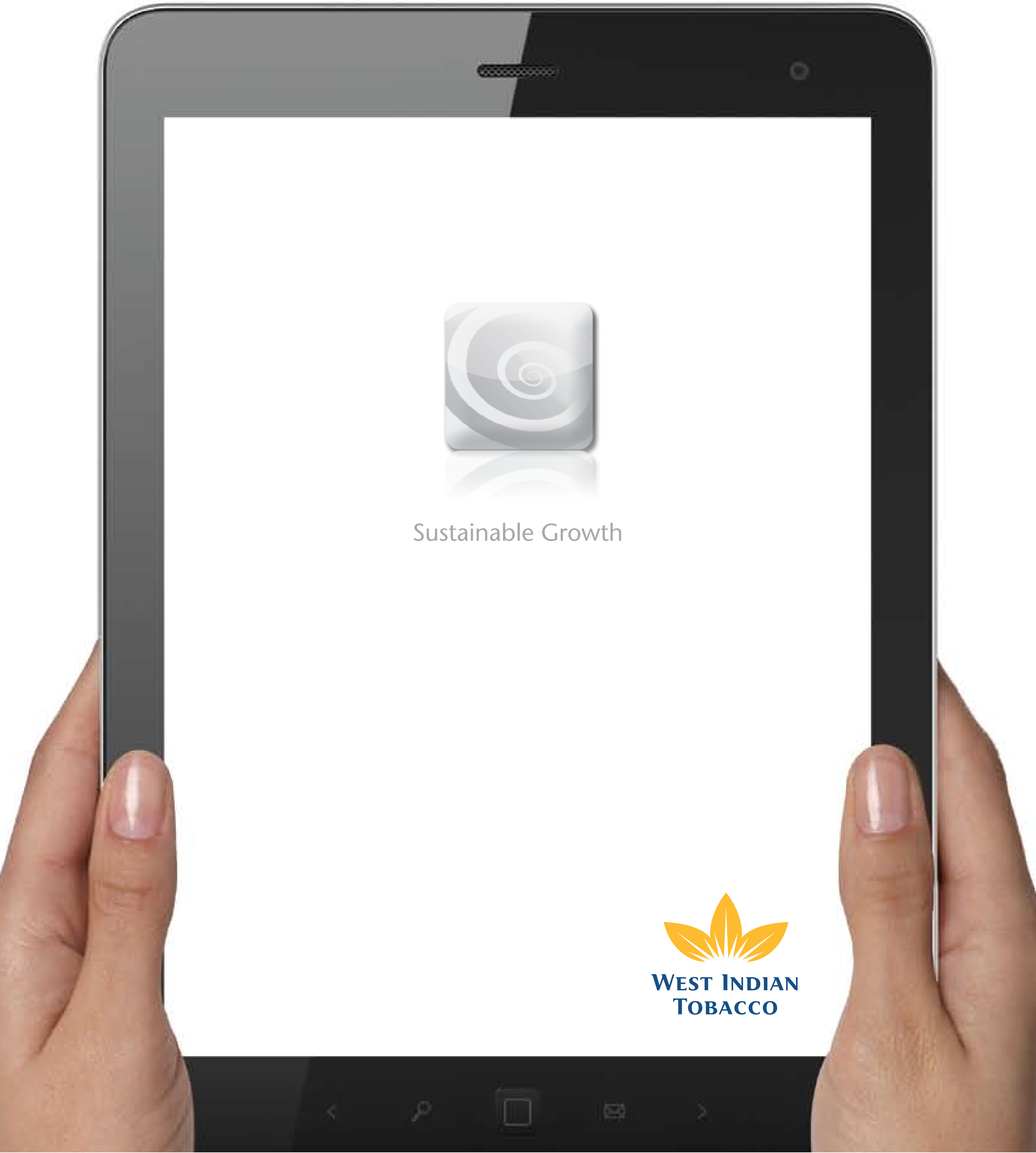
2011 Annual Report



The recyled paper used for the pages in this report is Conqueror Wove Text
comprising 100 per cent acid free post consumer fibre sanctioned by the World Wildlife Fund.
This document is recyclable.

Sustainable Growth

At West Indian Tobacco the goal is to sustain market leadership and build value for our shareholders. We achieve this by continually striving for sustainable growth.

The theme of this annual report is "Sustainable Growth" and we have chosen the image of a spiral app on a tablet computer to represent it.

The spiral is an ancient symbol for growth and evolution, just as our productivity, winning team and sustainable practices represent our forward trajectory. Like the spiral, our path to providing greater value is never ending. It is a continuous process that challenges us to always seek improvement.

Apps, the programs that power mobile devices, are important technological tools that encourage creativity and ingenuity for the enhancement of the user's experience. In this Report, the apps are used to represent West Indian Tobacco's dynamism and future-driven outlook.

At West Indian Tobacco our strong belief is that as an organisation we can act responsibly, serve our consumers, and increase value for our shareholders. It is this belief that has successfully guided us through even the most challenging periods and will lead us successfully into tomorrow.

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.

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
Eduardo J Tagle

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
RBC Trust (Trinidad & Tobago) 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

RBC Royal Bank (Trinidad & Tobago)
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

Contents

Notice of Annual Meeting

Notice is hereby given that the ONE HUNDRED AND SEVENTH ANNUAL MEETING OF SHAREHOLDERS OF THE WEST INDIAN TOBACCO COMPANY LIMITED ("the Company") will be held at the Port of Spain Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad, on Thursday 29 March 2012 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 2011 together with the Reports of the Directors and Auditors thereon.

2 To declare a Final Dividend for the financial year ended 31 December 2011.

3 To re-elect Mrs Danielle F Chow, 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 Jean-Pierre S du Coudray, 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 Mrs Nirala N Singh, 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.

6 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.

7 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.

8 To elect Mr Eduardo J Tagle 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 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.

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

B 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: 15 February 2012

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 Tuesday 14 February 2012, 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.


Anthony E Phillip – Chairman

Chairman's Statement

The year 2011 was characterised internationally by slower growth resulting from uncertain economic conditions. Global activity has weakened while investor and consumer confidence has fallen. A wide array of shocks have hit international economies this year, including the devastating earthquake and tsunami in east Japan, unrest in some oil-producing countries and continuing major financial turbulence in Europe.

Locally, while oil prices remained firm, continuing contraction of the non-energy sector, food price inflation and a slowdown in business activity all contributed to stifled growth. It is estimated that the Trinidad and Tobago economy contracted slightly in 2011 mainly as a result of reduced energy production and continued decline in economic activity in the non-energy sector combined with lower expenditure on Public Sector Investment Programmes. The declaration of a state of emergency and curfew in August 2011, while implemented to deal with national security issues, had the unintended consequence of curbing economic activity. Headline inflation, for most of the year, dropped to single digits.

Notwithstanding the challenges posed by a sluggish business environment, the management and staff of West Indian Tobacco must be complimented for the Company's good performance, which resulted in Profit before Tax of $402 million, which represents an increase of 8.1% over 2010 and Profit for the Year of $290.2 million, an increase of 8.4% over 2010. The Board of Directors has already approved the payment of three interim dividends totalling $2.20 per share which, together with the proposed final dividend of $0.98 per share, will bring the total dividends payable for 2011 to $3.18 per ordinary share, 12% above that of the prior year.

This was achieved within the challenging regional environment, coupled with the current turbulence affecting international markets which impacted the Company's operations in areas such as increased costs of raw materials and reduced demand from our associates in the Caricom markets. In addition, local sales volumes were impacted during the four months of the state of emergency and curfew, disrupting the services sector (particularly restaurants, bars and nightclubs), which are important trade channels for our business.

