for the year	267,782	258,675	3.5%
Other Comprehensive Income			
-Actuarial gains/ (losses) on Pension and Other Post Retirement Benefits	(17,859)	(11,179)	59.8%
Total Comprehensive Income for the year	249,923	247,496	1.0%

Five Years at a Glance

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000
Profit And Taxation					
Profit before taxation TT$	194,362	213,980	282,346	352,578	371,877
Taxation	50,629	56,978	73,132	93,903	104,095
Profit after taxation TT$	143,733	157,002	209,214	258,675	267,782
Dividends	141,523	156,686	208,915	257,774	239,242
Effective rate of taxation (%)	26.1	26.6	25.9	26.6	28.0
Balance Sheet					
Shareholders' equity	174,554	182,451	207,016	220,325	144,239
Deferred tax Liability	20,590	22,508	22,504	17,898	12,431
Non-current liabilties	4,924	5,624	26,796	41,457	66,822
Current liabilities	146,707	134,601	101,246	150,222	135,561
Total Funds Employed	346,775	345,184	357,562	429,902	359,053
Property, plant and equipment	193,563	199,067	220,981	221,956	223,838
Inventories	60,323	48,265	54,239	48,388	43,196
Cash and cash equivalents	34,673	28,530	64,806	130,719	69,339
Other current assets	58,216	69,322	17,536	28,839	22,680
Total Assets	346,775	345,184	357,562	429,902	359,053
Statistics					
Issued Share Capital ('000)	84,240	84,240	84,240	84,240	84,240
Earnings per ordinary share (¢)	1.71	1.86	2.48	3.07	3.18
Dividends per ordinary share (¢)	1.68	1.86	2.48	3.06	2.84
Net assets value per ordinary sharer ($)	2.07	2.17	2.46	2.62	1.71
Share prices at 31 December ($)	24.00	27.51	26.50	32.39	47.81

WEST INDIAN TOBACCO

Annual Report 2010

Financial Statements

Independent Auditor's Report

To the Shareholders of
The West Indian Tobacco Company Limited

Report on the financial statements

We have audited the accompanying financial statements of The West Indian Tobacco Company Limited, which comprise the statement of financial position as of 31 December 2010 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other related notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The West Indian Tobacco Company Limited as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Port of Spain,
Trinidad, West Indies
18 February 2011

Statement Of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2010 $'000	31 December 2009 $'000 (Restated)	2008 $'000 (Restated)
Non-current Assets				
Property, plant and equipment	5	**223,838**	221,956	220,981
Current Assets				
Inventories	6	**43,196**	48,388	54,239
Trade and other receivables	8	**22,680**	28,839	17,536
Cash and cash equivalents	9	**69,339**	130,719	64,806
		135,215	207,946	136,581
Total Assets		**359,053**	429,902	357,562
Shareholders' Equity				
Share capital	10	**42,120**	42,120	42,120
Revaluation surplus	5.1	**49,610**	50,523	50,942
Retained earnings		**52,509**	127,682	113,954
		144,239	220,325	207,016
Non-current Liabilities				
Deferred tax	11	**12,431**	17,898	22,504
Retirement benefit obligation	12	**60,339**	34,984	20,496
Post employment medical benefit obligation	12	**6,483**	6,473	6,300
		79,253	59,355	49,300
Current Liabilities				
Trade and other payables	13	**89,005**	118,964	79,830
Amounts due to parent company	19 iv	**22,810**	5,474	7,832
Dividends payable		**12,647**	9,672	8,241
Taxation payable		**11,099**	16,112	5,343
		135,561	150,222	101,246
Total Liabilities		**214,814**	209,577	150,546
Total Equity and Liabilities		**359,053**	429,902	357,562

The notes on pages 41 to 71 are an integral part of these financial statements.

On 18 February 2011, the Board of Directors of The West Indian Tobacco Company Limited authorised these financial statements for issue.

Chairman   Managing Director

Statement Of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 31 December 2010 $'000	2009 $'000 (Restated)
Gross Turnover			
including excise of $241,907 (2009: $225,103)		**942,516**	891,155
Revenue		**700,609**	666,052
Cost Of Sales	14	**(165,422)**	(170,855)
Gross Profit		**535,187**	495,197
Distribution Costs	14	**(14,047)**	(12,848)
Administrative Expenses	14	**(87,296)**	(67,338)
Other Operating Expenses	14	**(65,983)**	(68,306)
Other Income	15	**3,774**	5,040
Operating Profit		**371,635**	351,745
Interest Income		**242**	833
Profit Before Taxation		**371,877**	352,578
Taxation	16	**(104,095)**	(93,903)
Profit For The Year		**267,782**	258,675
Other Comprehensive Loss			
Actuarial losses on pensions and other post retirement benefits		**(17,859)**	(11,179)
Total Comprehensive Income For The Year		**249,923**	247,496
Earnings Per Ordinary Share	17	**$ 3.18**	$ 3.07
Dividends Per Ordinary Share	18	**$ 2.84**	$ 3.06

The notes on pages 41 to 71 are an integral part of these financial statements.

Statement Of Changes In Shareholders' Equity

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share Capital $'000	Revaluation Surplus $'000	Retained Earnings $'000	Shareholders' Equity $'000
Year ended 31 December 2009					
Balance at 1 January 2009 – as previously reported		42,120	58,520	150,202	250,842
Prior period adjustments	23	–	(7,578)	(36,248)	(43,826)
Balance at 1 January 2009 – restated		42,120	50,942	113,954	207,016
Comprehensive income					
Profit for the year		–	–	258,675	258,675
Other comprehensive loss					
Actuarial losses on pensions and other post retirement benefits		–	–	(11,179)	(11,179)
Depreciation transfer on buildings, net of tax		–	(419)	419	–
Transactions with owners					
Dividends	18	–	–	(234,187)	(234,187)
Balance at 31 December 2009 – restated		42,120	50,523	127,682	220,325
Year ended 31 December 2010					
Balance at 1 January 2010 – restated		42,120	50,523	127,682	220,325
Comprehensive income					
Profit for the year		–	–	267,782	267,782
Other comprehensive loss					
Actuarial losses on pensions and other post retirement benefits		–	–	(17,859)	(17,859)
Depreciation transfer on buildings, net of tax		–	(913)	913	–
Transactions with owners					
Dividends	18	–	–	(326,009)	(326,009)
Balance at 31 December 2010		42,120	49,610	52,509	144,239

The notes on pages 41 to 71 are an integral part of these financial statements.

Statement Of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Note	Year Ended 31 December 2010 $'000	2009 $'000 (Restated)
Cash Flows From Operating Activities			
Profit before taxation		**371,877**	352,578
Adjustments for:			
Depreciation		**22,095**	17,213
Reversal of impairment on property, plant and equipment		**(8,299)**	–
Loss on disposal of property, plant and equipment		**54**	784
Net increase/(decrease) in pensions and other post retirement benefits		**1,553**	(246)
Interest income		**(242)**	(833)
Other non-cash items in property, plant and equipment		**146**	–
Operating profit before working capital changes		**387,184**	369,496
Changes in working capital:			
Decrease in inventories		**5,192**	5,851
Decrease/(increase) in trade receivables and prepayments		**2,416**	(6,646)
Decrease/(increase) in amounts due from related parties		**3,743**	(4,657)
(Decrease)/increase in trade payables and accruals		**(6,729)**	14,201
(Decrease)/increase in amounts due to related parties		**(23,230)**	24,933
Increase/(decrease) in amounts due to parent company		**17,336**	(2,358)
Cash Generated From Operating Activities		**385,912**	400,820
Taxation Paid		**(108,622)**	(84,012)
Net Cash Generated From Operating Activities		**277,290**	316,808
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		**(16,027)**	(19,052)
Proceeds from sale of property, plant and equipment		**149**	80
Interest received		**242**	833
Net Cash Used In Investing Activities		**(15,636)**	(18,139)
Cash Flows From Financing Activities			
Dividends paid		**(323,034)**	(232,756)
Net (Decrease)/Increase In Cash And Cash Equivalents		**(61,380)**	65,913
Cash And Cash Equivalents At Beginning Of Year		**130,719**	64,806
Cash And Cash Equivalents At End Of Year	9	**69,339**	130,719

The notes on pages 41 to 71 are an integral part of these financial statements.

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

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.

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

In 2010, the Company has amended its accounting policy with regard to the recognition of actuarial gains and losses on pensions and other retirement benefits under International Accounting Standard (IAS) #19, 'Employee Benefits'. Previously, actuarial gains and losses that arose were recognised only to the extent that cumulatively they exceeded 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, and that portion was recognised in the statement of comprehensive income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the accumulated actuarial gains and losses were not recognised, except where there were unrecognised surpluses: in such instances the actuarial gains and losses were recognised as they occurred. The Company believes that fully recognising actuarial gains and losses when they occur results in a better presentation of the financial statements which is more in line with current market practice and expected financial reporting developments thus providing more comparable market information.

Following the change in accounting policy, the Company now recognises actuarial gains and losses in the period in which they occur, in equity in other comprehensive income, together with related deferred tax. Comparative periods have been restated to reflect these changes. These changes are set out in detail in Note 23.

2 Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

2.1.2 New standards, amendments and interpretations

(a) New and amended standards adopted by the Company

'Improvements to IFRS' were issued in 2008 and 2009. They contain numerous amendments to IFRS that the International Accounting Standards Board (IASB) considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that resulted in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS. Some of these amendments are effective for annual periods beginning on or after 1 January 2010. There were no material changes to the Company's accounting policies and disclosures as a result of these amendments.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures';
- IFRIC 17, 'Distribution of non-cash assets to owners';
- IFRIC 18, 'Transfers of assets from customers';
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement';
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IAS 1 (amendment), 'Presentation of financial statements'. (The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current);
- IAS 36 (amendment), 'Impairment of assets' (This amendment clarifies the allocation of goodwill to cash generating units for impairment testing),
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions';
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The standard is not expected to have a material impact on the Company's financial statements.

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

2 Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

2.1.2 New standards, amendments and interpretations (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted (continued)

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the revised standard from 1 January 2011. The standard is not expected to have a material impact on the Company's related party disclosures.

- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The Company will apply the amended standard from 1 January 2011.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Company will apply the interpretation from 1 January 2011. It is not expected to have any impact on the Company's financial statements.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Company will apply these amendments for the financial reporting period commencing on 1 January 2011. It is not expected to have any impact on the Company's financial statements.

2 Significant Accounting Policies (Continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director and the local management team, which is the team responsible for allocating resources and assessing performance of the operating segments and is also responsible for making strategic decisions.

2.4 Property, plant and equipment

Freehold land and buildings comprise mainly factory and offices and are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Independent valuations are performed at regular intervals not exceeding five years. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income, and depreciation based on the asset's original cost is transferred from 'revaluation surplus' to 'retained earnings'.

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2 Significant Accounting Policies (Continued)

2.4 Property, plant and equipment (continued)

Land is not depreciated. Depreciation is provided at varying rates sufficient to write off the cost/valuation of the assets over their useful lives. Depreciation is provided as follows:

- Freehold buildings at 2.5% per annum on valuation.
- Plant and machinery at 7% per annum on cost.
- Furniture and equipment at rates varying between 5% and 33% per annum on cost.
- Motor vehicles at rates varying between 25% and 33% per annum on cost.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised within other operating expenses in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Inventories

Inventories are stated at the lower of cost or net realisable value, allowance having been made for slow moving and obsolete items. Cost is determined on the following bases:

- Raw materials are valued at average cost
- Inventories in process are valued at raw materials cost
- Finished goods comprise raw materials plus a portion of labour and production overheads based on normal operating capacity
- Supplies and sundries are valued at average cost
- Goods in transit are valued at suppliers' invoice cost plus freight and insurance as applicable

Cost of inventories excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Significant Accounting Policies (Continued)

2.7 Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 2.8 and 2.9).

Impairment testing of trade and other receivables is described in Note 2.8.

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within distribution costs. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against distribution costs in the statement of comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term highly liquid investments with original maturities of three months or less.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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2 Significant Accounting Policies (Continued)

2.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The principal temporary differences arise from depreciation on property, plant and equipment and provision for pensions and other post retirement benefits.