During 2011, the Company also focused on building its Sustainability Agenda, with special emphasis on four key areas: Marketplace, Environment, Supply Chain, and People and Culture. Our Sustainability Agenda aims to build value for our shareholders and other stakeholders by addressing our social, environmental and economic impacts. This means generating returns for our shareholders by doing the right thing through taking action to deal with our impact today in order to ensure that our business thrives in the future.

West Indian Tobacco upholds high standards of corporate conduct within our marketplace, underscoring our commitment as a responsible corporate citizen. We adhere stringently to the requirements of the Tobacco Control Act 2009 as well as our voluntary code that

Chairman's Statement (continued)

covers all tobacco product marketing and messaging for consumers – the International Marketing Standards (IMS). This means that there are many activities we do not pursue as a Company. Top of the list is that we do not market our products to underage persons, nor do we advertise, except as provided by the law. Our consumer packaging carries a clearly visible health warning which informs our consumers.

Compliance with the law and our voluntary standards are tenets of good corporate governance and adherence is monitored by our internal audit team.

In addition, we recognise and actively address the impacts of the manufacture, distribution, consumption and disposal of our products on the environment. As a business with an agricultural primary supply chain, we depend heavily on natural resources and ecosystems. We therefore recognise the need for a clear, strategic approach to managing our environmental impact. It not only makes good economic sense for us to use raw materials, energy and water efficiently, it is also our responsibility. We have therefore implemented a programme aimed at reducing our carbon footprint by addressing various aspects of our business, including energy usage, water consumption, waste to landfill and business travel.

Another element of our Sustainability Agenda mandates that we work for the positive social, environmental and economic practices of our supply chain. We seek opportunities to engage with our suppliers to help them address these issues.

The success of our business revolves around ensuring that we have the right people and culture to meet our goals. Our employees come with diverse experiences and our business benefits from the breadth of ideas that they bring. This year, we focused on getting the basics right so that we can continue to attract and retain the best people and create a great place to work. We are working to ensure that we have a sustainable talent pipeline, whilst creating a work environment where employees are recognised for the difference they bring and the contribution they make.

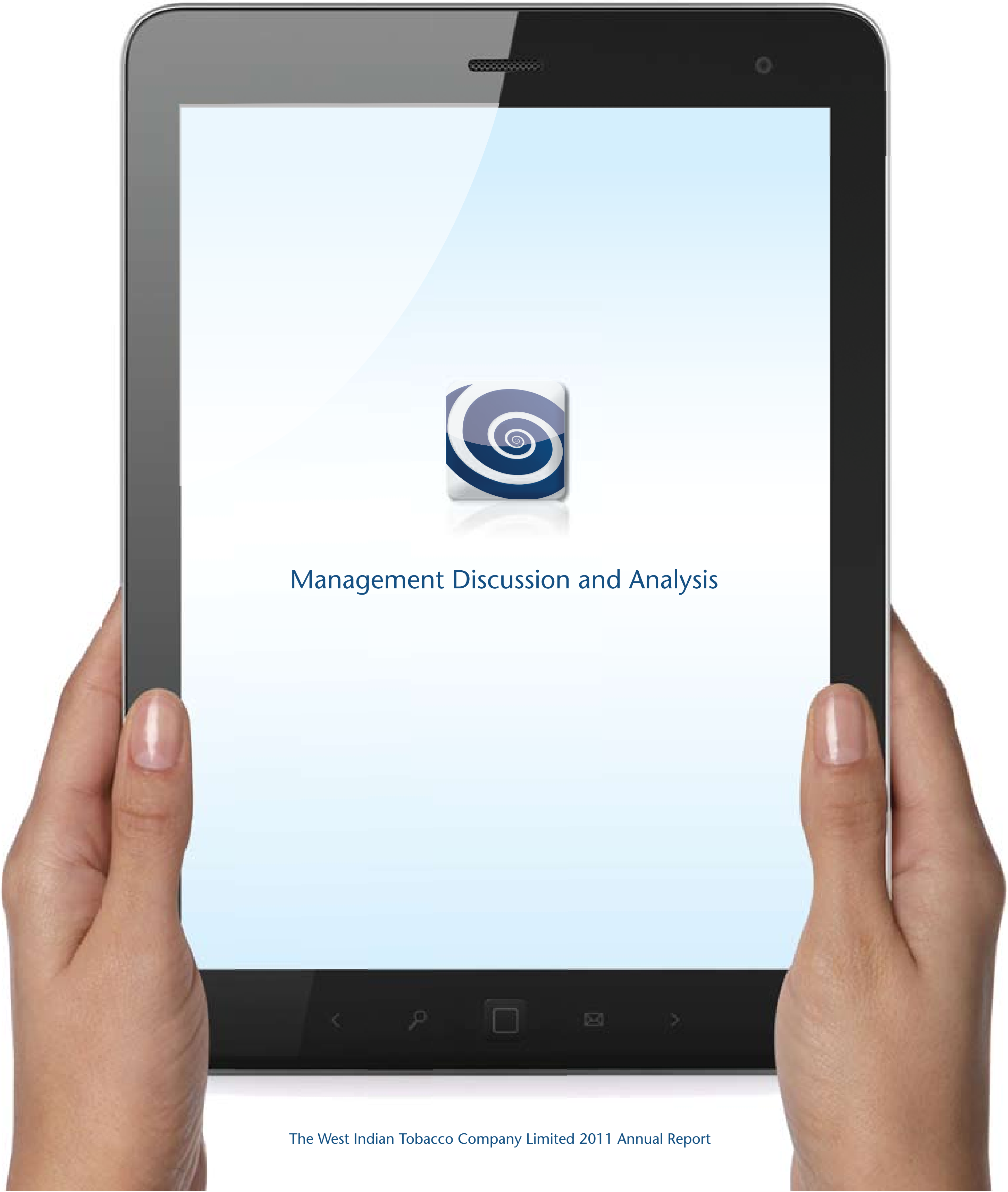
Over the years we have built a strong reputation for corporate social responsibility and sustainability, however, we recognise that sustainability is a long-term commitment for which we need to continually evolve our approach. Our Sustainability Agenda is intrinsic to our strategy and will remain a key aspect of the Company's long-term success.

Predictions are that the current global economic uncertainty and consequential negative impact on the local business environment will continue. Given the resilience of our organisation and its demonstrated capability to adapt its strategies to meet challenges, we expect to continue our success.

I wish to thank my fellow Directors for another year of committed service, and express appreciation for the contribution of former Director Mr. Sheldon Taitt, who has resigned from the Board. At the same time, I welcome Mr. Eduardo Tagle, Head of Operations for various British American Tobacco interests in the Caribbean and South America. I also wish to sincerely thank the West Indian Tobacco family for their dedication, initiative and hard work, all of which underpin the continued success of this Company.