2.12 Employee benefits

(a) Retirement benefit obligation

The Company operates a defined benefit plan for its eligible employees. This plan defines an amount of pension that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The funds of the plan are administered by fund managers appointed by the trustees of the plan. The pension plan is generally funded by payments from employees and the Company, taking account of the recommendations of independent qualified actuaries.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan at least every three years (the last valuation was concluded as at 1 January 2009). Roll forward valuations, which are less detailed than full valuations are performed annually.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligations at the financial position date, together with adjustments for unrecognised past service costs. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long term government securities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. See Note 2.1.1.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2 Significant Accounting Policies (Continued)

2.12 Employee benefits (continued)

(b) Post employment medical benefit obligation

The Company provides post employment medical benefits for retirees. The entitlement to this benefit is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The method of accounting used to recognise the liability is similar to that for the defined benefit plan. These obligations are valued annually by independent qualified actuaries. The main additional actuarial assumption is the long-term increase in health cost of 7% per annum. The charge for the current year is recognised in the statement of comprehensive income under employee benefit expense. Actuarial gains and losses arising are charged or credited to equity in other comprehensive income in the period in which they arise.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to terminating employment of current employees according to a formal plan without the possibility of withdrawal.

(d) Bonus plans

The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for bonus plans are expected to be settled within 12 months.

(e) Vacation liability

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the statement of financial position date.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes To The Financial Statements

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2 Significant Accounting Policies (Continued)

2.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Gross turnover represents the net amounts invoiced, including excise duty, net of value added taxes.

The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as follows:

(a) Sale of goods

The Company manufactures and sells cigarettes. Sales of goods are recognised when the Company has delivered products to the customer who has some discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sale of services

Revenue from fixed-price contracts for consultancy services is generally recognised in the period the services are provided, using a straight-line basis over the term of the contract.

(c) Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income in the period in which they arise.

2 Significant Accounting Policies (Continued)

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's directors.

2.18 Comparative information

Comparative data has been adjusted to record deferred tax on revaluation of buildings, a change in accounting policy for actuarial gains/losses and certain reclassifications.

As such, the Company has presented three statements of financial position, two of each of the other primary statements, and related notes. The statements of financial position were presented as at the end of the current period; the end of the previous period (which is the same as the beginning of the current period), and the beginning of the earliest comparative period.

Adjustments to previously reported information were made in accordance with the transitional provisions in the relative IFRS and/or International Accounting Standard #8 – Accounting policies, changes in accounting estimates and errors.

The impact of these restatements and reclassifications is summarised in Note 23 along with a description thereon.

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3 Financial Risk Management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk, and the investment of excess liquidity.

(a) Market risk

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and British Pound (GBP). Foreign exchange risk arises when recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2010, if the currency had weakened/strengthened by 5% against the US dollar and Euro with all other variables held constant, profit for the year would have been $366,000 (2009: $1,661,000) lower/higher. The Company prepared the sensitivity analysis by applying the percentage rate to net foreign currency positions of financial instruments as of the end of the respective years. An analysis of financial instruments by currency is shown in Note 7.1.

Cash flow and fair value interest rate risk

As the Company has no significant interest–bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The Company is not exposed to price risk as it has no financial interests or investments in equity securities or commodities.

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The Company has a significant concentration of credit risk however, the Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Credit risk arises primarily from credit exposures from sales to distributors and retail customers, including outstanding receivables.

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties.

Cash and deposits are held with a number of reputable financial institutions, with amounts varying between $87,872 and $28,740,716 (2009:$300,679 and $41,165,082). The maximum limit with any one financial institution is $31,500,000. Balances in excess of this limit were held temporarily for periods of no more than one week during 2010.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

At 31 December 2010	**Less than one year**
Trade payables and accruals	$ 31,459,000
Amounts due to related parties/parent company	$ 45,862,000

At 31 December 2009	**Less than one year**
Trade payables and accruals	$ 39,386,000
Amounts due to related parties/parent company	$ 51,756,000

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

3.3 Fair value estimation

The carrying values of all financial instruments held as of the statement of financial position date are assumed to approximate their fair values, as they are short term in nature.

Notes To The Financial Statements

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4 Critical Accounting Estimates And Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Pensions and post employment medical benefits

The present value of the pension and medical obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Company considers the interest rates of long term Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability.

Other key assumptions for pensions and medical obligations are based in part on current market conditions. This is described in Note 12.

As at 31 December 2010, if the discount rate had been 0.5% higher or lower with all other variables held constant, the carrying amount of pension obligations would have been $14,485,000 lower or $16,519,000 higher.

5 Property, Plant and Equipment

	Freehold land and bulidings $'000	Plant and machinery $'000	Furniture and equipment $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Year ended 31 December 2010						
Opening net book amount	80,705	112,708	17,062	558	10,923	221,956
Additions/adjustments	716	5	1,024	–	14,282	16,027
Transfers	38	435	536	–	(1,009)	–
Disposals	(122)	(146)	(6)	(75)	–	(349)
Depreciation charge (Note 13)	(1,626)	(13,053)	(7,094)	(322)	–	(22,095)
Impairment adjustment (Note 5.3)	–	8,299	–	–	–	8,299
Closing net book amount	79,711	108,248	11,522	161	24,196	223,838
At 31 December 2010						
Cost/valuation	80,404	203,937	33,240	3,561	24,196	345,338
Accumulated depreciation	(693)	(95,689)	(21,718)	(3,400)	–	(121,500)
Net book amount	79,711	108,248	11,522	161	24,196	223,838
Year ended 31 December 2009						
Opening net book amount	81,921	111,915	5,211	1,135	20,799	220,981
Additions/adjustments	(575)	102	–	(14)	19,539	19,052
Transfers	1,184	11,925	16,306	–	(29,415)	–
Disposals	(839)	–	(7)	(18)	–	(864)
Depreciation charge (Note 13)	(986)	(11,234)	(4,448)	(545)	–	(17,213)
Closing net book amount	80,705	112,708	17,062	558	10,923	221,956
At 31 December 2009						
Cost/valuation	79,858	203,643	31,690	4,497	10,923	330,611
Accumulated depreciation	847	(90,935)	(14,628)	(3,939)	–	(108,655)
Net book amount	80,705	112,708	17,062	558	10,923	221,956
At 31 December 2008						
Cost/valuation	81,921	191,616	15,407	4,684	20,799	314,427
Accumulated depreciation	–	(79,701)	(10,196)	(3,549)	–	(93,446)
Net book amount	81,921	111,915	5,211	1,135	20,799	220,981

Notes To The Financial Statements

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5 Property, Plant and Equipment (Continued)

5.1 Revaluation surplus

	2010 $'000	2009 $'000
At beginning of the year	50,523	58,520
Prior period adjustment for deferred tax (Note 23)	–	(7,578)
At beginning of the year – restated	50,523	50,942
Depreciation transfer on buildings, net of tax	(913)	(419)
At end of the year	49,610	50,523

The Company's freehold land and buildings were last revalued on 24 December 2008 by Raymond & Pierre, Chartered Valuation Surveyors. The valuation surveyors used the Direct Capital Comparison Method and the Depreciated Replacement Cost Method to determine the values of Land and Buildings respectively.