ANTHONY E PHILLIP
Chairman
15 February 2012

Management Discussion and Analysis




Jean-Pierre S du Coudray
Managing Director

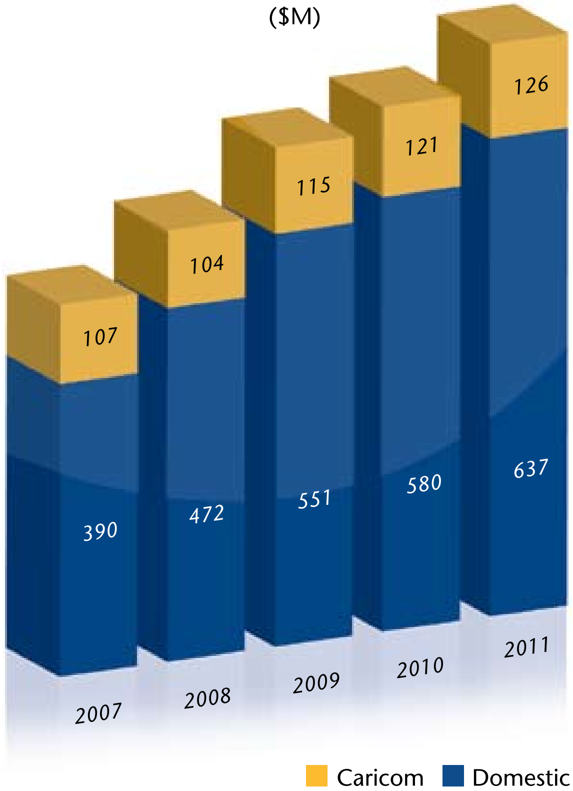
Management Discussion and Analysis

In spite of continued sluggish growth locally, the inherent strength of our Company's business, with its balanced portfolio of brands and its consistent focus on innovation, continues to deliver solid results and sustained shareholder value.

We can be justly proud of our record of continued sustainable growth. Our strategy of creating value in the marketplace has served us well in the past and will be the source of our foundation moving forward. We have also been able to improve the mutually beneficial relationship we have with many of our stakeholders.

REVENUE

($M)



PERFORMANCE AND STRATEGY

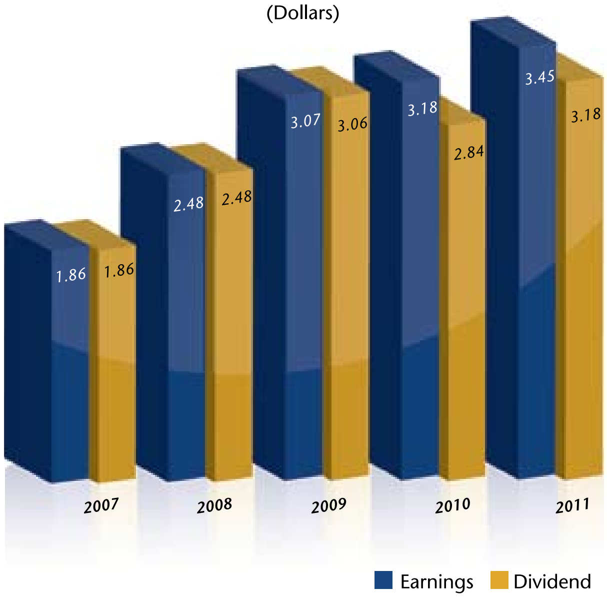
We seek to deliver on our vision of leadership by maintaining market excellence within Trinidad and Tobago, and at the same time being the number one manufacturing centre of tobacco products in the Caribbean Community (Caricom). Our strategy for building shareholder value is based on focusing our efforts on the fundamentals of growth, productivity, responsibility and building a winning organisation. Our balanced strategy adds value to all aspects of our business and we believe that it sets us apart from the competition and ensures our long term business sustainability.

The marketing strategy is one which reinforces our commitment to delivering on consumer expectations, and this remains at the forefront of our activations behind our brands. Our focus on the consumer means that we have continued to invest in our brands in order to offer meaningful, value-added and differentiated products.

The continued focus on our Strategic Leadership Agenda will ensure the business is fit to meet future challenges.

EARNINGS/DIVIDEND PER ORDINARY SHARE

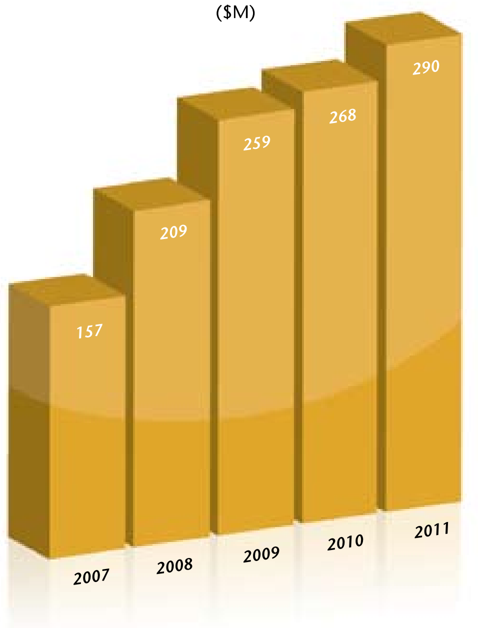
(Dollars)



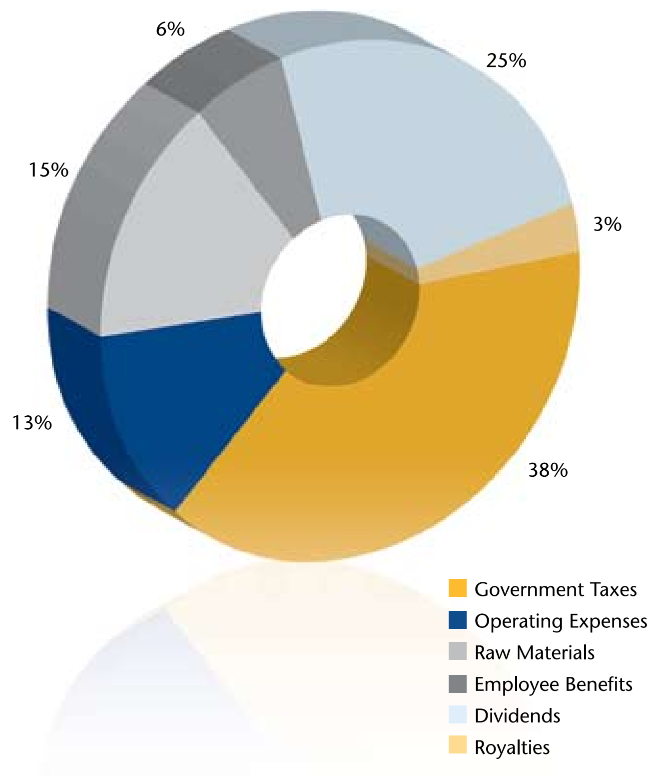
Management Discussion and Analysis (continued)

PROFIT AFTER TAXATION

($M)



INCOME DISTRIBUTION



REVENUES

Revenue is calculated as sales value after the deduction of excise, as published in the Statement of Comprehensive Income. In 2011, the Company recorded revenue of $763.1 million, representing growth of 9% over 2010. This was largely driven by the performance of the Company's strong portfolio in the domestic market, which includes the Dunhill, Vogue, du Maurier and Broadway family of brands.

COST OF SALES AND OVERHEADS

Cost of Sales increased by 6% to $175.2 million, primarily driven by higher raw material prices. This, however, was partially offset by the decline in volumes to our Caricom customers. Total overheads amounted to $186 million, which was an increase of 14% over the prior year and reflected an increase in costs of inputs to the manufacturing process, as well as inflationary increases on general expenses. Worth mentioning is that in 2010 there was a write-back of an impairment provision which had the impact of reducing the total overheads by $8.3 million. As a result, the "real" percentage increase in overheads was 8.8%. Despite this increase, a deep scrutiny of all overhead categories was conducted during 2011, which allowed the containment of key cost pools, and facilitated the proactive management of operating expenses.

PROFIT AND TOTAL COMPREHENSIVE INCOME

Profit Before Taxation ended at $402 million which represents an increase of 8.1% over the corresponding period in 2010. This growth is a direct result of the performance of our robust portfolio and continued focus on key business drivers. The marketing strategy is the key driver for success and balance between the product offer and the opportunity to grow share value through improvements in the quality of the mix. The net impact of the above resulted in a Profit After Tax for the Year of $290 million, an increase of 8.4% over the prior year and a Total Comprehensive Income for the Year of $282.3 million. As a result of this solid performance, there was a net growth in Earnings Per Share of 8.5% over the prior year. Dividends Per Share for 2011, once the Final Dividend is approved at the Annual Meeting, will be $3.18, representing a 12% growth over 2010.

CASH FLOWS

Cash Flows generated from operations increased by $4.6 million to end the year at $281.9 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 increased by $31.5 million, largely driven by increased profitability.

GROWTH

Our business is operating in a landscape of challenging economic conditions, increasing regulations and changing consumer behaviours. In the face of these challenges, it is all the more important that we focus on achieving sustainable growth. Successful marketing is the foundation of growth for any fast-moving consumer goods (FMCG) business and this Company is no exception. We have a successful marketing strategy based on innovation, responsibility and consumer choice.

We invest in positioning our high quality brands competitively for the adults who have decided they want to buy tobacco products, and we have shown that through focus, responsiveness and a high priority on responsibility, we can successfully build their brand loyalty. We have developed approaches that we believe are appropriate for the modern marketing of our product and pursue excellence in everything we do. The strength of our performance in 2011 was the clear result of the alignment of marketing strategies with the objectives of the business, underpinned by the provision of quality products and a strong consumer focus. This means giving our consumers premium value through premium quality and unique, differentiated brands.

We implemented key initiatives which facilitated growth, volume maintenance and market development, while at the same time complying with strict tobacco control laws and tight voluntary marketing standards of our own. We have also implemented several responsible initiatives in the local market, including partnering with outlet owners to provide accommodation for smokers in public places. In addition, the Company focused on an appropriate merchandising trade programme, retail advocacy programmes and directed brand communication. The stand-out performer in terms of growth was Dunhill, but du Maurier held firm in its role as the leading national brand and volume provider for the portfolio, registering positive performance by year end.

Our route-to-market strategy was a critical enabler of growth in 2011. With increased focus on optimising our distribution system and trade partnerships, we continued to be the benchmark supplier in the market while effectively executing our portfolio strategy at the point of sale.

We recognise that we can only sustain this growth if it is funded by improved productivity across the business and delivered by a winning organisation that acts responsibly at all times.

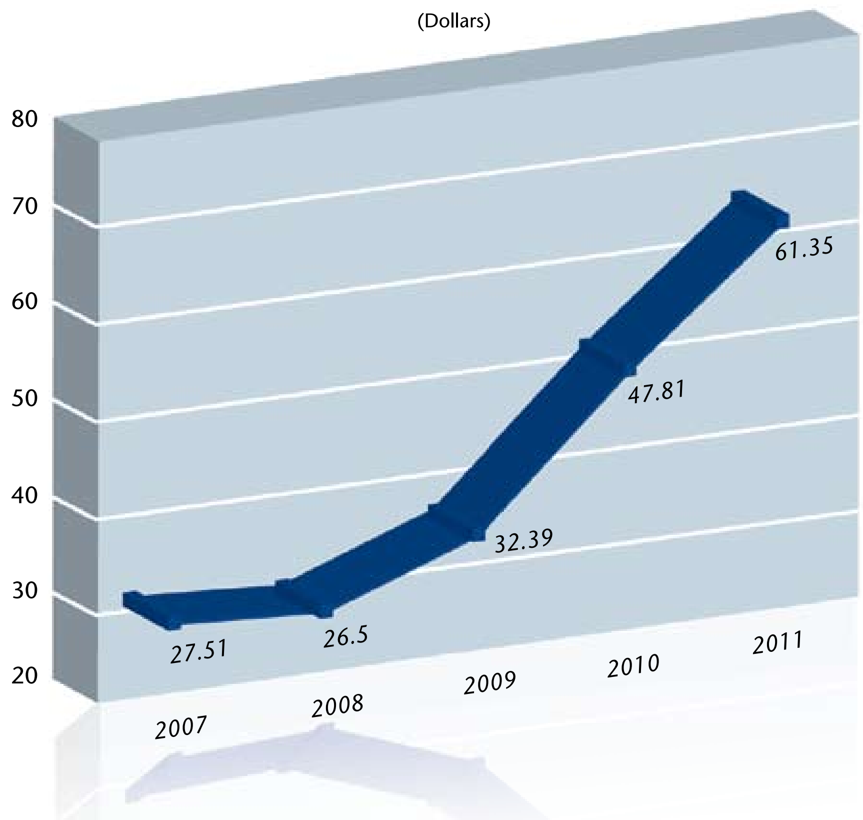
PRODUCTIVITY

Our commitment to productivity provides the resources we need to invest in our brands and growth share in our key markets. As a commercial business, we are focused on improving effectiveness and efficiency. The savings generated are a source of operating profit growth and cash for reinvestment in the business. Our focus is on smart cost management, marketing efficiency and capital effectiveness. This includes reducing unnecessary complexity to save costs and using our cash and assets more effectively.

In our drive to continuously improve our efficiency and quality, a number of investments in machinery were undertaken in 2011. Refurbishment and upgrades completed on some of our key packing and making machines will further improve efficiency and quality in our marketing process. Installations of new cut rag and stem silos in our Primary Manufacturing will allow for the manufacture of an even higher quality tobacco. Our collaborative relationship with the employees' union, the Seamen and Waterfront Workers' Trade Union (SWWTU), continues to be mutually rewarding. Through

Management Discussion and Analysis (continued)

SHARE PRICE



improved collaboration we hope to increase our productivity, efficiency, effectiveness and competitiveness for the mutual benefit of all our stakeholders.

An effective Environmental, Health and Safety (EHS) Management System was a key company priority, and awareness programmes for safe working practices and accident reduction were also implemented. The issue of Loss Workday Case Incident Rate continues to be important to the Company and is a standard health and safety measure which is critical to productivity and helps us to measure working days lost through injury on a consistent basis, year-on-year.

In addition, the Global Process Standards (GPS) alignment project was launched in 2011, which focus on key business processes and facilitate the alignment to global best practice. Together with the optimum use of our benchmark tool – Systems, Applications and Products (SAP) this is expected to reap significant benefits and align West Indian Tobacco processes to benchmark multinational companies across the globe.

WINNING ORGANISATION

Our employees come from diverse backgrounds and our business benefits from the ideas and experiences they bring. We recognise individuality and encourage people to perform at their best. In attracting, developing and retaining talented individuals, we have the opportunity to build a winning organisation. Having a strong and clearly differentiated reputation as an employer is therefore critical to our long-term business sustainability.

Our robust 2011 results were indeed a strong reminder that having the right people and the right work environment remains critical to our continued success. Good leadership is key to this success and as a consequence, this year we focused on engaging our leaders more in various fora. Actively listening to our employees' concerns remains a primary focus. In 2011, we revamped and re-launched our Core Values, which we are confident will strengthen the connection between our employees and the Company and managers and their teams, to ensure continued solid results.

Sustained competitive advantage and continuous learning and development of employees in today's environment go hand in hand. As a business, we seek to keep pace with global trends on employee learning and development. We have also launched a world class e-learning intranet and this interactive tool can make the continuous learning and development of our people, a reality.