Under the Direct Capital Comparison Method, evidence of arm's length open market transactions of similar lands were analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors. Under the Depreciated Replacement Cost Method, the gross replacement costs of the buildings were estimated and appropriate deductions were made for economic and functional obsolescence and environmental factors in order to arrive at a net or depreciated replacement cost. Gross replacement costs include the costs of infrastructural works and professional fees.

This basis of valuation was used due to the specialised nature of the properties, derived from the exigencies of the operations. The surplus thus arising was credited to revaluation surplus in shareholders' equity.

Depreciation expense of $22,095,414 (2009: $17,213,379) has been charged in 'other operating expenses'.

5.2 If the freehold land and buildings were stated on the historical cost basis the amounts would be as follows:

Cost	16,651	16,105
Accumulated depreciation	(6,608)	(6,285)
Net book amount	10,043	9,820

5.3 The 2008 impairment charge on specific equipment amounting to $8,299,000 was reversed in 2010 as the circumstances surrounding the initial impairment are no longer relevant.

6 Inventories

Raw materials	29,742	36,823
Finished goods	3,525	4,450
Supplies and sundries	5,345	1,874
Goods in transit	3,698	3,252
Inventories in process	886	1,989
	43,196	48,388

The cost of inventories recognised as expense and included in "cost of sales" amounted to $139,252,000 (2009: $145,305,000).

7 Financial Instruments

7.1 Financial Instruments By Category And Currency

	TTD $'000	USD $'000	Euro $'000	GBP $'000	Total $'000
As at 31 December 2010					
Financial assets					
Trade receivables (excluding prepayments)	9,667	–	–	–	9,667
Amounts due from related parties	–	9,226	–	–	9,226
Cash and cash equivalents	38,360	30,979	–	–	69,339
	48,027	40,205	–	–	88,232
Financial liabilities					
Trade payables and accruals (excluding statutory liabilities)	23,825	5,232	2,289	113	31,459
Amounts due to related parties	2	21,716	1,334	–	23,052
Amounts due to parent	5,969	–	–	16,841	22,810
	29,796	26,948	3,623	16,954	77,321
As at 31 December 2009					
Financial assets					
Trade receivables (excluding prepayments)	12,003	–	–	–	12,003
Amounts due from related parties	–	12,969	–	–	12,969
Cash and cash equivalents	111,917	18,802	–	–	130,719
	123,920	31,771	–	–	155,691
Financial liabilities					
Trade payables and accruals (excluding statutory liabilities)	20,669	15,288	2,923	506	39,386
Amounts due to related parties	–	43,690	2,592	–	46,282
Amounts due to parent	5,474	–	–	–	5,474
	26,143	58,978	5,515	506	91,142
As at 31 December 2008					
Financial assets					
Trade receivables (excluding prepayments)	7,538	–	–	–	7,538
Amounts due from related parties	–	8,312	–	–	8,312
Cash and cash equivalents	50,400	14,406	–	–	64,806
	57,938	22,718	–	–	80,656
Financial liabilities					
Trade payables and accruals (excluding statutory obligations)	28,788	6,384	–	5,576	40,748
Amounts due to related parties	–	19,086	2,263	–	21,349
Amounts due to parent	7,832	–	–	–	7,832
	36,620	25,470	2,263	5,576	69,929

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7 Financial Instruments (Continued)

7.2 Maximum Exposure To Credit Risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above. The Company does not hold any collateral as security.

As of 31 December 2010 trade receivables of $9,654,000 (2009: $11,998,000) were fully performing. Trade receivables of $13,000 (2009: $5,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of trade receivables in arrears is as follows:

	2010 $'000	2009 $'000	2008 $'000
< 1 month	13	5	79
> 1 month	–	–	247
	13	5	326

7.3 Credit Quality Of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2010 $'000	2009 $'000	2008 $'000
Trade receivables (excluding prepayments)			
Counterparties without external credit rating			
Existing customers (more than 6 months) with no defaults in the past	9,654	11,998	7,212
Amounts due from related parties	9,226	12,969	8,312
Cash at bank and short term bank deposits	48,584	129,273	62,583

8 Trade And Other Receivables

	2010 $'000	2009 $'000	2008 $'000
Trade receivables	9,667	12,003	7,538
Prepayments	3,787	3,867	1,686
Receivables from related parties:			
– trade	8,784	12,969	8,312
– other	442	–	–
	22,680	28,839	17,536

9 Cash And Cash Equivalents

	2010 $'000	2009 $'000
Cash at bank	38,063	109,158
Short-term deposits	10,521	20,115
Cash in hand and in transit	20,755	1,446
	69,339	130,719

The effective interest rate on short term deposits was 0.1% (2009: 0.75%). These deposits have an average maturity of 3 months or less.

The Company has undrawn banking facilities:

Floating rate – expiring within one year	88,100	60,000

These facilities are annual facilities subject to review at various dates during 2011.

10 Share Capital

Authorised
An unlimited number of ordinary shares of no par value

Issued and fully paid		
84,240,000 ordinary shares of no par value	42,120	42,120

11 Deferred Tax

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. The movement in the deferred tax account is as follows:

	2010 $'000	2009 $'000	2008 $'000
At beginning of the year	17,898	22,504	22,508
Revaluation of buildings, pensions other post retirement obligations			
– prior year adjustments (Note 23)	–	–	12,087
Tax on actuarial losses recognised in other comprehensive income:			
– opening adjustment at 1 January 2008 (Note 23)	–	–	(10,580)
– credit for the period	(5,953)	(3,728)	–
Charge/(credit) for the year (Note 16)	486	(878)	(1,511)
At end of year	12,431	17,898	22,504

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11 Deferred Tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax relates to the same fiscal authority. The offset amounts are as follows:

	2010 $'000	2009 $'000	2008 $'000
Deferred Tax Assets			
– Retirement benefit obligation	(15,085)	(8,746)	(5,124)
– Post retirement medical obligation	(1,621)	(1,618)	(1,575)
	(16,706)	(10,364)	(6,699)
Deferred Tax Liability			
– Accelerated tax depreciation	29,137	28,262	29,203
Net Deferred Tax Liability	12,431	17,898	22,504

The net deferred tax liabilities in the statement of financial position are attributable to the following:

	Accelerated Tax Depreciation $'000	Retirement Benefit Obligation $'000	Post Retirement Medical Obligation $'000	Total $'000
As at 31 December 2010				
Balance at beginning of year – restated	28,262	(8,746)	(1,618)	17,898
Charge/(credit) to statement of comprehensive income	875	(317)	(72)	486
Tax on actuarial losses recognised in other comprehensive income	–	(6,022)	69	(5,953)
Balance at end of year	29,137	(15,085)	(1,621)	12,431
As at 31 December 2009				
Balance at beginning of year – restated	29,203	(5,124)	(1,575)	22,504
Credit to statement of comprehensive income	(941)	170	(107)	(878)
Tax on actuarial losses recognised in other comprehensive income	–	(3,792)	64	(3,728)
Balance at end of year – restated	28,262	(8,746)	(1,618)	17,898
As at 31 December 2008				
Balance at beginning of year	21,882	2,368	(1,742)	22,508
Credit to statement of comprehensive income	(257)	(1,129)	(125)	(1,511)
Prior period adjustments:				
– tax on revaluation of buildings	7,578	4,017	492	12,087
– tax on actuarial losses recognised in other comprehensive income	–	(10,380)	(200)	(10,580)
Balance at end of year – restated	29,203	(5,124)	(1,575)	22,504

12 Pensions And Other Post Retirement Obligations

	2010 $'000	2009 $'000	2008 $'000
Amounts recognised in the statement of financial position:			
Retirement benefit obligation	60,339	34,984	20,496
Post employment medical benefit obligation	6,483	6,473	6,300
	66,822	41,457	26,796
(i) Retirement benefits			
Present value of funded obligations	197,855	168,586	138,390
Fair value of plan assets	(138,622)	(134,712)	(118,824)
	59,233	33,874	19,566
Present value of unfunded obligations	1,106	1,110	930
	60,339	34,984	20,496
Movement in the defined benefit obligation (funded/unfunded) over the year is as follows:			
At beginning of year	169,696	139,320	140,635
Current service cost	5,410	4,324	3,827
Interest cost	11,957	11,862	11,958
Benefit payments	(8,592)	(8,183)	(7,552)
Actuarial losses/(gains)	20,490	22,373	(9,548)
At end of year	198,961	169,696	139,320
Movement in the fair value of plan assets over the year is as follows:			
At beginning of year	134,712	118,824	127,660
Expected return on plan assets	9,365	10,042	10,822
Actuarial (losses)/gains	(3,597)	7,210	(18,974)
Employer contributions	4,937	4,993	5,289
Employee contributions	1,797	1,826	1,579
Benefits paid	(8,592)	(8,183)	(7,552)
At end of year	138,622	134,712	118,824

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations (Continued)

(i) Retirement benefits (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2010 $'000	2009 $'000	2008 $'000
Current service cost	3,613	2,498	2,248
Interest cost	11,957	11,862	11,958
Expected return on plan assets	(9,365)	(10,042)	(10,822)
Pension costs recognised in the income statement (Note 14.1)	6,205	4,318	3,384
Actuarial losses recognised in other comprehensive income	24,087	15,163	9,426
Pension costs	30,292	19,481	12,810
Cumulative actuarial losses recognised in other comprehensive income	80,769	56,682	41,519

	2010 $'000	2009 $'000	2008 $'000
Movement in the asset recognised in the statement of financial position:			
At beginning of year	34,984	20,496	12,975
Pension costs	30,292	19,481	12,810
Contributions paid	(4,937)	(4,993)	(5,289)
At end of year	60,339	34,984	20,496
Actual return on plan assets	5,768	17,252	(8,152)

	2010	2009	2008
The principal actuarial assumptions were as follows:			
Discount rate	6.0%	7.0%	8.5%
Expected return on plan assets	6.0%	7.0%	8.5%
Future salary increases	5.0%	6.0%	7.0%
Future pension increases	3.0%	3.0%	3.0%
Mortality	GAM94	GAM94	GAM94

Expected contributions to post employment benefit plans for the year ending 31 December 2011 are $5,629,000.

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations (Continued)

(i) Retirement benefits (continued)

Plan assets are comprised as follows:

	2010		2009		2008	
	$'000	%	$'000	%	$'000	%
Equity investments	39,139	28	41,014	30	46,429	39
Debt instruments	75,527	54	63,996	48	49,345	42
Property	3,953	3	1,125	1	1,475	1
Other	20,003	15	28,577	21	21,575	18
	138,622	100	134,712	100	118,824	100

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
As at 31 December					
Present value of defined benefit obligation	197,855	168,586	138,390	139,661	124,086
Fair value of plan assets	(138,622)	(134,712)	(118,824)	(127,660)	(119,346)
	59,233	33,874	19,566	12,001	4,740
Experience adjustment on plan liabilities	(1,238)	1,356	(9,548)	(7,298)	608
Experience adjustment on plan assets	(3,890)	6,761	(18,974)	1,573	(23,875)

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations (Continued)

(ii) Post employment medical benefit obligation

	2010 $'000	2009 $'000	2008 $'000
Amounts recognised in the statement of financial position:			
Post retirement health care obligation	6,483	6,473	6,300
Movement in the defined benefit obligation over the year is as follows:			
At beginning of year	6,473	6,300	6,496
Current service cost	152	144	104
Interest cost	458	549	600
Employer payments	(325)	(270)	(300)
Actuarial gains	(275)	(250)	(600)
At end of year	6,483	6,473	6,300