RESPONSIBILITY

Responsibility is integral to everything we do, and is especially important to a business such as ours because of the nature of our products. Our determination to act responsibly spans the whole business – from our commitment to addressing the issues of child labour, to looking at how we can reduce the effects of our products and lessen our environmental impact.

Our Business Principles and our Standards of Business Conduct set out what we require of the Company and our employees in terms of responsible corporate behaviour and personal integrity. We also support regulation that maintains a balance between consumer preferences and the interest of society, enabling our business to continue to compete commercially. We understand the concerns about our products and are working hard to conduct our business responsibly, in an industry seen by many as controversial.

The manufacture, distribution, consumption and disposal of our products all impact the environment. We have set targets for our key environmental goals, including long term reduction targets for our carbon dioxide emissions. To reduce our carbon footprint, we addressed our energy use, water consumption, waste to landfill and business travel. Additionally, the Company continues its carbon offsetting programme, initiated in 2009, to reduce our impact on the environment.

We believe that tobacco products are only suitable for adult consumers and work diligently to prevent underage smoking. We fully support the law which prohibits the sale of tobacco products to anyone under the age of 18 and work with retailers in the battle against underage smoking through our Youth Smoking Prevention Programme which was launched in 2000.

We recognise the role that our business must play as a corporate citizen and we therefore continue to contribute to the development of the communities in which we operate, focusing on areas that include empowerment, civic life and the environment. In this regard, the Company continues to support communities and charitable projects. We focus on community development through the national instrument and the empowerment of young adults.

LOOKING AHEAD

Our results for 2011 show that we have stepped up to the challenge and found innovative ways to develop and grow the business by placing focus on the key aspects that drive performance, namely the passion of our people, the quality of our product, the accuracy of our strategy and the creativity of our executions.

Looking to 2012 and beyond, our vision of maintaining leadership of our industry remains as relevant as ever. We still have much to do to make it a reality but our strategy for growth means we are well placed to succeed.

We will continue to refresh and enhance our brand portfolio, introducing consumer-focused innovations where appropriate. Our operational fitness will also continue to improve as we implement and rollout relevant and efficient systems.

I would like to take this opportunity to thank my management team and the employees of West Indian Tobacco for their efforts and commitment to the strategy during 2011 which have resulted in yet another year of sustained growth.

JEAN-PIERRE S DU COUDRAY
Managing Director
15 February 2012

Board of Directors

Anthony E Phillip
Chairman

Jean-Pierre S du Coudray
Managing Director

Danielle F Chow
Executive Director

Amanda J Cavill de Zavaley
Non-Executive Director

Nirala N Singh
Executive Director

Ranjit R Jeewan
Non-Executive Director

Ingrid L-A Lashley
Non-Executive Director

Eduardo J Tagle
Non-Executive Director

Directors' Report

The Directors have pleasure in submitting their report and the Audited Financial Statements for the year ended 31 December 2011.

FINANCIAL HIGHLIGHTS

		$'000	$'000
Gross Turnover			**1,006,470**
-including excise of $243,317			
Revenue			763,153
Cost Of Sales			(175,200)
Gross Profit			**587,953**
Distribution Costs			(15,505)
Administrative Expenses			(91,109)
Other Operating Expenses			(82,980)
Other Income			3,630
Operating Profit			401,989
Interest Income			21
Profit Before Taxation			**402,010**
Taxation			(111,794)
Profit for the year			290,216
Other Comprehensive Income			
-Actuarial gains/(losses) on Pension and Other post Retirement Benefits			(7,873)
Total Comprehensive Income for the year			**282,343**
Dividends		**$3.18**	
Interim – 1st –	63¢ per ordinary share paid on 20 May 2011	53,071	
Interim – 2nd –	75¢ per ordinary share paid on 19 August 2011	63,179	
Interim – 3rd –	82¢ per ordinary share paid on 18 November 2011	69,076	
Proposed Final –	98¢ per ordinary share to be paid on 24 April 2012	82,555	
			(267,881)
Retained Earnings transferred to Revenue Reserves			**14,462**

DIRECTORS, SENIOR OFFICERS, CONNECTED PERSONS AND 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 2011.

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

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 2012, the latter being a date not more than one 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 10 largest blocks of shares in the Company as at 31 December 2011 and as at 31 January 2012, 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 35,229,227 as at 31 December 2011 and 35,250,689 as at 31 January 2012.

	Total Shares Held As at 31 December 2011	Total Shares Held As at 31 January 2012
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)	5,838,693	5,842,172
RBTT Trust (Trinidad & Tobago) Limited – (All Accounts)	5,511,389	5,511,389
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	2,122,240	2,122,240
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, Mrs Danielle F Chow, Mr Jean-Pierre S du Coudray and Mrs Nirala N Singh retire from the Board of Directors and, being eligible, offer themselves for re-election.

Directors' Report

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 the Companies Act, Chapter 81:01 Section 74, Mr Sheldon J Taitt resigned from the Board of Directors on 18 November 2011.

In light of the casual vacancy caused by the resignation of Mr Sheldon J Taitt, Mr Eduardo J Tagle was appointed to the Board on 15 February 2012 until the expiration of the term of his predecessor. In accordance with paragraph 4.7:5 of the Bye-Law No. 1 of the Company, Mr Eduardo J Tagle retires from the Board of Directors and, being eligible, offers himself 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.

FINANCIAL CALENDAR

REPORTS	
Interim Report for First Quarter ending 31 March 2012	May 2012
Interim Report for Second Quarter ending 30 June 2012	August 2012
Interim Report for Third Quarter ending 30 September 2012	November 2012
Preliminary Announcement for the year to 31 December 2012	February 2013
Annual Financial Statement for the period ending 31 December 2012	March 2013

PROPOSED DIVIDEND PAYMENTS	
(in accordance with Bye Law No. 16)	
Final 2011	April 2012
First Interim 2012	May 2012
Second Interim 2012	August 2012
Third Interim 2012	November 2012
Final 2012	April 2013

By Order of the Board

Danielle F Chow
Secretary
15 February 2012

Management Teams

Marketing

From left to right:

Malissa Sylvester (Trade Marketing & Distribution)
Vijay Singh (Trade Marketing & Distribution)
Tracy Modeste (Brand Marketing)
Allister James (Trade Marketing & Distribution)
Carla Boodoo (Brand Marketing)
Arun Singh (Trade Marketing & Distribution)
Kevin Lewis (Trade Marketing & Distribution)

Management Teams

Operations Support

From left to right:

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

Management Teams

Manufacturing

From left to right:

Taran Persad (Primary Manufacturing)
Andre Coker (Secondary Manufacturing)
Joseph Chin Cheong (Engineering)
Marlon Rattan (Secondary Manufacturing)
Hector Martinez (Secondary Marketing)
Dwight Pierre (Secondary Manufacturing)
Jorge Solera (Secondary Manufacturing)
Vaughn Allum (Secondary Manufacturing)

Management Teams

Corporate Services

From left to right:

Shereen Smith (Finance)
Allison Manwarring (Procurement)
Celisha Webster (Finance)
Nirala Singh (Finance)
Colin Harris (Security and Anti-illicit Trade)
Rowan Brathwaite (Legal Affairs)
Charmaine Mohamed (Corporate Affairs)
Danielle Chow (Corporate & Legal Affairs)
Jerome Singh (Human Resources)
Cassandra Patrovani-Sylvester (Human Resources)

Sustainability in 2011

At West Indian Tobacco, we recognise the importance of conducting our operations in a manner that is socially responsible. We have developed a Sustainability Agenda that helps to shape the way we do business and interact with our staff, community and environment. This is a manifestation of our belief in sustainability as crucial to proper business practices and our commitment to seeing it carried out.