The amounts recognised in the statement of comprehensive income are as follows:

	2010 $'000	2009 $'000	2008 $'000
Current service cost	152	144	104
Interest cost	458	549	600
Net costs recognised in the income statement (Note 14.1)	610	693	704
Actuarial losses recognised in other comprehensive income	(275)	(250)	(600)
Net employee benefit costs	335	443	104
The principal actuarial assumptions were as follows:			
Discount rate	6.0%	7.0%	8.5%
Premium/clinic cost escalation	5.0%	6.0%	7.0%
Retiree mortality table	GAM94	GAM94	GAM94

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Experience adjustment on medical benefit obligation	280	691	(550)	2,787	(25)

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Increase $'000	Decrease $'000
Effect on the aggregate of the current service cost and interest cost	72	(46)
Effect on the defined benefit obligation	1,166	(884)

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

13 Trade And Other Payables

	2010 $'000	2009 $'000	2008 $'000
Trade payables and accruals	31,459	39,386	40,748
Statutory liabilities	34,494	33,296	17,733
Due to related parties (Note 19)			
– trade	4,144	20,934	2,263
– other	18,908	25,348	19,086
	89,005	118,964	79,830

14 Expenses By Nature

	2010 $'000	2009 $'000
Depreciation (Note 5)	22,095	17,213
Reversal of impairment (Note 5.3)	(8,299)	–
Employee benefit expense (Note 14.1)	58,071	49,404
Changes in inventories of finished goods and work in progress	2,028	232
Raw materials and consumables used	139,252	145,305
Brand support expenses	12,368	14,067
Directors remuneration	198	270
Royalties	25,283	23,908
Technical and advisory services	51,896	29,083
Travel and related expenses	2,182	2,839
Corporate social investments	5,255	4,760
Net foreign exchange (gains)/losses	(1,655)	37
Other expenses	24,074	32,229
Total cost of sales, distribution costs, administrative expenses and other operating expenses	332,748	319,347

14.1 Employee benefit expense

	2010 $'000	2009 $'000
Wages and salaries and other termination benefits	38,336	36,907
Other benefits	12,920	7,486
Pension costs (Note 12)	6,205	4,318
Post employment medical benefits (Note 12)	610	693
	58,071	49,404
Number of employees as at year end	224	208

15 Other Income

	2010 $'000	2009 $'000
Consultancy services	3,774	5,040

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

16 Taxation

	2010 $'000	2009 $'000
Corporation tax – current year	106,110	92,756
– prior year	(2,501)	2,025
Deferred tax (Note 11)	486	(878)
	104,095	93,903
Reconciliation of applicable tax charge to effective tax charge:		
Profit before taxation	371,877	352,578
Tax calculated at 25%	92,969	88,145
Expenses not deductible for tax	10,914	4,996
Income/allowances not subject to tax	(1)	(1,263)
Corporation tax – prior year	(2,501)	2,025
Deferred tax – prior year	2,714	–
	104,095	93,903

17 Earnings Per Share

Basic earnings per ordinary share are calculated by dividing the profit for the year attributable to equity holders of the company by the number of ordinary shares in issue during the year.

Profit for the year attributable to equity holders	267,782	258,675
Number of ordinary shares in issue ('000)	84,240	84,240
Basic earnings per share	$3.18	$3.07

18 Dividends Paid On Ordinary Shares

Final dividend – prior year	138,154	114,566
First interim dividend	31,169	23,587
Second interim dividend	48,016	46,332
Third interim dividend	108,670	49,702
	326,009	234,187

A final dividend in respect of 2010 of $0.61 per share (2009: $1.64 per share) amounting to $51,385,400 (2009: $138,153,600) is to be proposed at the Annual Meeting on the 31 March 2011. If approved, the total dividend for the year will be $2.84, a decrease of 7.2% over dividend distribution of $3.06 with respect to 2009.

19 Related Party Transactions

The Company is a subsidiary of British American Tobacco (Investments) Limited which owns 50.13% of the issued share capital. The remaining 49.87% of the shares are widely held. Its ultimate parent company is British American Tobacco plc, a company registered in the United Kingdom.

The following transactions were carried out with related parties:

	2010 $'000	2009 $'000
i. Sale of goods and services		
Sale of goods – Related Parties	121,005	115,083
Sale of services – Related Parties	4,185	5,471
ii. Purchases of goods and services		
Purchases of goods – Related Parties	63,246	67,142
Purchases of services – Related Parties	46,064	28,605
Purchases of services – Parent Company	42,464	31,558

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.

	2010 $'000	2009 $'000
iii. Key management compensation		
Salaries and other short-term employee benefits	5,549	5,716
Post retirement medical obligations	11	14
Post retirement benefits	839	673
iv. Year-end balances arising from sales/purchases of goods and services		
Receivables from Related Parties	9,226	12,969
Payables to Related Parties	23,052	46,282
Payables to Parent Company	22,810	5,474

The receivables from related parties arise mainly from sales transactions and are due two months after date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties. (2009: nil).

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

20 Contingent Liabilities

	2010 $'000	2009 $'000
Custom bonds	10,910	10,680

21 Commitments

(a) Capital commitments

Authorised and contracted for, and not provided for in the financial statements.	544	8,488

(b) Operating lease commitments

The Company leases motor vehicles under non-cancellable operating lease agreements. The lease terms are between one to five years.

The future minimum lease payments under operating lease agreements are as follows:

	2010 $'000	2009 $'000
No later than one year	1,009	421
Later than one year and no later than five years	1,576	1,660
	2,585	2,081

22 Segment Information

The Company is organised and managed on the basis of two geographic regions. 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, geographical segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

The prices agreed between Group companies for Intra-Group sales of materials, manufactured goods, charges for royalties, commissions, services and fees, are based on normal commercial practices which would apply between independent businesses. Royalty income, less related expenditure, is included in the region in which the licensor is based.

Although the Company provides contract manufacturing services to its affiliates, this activity does not constitute a separate reportable business segment. With the exception of the domestic market, no other individual country within the Caricom market contributes more than 10% of total revenue. All assets and liabilities are allocated specifically by segment where possible, and split based on a volume allocation otherwise.