In 2011, our Company focused on three key areas:

- Taking the lead in upholding high standards of corporate conduct within our marketplace;
- Actively addressing the impacts of our business on the natural environment; and
- Working to ensure we have the right people and culture to meet our goals.

MARKETPLACE

As a leading manufacturer in the Caribbean, West Indian Tobacco recognises its responsibility to set an example by following appropriate marketing practices. We adhere stringently to the requirements of the Tobacco Control Act 2009 and our own International Marketing Standards (IMS). These help to ensure that our products are only marketed to adult and informed consumers.

We believe that tobacco products are only suitable for adult consumers and we do not want children to smoke. In support of this belief, we developed the Youth Smoking Prevention (YSP) Programme in 2000, revamping it in 2010 specifically to raise retailers' and consumers' awareness of the age requirement for purchasing our products. Our YSP programme includes eye-catching signs clearly stating that sales will not be made to the underaged. In 2011, an audit was conducted by a third party to measure the effectiveness of our youth smoking prevention activities. This study revealed that there was a high level of spontaneous awareness of the law about the sale of tobacco products to underage persons.

Our marketing approach is focused on interacting with adult consumers through responsibly managed and lawful channels of communication. This approach comprises permission-based one-to-one marketing to consenting adults and includes direct mailing and social gatherings at age-controlled venues. In this way we ensure that we reach the community that already enjoys and supports our products in a responsible yet creative way.

YSP Poster in close proximity to a cigarette dispenser

Gazebo on the Company's compound with ashcan carrying butt litter message

PPS System installed

We continue to work with the hospitality industry for the development of comfortable outdoor spaces for smokers through initiatives such as our Public Place Smoking (PPS) programme. Through consumer education and solution provision we are working to reduce cigarette butt litter.

Tree planting exercise

E NVI

Indian Tobacco carries out several initiatives to minimise that impact and help preserve the environment for future generations. We believe that responsible environmental stewardship is everyone's responsibility and companies should take the lead in using their resources to further these efforts.

"Go Green" is West Indian Tobacco's programme to reduce the company's carbon footprint. One of our key efforts in this regard is the planting of trees in Aripo in collaboration with community members. To date approximately 22,000 trees have been planted to neutralise our carbon footprint. Our employees, through our "Volunteers for Trinidad and Tobago" programme, joined with the villagers of Aripo, to plant the trees in an effort that will help protect the pristine Arima Valley.

Participants in "Volunteers for Trinidad & Tobago" activity

In addition, we have modified our company practices and procedures to be more energy efficient and to produce less waste. We continuously review and upgrade our Environmental, Health and Safety (EHS) systems and address energy use, water consumption, waste to landfill and our business travel practices. By using green technology, conserving resources, recycling and inculcating a culture of environmental protection among our employees, West Indian Tobacco continues to make a contribution towards sustainability.

WITCO Desperadoes

People and Culture

To get the best results for our organisation, we need well-motivated employees of the highest standard. Our team members are invaluable to us and we are seeking to ensure that they are given training, opportunities for advancement, a healthy work/life balance and other benefits that contribute to job satisfaction. Likewise, as a corporate entity we place enormous value on community and culture.

In 2011 West Indian Tobacco implemented several initiatives with our employees:

Training – We carried out continuous training in machinery operation, quality and statistical control and our mechanical trainees gained valuable on-the-job experience with the new equipment. We also implemented a cross-training exercise for several employees in new processes. In the second half of 2011, an e-learning Intranet site was launched.

Employee Engagement – During the year we held cross-functional meetings where issues such as increasing employee commitment and motivation were discussed. Following on these meetings we revamped our Core Values as a motivational tool to reconnect our employees with the company and our shared goals. In addition, West Indian Tobacco strengthened its ties with our employee's labour union, by introducing a programme for the Promotion of Management-Labour Cooperation.

Our balanced approach adds value to all aspects of our business. We think this sets us apart and ensures our longterm sustainability.