22 Segment Information (Continued)
Primary reporting format – geographical segment

The segment results for the year are as follows:

	Domestic	Caricom	Unallocated	Total
	TT$'000	TT$'000	TT$'000	TT$'000
Year ended 31 December 2010				
Turnover	821,510	121,006	–	942,516
Gross Profit before overheads	501,946	33,241	–	535,187
Total comprehensive income for the year includes:				
– Depreciation	(8,506)	(13,589)	–	(22,095)
– Taxation	(40,073)	(64,022)	–	(104,095)
Year ended 31 December 2009				
Turnover	770,521	120,634	–	891,155
Gross Profit before overheads	466,984	28,213	–	495,197
Total comprehensive income for the year includes:				
– Depreciation	(6,540)	(10,673)	–	(17,213)
– Taxation	(35,677)	(58,226)	–	(93,903)
Total Segment Assets				
31 December 2010	116,694	173,020	69,339	359,053
31 December 2009	118,583	180,600	130,719	429,902
31 December 2008	112,432	180,324	64,806	357,562
Total segment assets include additions to property, plant and equipment as follows:				
– 31 December 2010	6,170	9,857	–	16,027
– 31 December 2009	7,239	11,813	–	19,052

23 Restatements And Reclassifications

The Company has adjusted comparative information for the following:
a) A change in accounting policy for actuarial gains and losses inclusive of related adjustments to deferred tax;
b) An adjustment to record deferred tax on revaluation of buildings;
c) An adjustment for deferred tax on pensions and post-retirement benefits;
d) Reclassification of certain line items to improve overall presentation.

The effect of these changes on the statements of financial position as of December 31, 2009 and 2008 as well as the statement of comprehensive income for the year ended December 31, 2009 is summarised in the following tables.

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

23 Restatements and Reclassifications (Continued)

Statement Of comprehensive income for the year ended 31 December 2009	As previously reported 2009	Reverse actuarial losses from income (Note a)	Actuarial losses recognised in OCI (Note a)	Adjustment to deferred tax on pensions – 2009	Deferred tax release on revaluation reserve (Note b)	Reclassifications (Note d)	Restated 2009
(Gross Turnover)	'000s	'000s	'000s	'000s	'000s	'000s	'000s
Revenue	666,052	–	–	–	–	–	666,052
Cost of Sales	(170,855)	–	–	–	–	–	(170,855)
Gross Profit	495,197	–	–	–	–	–	495,197
Distribution costs	(12,848)	–	–	–	–	–	(12,848)
Administration expenses	(67,338)	–	–	–	–	–	(67,338)
Other operating expenses	(65,143)	1,877	–	–	–	(5,040)	(68,306)
Other income	–	–	–	–	–	5,040	5,040
Operating Profit	349,868	1,877	–	–	–	–	351,745
Interest income	833		–	–	–	–	833
Profit Before Taxation	350,701	1,877	–	–	–	–	352,578
Taxation	(92,324)	(469)	–	(1,250)	140		(93,903)
Profit For The Year	258,377	1,408	–	(1,250)	140		258,675
Other comprehensive income: -actuarial losses on pensions and other post retirement benefits	–	–	(11,179)	–	–	–	(11,179)
Total Comprehensive Income For The Year	258,377	1,408	(11,179)	(1,250)	140	–	247,496
Earnings Per Ordinary Share	3.07	–	–	–	–	–	3.07

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

23 Restatements and Reclassifications (Continued)

Statement of financial position as at 31 December 2009	As previously reported -2009	Actuarial losses – opening adjustment at 1.1.2008 (Note a)	Deferred tax on revaluation reserve at 1.1.2008 (Note b)	Adjustment to deferred tax on pensions – opening 2008 (Note c)	Actuarial losses reversed from income -2009 (Note a)	Actuarial losses recognised in OCI -2009 (Note a)	Depreciation transfer on buildings, net of tax -2009 (Note b)	Adj. to deferred tax on pensions -2009 (Note c)	Reclassifications (Note d)	Restated 2009
Assets	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
Property, plant and equipment	221,956	–	–	–	–	–	–	–	–	221,956
Retirement benefit asset	20,445	–	–	–	–	–	–	–	(20,445)	–
Inventories	48,388	–	–	–	–	–	–	–	–	48,388
Trade and other receivables	15,870	–	–	–	–	–	–	–	12,969	28,839
Amounts due from related parties	12,969	–	–	–	–	–	–	–	(12,969)	–
Cash and cash equivalents	130,719	–	–	–	–		–	–		130,719
Total Assets	**450,347**	–	–	–	–	–	–	–	**(20,445)**	**429,902**
Shareholders' Equity										
Share capital	42,120	–	–	–	–	–	–	–	–	42,120
Revaluation surplus	58,520	–	(7,578)	–	–	–	(419)	–	–	50,523
Revenue reserves	174,392	(31,739)		(4,509)	1,408	(11,179)	559	(1,250)	–	127,682
Total Equity	**275,032**	**(31,739)**	**(7,578)**	**(4,509)**	**1,408**	**(11,179)**	**140**	**(1,250)**	–	**220,325**
Deferred taxation	18,540	(10,580)	7,578	4,509	469	(3,728)	(140)	1,250	–	17,898
Retirement benefit obligation	624	41,519	–	–	(1,877)	15,163	–	–	(20,445)	34,984
Post employment medical benefit obligation	5,929	800	–	–	–	(256)	–	–	–	6,473
Trade and other payables	72,682	–	–	–	–	–	–	–	46,282	118,964
Amounts due to related parties	46,282	–	–	–	–	–	–	–	(46,282)	–
Amounts due to parent company	5,474	–	–	–	–	–	–	–	–	5,474
Dividends payable	9,672	–	–	–	–	–	–	–	–	9,672
Taxation payable	16,112	–	–	–	–	–	–	–	–	16,112
Total Liabilities	**175,315**	**31,739**	**7,578**	**4,509**	**(1,408)**	**11,179**	**(140)**	**1,250**	**(20,445)**	**209,577**
Total Equity and Liabilities	**450,347**	–	–	–	–	–	–	–	**(20,445)**	**429,902**