Training in factory

Group session

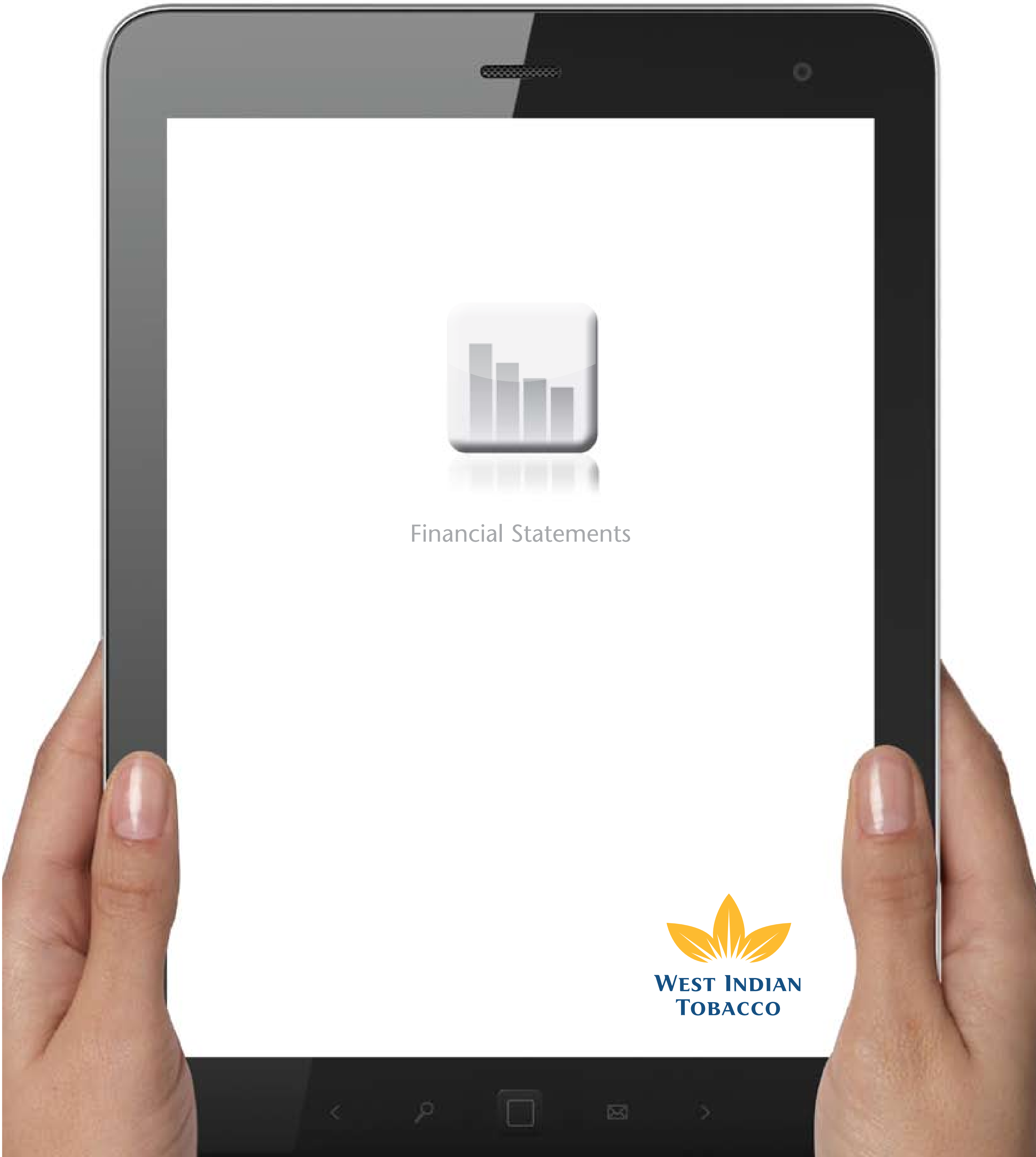
Employees at Company event

The Year at A Glance

	2011 $'000	2010 $'000	Change %
Revenue	763,153	700,609	8.9%
Gross Profit	587,953	535,187	9.9%
Total Expenses	(185,964)	(163,552)	13.7%
Operating Profit	401,989	371,635	8.2%
Interest Income	21	242	-91.3%
Profit Before Taxation	402,010	371,877	8.1%
Taxation	(111,794)	(104,095)	7.4%
Profit for the year	290,216	267,782	8.4%
Other Comprehensive Income			
-Actuarial gains/(losses) on Pension and Other Post Retirement Benefits	(7,873)	(17,859)	-55.9%
Total Comprehensive Income for the year	282,343	249,923	13.0%

Five Years at A Glance

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000
Profit And Taxation					
Profit before taxation TT$	213,980	282,346	352,578	371,877	402,010
Taxation	56,978	73,132	93,903	104,095	111,794
Profit after taxation TT$	157,002	209,214	258,675	267,782	290,216
Dividends	156,686	208,915	257,774	239,242	267,883
Effective rate of taxation (%)	26.6	25.9	26.6	28.0	27.8
Balance Sheet					
Shareholders' equity	182,451	207,016	220,325	144,239	189,870
Deferred tax Liability	22,508	22,504	17,898	12,431	10,075
Non-current liabilties	5,624	26,796	41,457	66,822	75,376
Current liabilities	134,601	101,246	150,222	135,561	107,211
Total Funds Employed	345,184	357,562	429,902	359,053	382,532
Property, plant and equipment	199,067	220,981	221,956	223,838	218,068
Inventories	48,265	54,239	48,388	43,196	43,227
Cash at bank and in hand	28,530	64,806	130,719	69,339	100,816
Other current assets	69,322	17,536	28,839	22,680	20,421
Total Assets	345,184	357,562	429,902	359,053	382,532
Statistics					
Issued Share Capital ('000)	84,240	84,240	84,240	84,240	84,240
Earnings per ordinary share ($)	1.86	2.48	3.07	3.18	3.45
Dividends per ordinary share ($)	1.86	2.48	3.06	2.84	3.18
Net assets value per ordinary share ($)	2.17	2.46	2.62	1.71	2.25
Share prices at 31 December ($)	27.51	26.50	32.39	47.81	61.35


Financial Statements
WEST INDIAN
TOBACCO

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 at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 financial statements present fairly, in all material respects, the financial position of The West Indian Tobacco Company Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
15 February 2012
Port of Spain,
Trinidad, West Indies

Statement Of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	31 December 2011 $'000	31 December 2010 $'000
Non-current Assets			
Property, plant and equipment	5	218,068	223,838
Current Assets			
Inventories	6	43,227	43,196
Trade and other receivables	8	20,421	22,680
Cash and cash equivalents	9	100,816	69,339
		164,464	135,215
Total Assets		382,532	359,053
Shareholders' Equity			
Share capital	10	42,120	42,120
Revaluation surplus	5.1	48,942	49,610
Retained earnings		98,808	52,509
		189,870	144,239
Non-current Liabilities			
Deferred tax	11	10,075	12,431
Retirement benefit obligation	12	68,314	60,339
Post employment medical benefit obligation	12	7,062	6,483
		85,451	79,253
Current Liabilities			
Trade and other payables	13	81,594	89,005
Due to parent company	19 iv	3,649	22,810
Dividends payable		15,703	12,647
Taxation payable		6,265	11,099
		107,211	135,561
Total Liabilities		192,662	214,814
Total Equity and Liabilities		382,532	359,053

The notes on pages 39 to 64 are an integral part of these financial statements.

On 15 February 2012, the Board of Directors of The West Indian Tobacco Company Limited authorised these financial statements for issue.

Chairman

Statement Of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 31 December 2011 $'000	2010 $'000
Gross Turnover - including excise of $243,317 (2010: $241,907)		1,006,470	942,516
Revenue		763,153	700,609
Cost Of Sales	14	(175,200)	(165,422)
Gross Profit		587,953	535,187
Distribution Costs	14	(15,505)	(14,047)
Administrative Expenses	14	(91,109)	(87,296)
Other Operating Expenses	14	(82,980)	(66,394)
Other Income	15	3,630	4,185
Operating Profit		401,989	371,635
Interest Income		21	242
Profit Before Taxation		402,010	371,877
Taxation	16	(111,794)	(104,095)
Profit For The Year		290,216	267,782
Other Comprehensive Loss Actuarial losses on pensions and other post retirement benefits		(7,873)	(17,859)
Total Comprehensive Income For The Year		282,343	249,923
Earnings Per Ordinary Share	17	$ 3.45	$ 3.18
Dividends Per Ordinary Share	18	$ 3.18	$ 2.84

The notes on pages 39 to 64 are an integral part of these financial statements.

Statement Of Changes In Shareholders' Equity

(Expressed in Trinidad and Tobago Dollars)

	Note	Share Capital $'000	Revaluation Surplus $'000	Retained Earnings $'000	Shareholders' Equity $'000
Year ended 31 December 2011					
Balance at 1 January 2011		42,120	49,610	52,509	144,239
Comprehensive income					
Profit for the year		--	--	290,216	290,216
Other comprehensive loss					
Actuarial losses on pensions and other post retirement benefits		--	--	(7,873)	(7,873)
Depreciation transfer on buildings, net of tax		--	(668)	668	--
Transactions with owners					
Dividends	18	--	--	(236,712)	(236,712)
Balance at 31 December 2011		42,120	48,942	98,808	189,870
Year ended 31 December 2010					
Balance at 1 January 2010		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 39 to 64 are an integral part of these financial statements.

Statement Of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Note	Year Ended 31 December 2011 $'000	2010 $'000
Cash Flows From Operating Activities			
Profit before taxation		402,010	371,877
Adjustments for:			
Depreciation		22,531	22,095
Reversal of impairment on property, plant and equipment		--	(8,299)
Loss on disposal of property, plant and equipment		43	54
Net (decrease)/increase in pensions and other post retirement benefits, excluding actuarial losses		(1,944)	1,553
Interest income		(21)	(242)
Other non-cash items in property, plant and equipment		--	146
Operating profit before working capital changes		422,619	387,184
Changes in working capital:			
(Increase)/decrease in inventories		(31)	5,192
Decrease in trade receivables and prepayments		749	2,416
Decrease in receivables from related parties		1,510	3,743
Decrease in trade payables and accruals		(2,705)	(6,729)
Decrease in due to related parties		(4,706)	(23,230)
(Decrease)/increase in due to parent company		(19,161)	17,336
Cash Generated From Operating Activities		398,275	385,912
Taxation Paid		(116,359)	(108,622)
Net Cash Generated From Operating Activities		281,916	277,290
Cash Flows From Investing Activity			
Purchase of property, plant and equipment		(17,035)	(16,027)
Proceeds from sale of property, plant and equipment		231	149
Interest received		21	242
Net Cash Used In Investing Activities		(16,783)	(15,636)
Cash Flows From Financing Activity			
Dividends paid		(233,656)	(323,034)
Net Increase/(Decrease) In Cash And Cash Equivalents		31,477	(61,380)
Cash And Cash Equivalents At Beginning Of Year		69,339	130,719
Cash And Cash Equivalents At End Of Year	9	100,816	69,339

The notes on pages 39 to 64 are an integral part of these financial statements.