Notes To The Financial Statements

31 December 2010
(Expressed in Trinidad and Tobago Dollars)

23 Restatements and Reclassifications (Continued)

Statement of financial position as at 31 December 2008	As previously reported -2008	Actuarial losses – opening adjustment at 1.1.2008 (Note a)	Deferred tax on revaluation reserve at 1.1.2008 (Note b)	Adjustment to deferred tax on pensions – opening 2008 (Note c)	Reclassifications (Note d)	Restated 2008
Assets	'000s	'000s	'000s	'000s	'000s	'000s
Property, plant and equipment	220,981			–		220,981
Retirement benefit asset	21,647			–	(21,647)	–
Inventories	54,239			–		54,239
Trade receivables and prepayments	9,224			–	8,312	17,536
Amounts due from related parties	8,312			–	(8,312)	–
Cash and cash equivalents	64,806			–		64,806
Total Assets	379,209			–	(21,647)	357,562
Shareholders' Equity						
Share capital	42,120			–		42,120
Revaluation surplus	58,520		(7,578)	–		50,942
Revenue reserves	150,202	(31,739)		(4,509)		113,954
Total Equity	250,842	(31,739)	(7,578)	(4,509)		207,016
Deferred taxation	20,997	(10,580)	7,578	4,509		22,504
Retirement benefit obligation	624	41,519		–	(21,647)	20,496
Post employment medical benefit obligation	5,500	800		–		6,300
Trade payables and accruals	58,481			–	21,349	79,830
Amounts due to related parties	21,349			–	(21,349)	–
Amounts due to parent company	7,832			–		7,832
Dividends payable	8,241			–		8,241
Taxation payable	5,343			–		5,343
Total Liabilities	128,367	31,739	7,578	4,509	(21,647)	150,546
Total Equity and Liabilities	379,209			–	(21,647)	357,562

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CH.81:01

(Section 144)

1 **Name of Company:**
THE WEST INDIAN TOBACCO COMPANY LIMITED **Company No:** W.17(C)

2 **Particulars of Meeting:**
One Hundred and Sixth Annual Meeting of The West Indian Tobacco Company Limited to be held at The Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 31 March 2011 at 10.30 a.m.

3 **Solicitation:**
It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular and, in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.

4 **Any Director's statement submitted pursuant to Section 76(2):**
No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch.81:0.

5 **Any Auditor's statement submitted pursuant to Section 171(1):**
No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch.81:01.

6 **Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):**
No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch.81:01.

DATE	NAME AND TITLE	SIGNATURE
18 February 2011	Danielle F Chow Secretary and Authorised Signatory The West Indian Tobacco Company Limited	Danielle Chow

Proxy Form

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CH. 81:01
(Section 143(1))

WEST INDIAN TOBACCO

1 **Name of Company:**
THE WEST INDIAN TOBACCO COMPANY LIMITED **Company No:** W.17 (C)

2 **Particulars of Meeting:**
One Hundred and Sixth Annual Meeting of The West Indian Tobacco Company Limited to be held at The Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 31 March 2011 at 10.30 am.

3 I/We ______________________________
(BLOCK LETTERS PLEASE)

of ______________________________

shareholder/s in the above Company appoint the Chairman of the Meeting or failing him

____

of ______________________________

to be my/our proxy to vote for me/us and on my/our behalf at the above meeting and any adjournments thereof in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting or such adjournment or adjournments thereof and in respect of the resolutions listed below to vote in accordance with my/our instructions.

Signature/s ______________________________

____

Dated this ______________ day of ______________ 2011.

Please indicate with an "x" in the spaces below and overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Please consider Notes 1 to 6 below and overleaf for assistance to complete and deposit this Proxy Form.

RESOLUTION		FOR	AGAINST
1	To adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.		
2	To declare a Final Dividend of 61 cents per ordinary share for the financial year ended 31 December 2010 to be paid on 28 April 2011 to shareholders of record at the close of business on 15 April 2011.		
3	To re-elect Ms Ingrid L-A Lashley, who retires in accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company and being eligible, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No. 1 for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5.		
4	To re-elect Mr Sheldon J Taitt, who retires in accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company and being eligible, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No. 1 for a term from the date of his election until the close of the third Annual Meeting of the Company following his election or until his retirement in accordance with paragraph 4.7:5.		

Proxy Form (continued)

RESOLUTION		FOR	AGAINST
5	To re-elect Mr Anthony E Phillip, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 of Bye-Law No. 1 for a term from the date of his election until the close of the next Annual Meeting.		
6	To re-elect Mr Ranjit R Jeewan, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No. 1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 of Bye-Law No. 1 for a term from the date of his election until the close of the next Annual Meeting.		
7	To elect Mrs Nirala N Singh, who was appointed to the Board since the last Annual Meeting, as a Director of the Company in accordance with paragraph 4.3 of Bye-Law No.1 of the Company for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5 of Bye-Law No. 1.		
8	To elect Mrs Amanda J Cavill de Zavaley, who was appointed to the Board since the last Annual Meeting, as a Director of the Company in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5 of Bye-Law No. 1.		
9	To appoint Messrs PricewaterhouseCoopers as Auditors of the Company to hold office until the close of the next Annual Meeting.		
10	To approve adjustments to the remuneration and fees of Directors who are non executive (being Directors who are neither employees of the Company nor employees of British American Tobacco or any of its affiliates) with effect from 1 April 2011: (a) the monthly remuneration, an increase from i. $4,400 to $8,000 for a Chairman ii. $4,400 to $5,000 for a Director (b) the Board of Directors' Meetings, an increase from i. $2,500 to $ 5,000 for a Chairman ii. $1,500 to $3,000 for a Director for each Board of Directors' Meeting attended (c) the Committee Meetings, an increase from i. $1,500 to $4,000 for a Chairman ii. $1,500 to $3,000 for a Director for each Committee Meeting attended.		

Proxy Form (continued)

NOTES:

1 A shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person-appointed proxy in the space provided and initial the alteration.

2 If the appointor is a corporation, this Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorised in that behalf.

3 A shareholder who is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.

4 In the case of joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.

5 If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

6 To be valid, this Proxy Form must be completed and deposited with the Secretary of the Company at the Registered Office of the Company at the address below at least 48 hours before the time appointed for the Annual Meeting.

Return to: THE SECRETARY
THE WEST INDIAN TOBACCO COMPANY LIMITED
CORNER EASTERN MAIN ROAD AND MOUNT D'OR ROAD
CHAMPS FLEURS
TRINIDAD, WEST INDIES

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