Notes To The Financial Statements

31 December 2011

(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 Mt. 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 the 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 land and buildings 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.

The following is a summary of new standards, amendments and interpretations having an impact on the Company in the current year and in the future:

(a) *New standards, amendments and interpretations adopted by the Company*
The standards, amendments and interpretations that were effective from 1 January 2011 did not have a significant impact on the Company's financial statements. These included the following:

- Annual improvements to IFRSs 2010 (effective 1 January 2011). This set of amendments includes changes to six standards and one IFRIC:
  - IFRS 1, 'First time adoption'
  - IFRS 3, 'Business combinations'
  - IFRS 7, 'Financial instruments: Disclosures'
  - IAS 1, 'Presentation of financial statements'
  - IAS 27, 'Separate financial statements'
  - IAS 34, 'Interim financial reporting'
  - IFRIC 13, 'Customer loyalty programmes'
- IAS 24, 'Related party disclosures' (revised 2009). This amends the definition of a related party and modifies certain related-party disclosure requirements for government-related entities and it clarifies and simplifies the definition of a related party
- Amendment to IFRIC 14, 'Prepayments of a minimum funding requirement' (effective 1 January 2011).

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

2 Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2011 and not early adopted

- IAS 19 (amendment), 'Employee benefits'. IAS 19 was amended in June 2011. The key changes in the amended standard relate to the following:
  - The elimination of the corridor approach. All actuarial gains and losses to be recognised in other comprehensive income as they occur.
  - The immediate recognition of all past service costs.
  - The replacement of interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.
  - Changes to presentation in the statement of comprehensive income and additional disclosures.

The company currently accounts for all actuarial gains and losses as they occur. Based on a preliminary assessment on the last two elements, the Company does not believe that these will significantly impact the financial statements.

- IAS 1 (amendment), 'Financial statement presentation' regarding other comprehensive income. This amendment requires entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This standard is not applicable until 1 July 2012 but is available for early adoption. The standard is not expected to have a material impact on the Company's financial statements.

- IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. This 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.

- IFRS 13, 'Fair value measurement'. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This 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 2011

(Expressed in Trinidad and Tobago Dollars)

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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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 statement of 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. During 2011, this defined benefit plan was closed to new entrants.

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 completed 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 statement of 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.

Past-service costs are recognised immediately in profit or loss, 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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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 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

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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.

2.17 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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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.

If the Trinidad and Tobago (TT) dollar had depreciated/appreciated by 5% against the US dollar, Euro and British Pound with all other variables held constant, profit for the year would have been impacted as follows:

	2011 $'000	**2010 $'000**
Impact on profit before tax		
Effect of a 5% depreciation of the TT dollar	1,024,000	(366,000)
Effect of a 5% appreciation of the TT dollar	(1,024,000)	366,000

The Company prepared the sensitivity analysis above 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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(b) **Credit risk (continued)**

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 $304,071 and $74,300,580 (2010: $87,872 and $28,740,716). The maximum limit with any one financial institution is $108,667,000. Balances in excess of this limit were held temporarily for periods of no more than one week during 2011.

(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 2011	**Less than one year**
Trade payables and accruals	$ 30,322,000
Amounts due to related parties/parent company	$ 21,995,000

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

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

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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:

(a) 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. These are described in Note 12.

As at 31 December 2011, 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 $8,543,000 lower or $22,461,000 higher (2010: $14,485,000 lower or $16,519,000 higher).

(b) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. See Notes 11, 16 and 20.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

5 Property, Plant And Equipment

	Freehold land and buildings $'000	Plant and machinery $'000	Furniture and equipment $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Year ended 31 December 2011						
Opening net book amount	79,711	108,248	11,522	161	24,196	223,838
Additions/adjustments	194	948	5,180	--	10,713	17,035
Transfers	3,565	5,399	6,129	--	(15,093)	--
Disposals	(44)	(63)	(96)	(71)	--	(274)
Depreciation charge (Note 14)	(1,447)	(13,198)	(7,796)	(90)	--	(22,531)
Closing net book amount	81,979	101,334	14,939	--	19,816	218,068
At 31 December 2011						
Cost/valuation	84,090	209,387	43,706	2,268	19,816	359,267
Accumulated depreciation	(2,111)	(108,053)	(28,767)	(2,268)	--	(141,199)
Net book amount	81,979	101,334	14,939	--	19,816	218,068
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 14)	(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
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

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

5 Property, Plant And Equipment (Continued)

5.1 Revaluation surplus

	2011 $'000	2010 $'000
At beginning of the year	49,610	50,523
Depreciation transfer on buildings, net of tax	(668)	(913)
At end of the year	48,942	49,610

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 $22,531,000 (2010: $22,095,000) is included 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:

	2011 $'000	2010 $'000
Cost	20,337	16,651
Accumulated depreciation	(7,137)	(6,608)
Net book amount	13,200	10,043

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

	2011 $'000	2010 $'000
Raw materials	25,423	29,742
Finished goods	7,702	3,525
Supplies and sundries	7,054	5,345
Goods in transit	1,907	3,698
Inventories in process	1,141	886
	43,227	43,196

The cost of inventories recognised as expense and included in "cost of sales" amounted to $145,251,000 (2010: $139,252,000).

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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 2011					
Financial assets					
Trade receivables (excluding prepayments)	9,232	--	--	--	9,232
Due from related parties	12	7,704	--	--	7,716
Cash and cash equivalents	62,640	38,176	--	--	100,816
	71,884	45,880	--	--	117,764
Financial liabilities					
Trade payables and accruals (excluding statutory liabilities)	23,302	5,276	1,304	450	30,332
Due to related parties	--	17,559	--	787	18,346
Due to parent	3,618	--	--	31	3,649
	26,920	22,835	1,304	1,268	52,327
As at 31 December 2010					
Financial assets					
Trade receivables (excluding prepayments)	9,667	--	--	--	9,667
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
Due to related parties	2	21,716	1,334	--	23,052
Due to parent	5,969	--	--	16,841	22,810
	29,796	26,948	3,623	16,954	77,321

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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 below.

	Neither past due but not impaired	Past due but not impaired (0- 30 days)	Total
As at 31 December 2011			
Trade receivables, excluding prepayments	9,232	--	9,232
Due from related parties	7,703	13	7,716
Cash and cash equivalents	97,859	--	97,859
	114,794	13	114,807
As at 31 December 2010			
Trade receivables, excluding prepayments	9,654	13	9,667
Due from related parties	9,226	--	9,226
Cash and cash equivalents	48,584	--	48,584
	67,464	13	67,477

The Company does not hold any collateral as security.

7.3 Credit Quality Of Financial Assets

Financial assets neither past due nor impaired are held with counterparties without an external credit rating. The credit quality of these can be assessed as follows:

- Trade receivables (excluding prepayments) and due from related parties relate to existing customers (more than 6 months old) with minimal defaults in the past;

- Cash and cash equivalents are held with reputable financial institutions.

8 Trade And Other Receivables

	2011 $'000	2010 $'000
Trade receivables	9,232	9,667
Prepayments	3,473	3,787
Receivables from related parties:		
- trade	7,565	8,784
- other	151	442
	20,421	22,680

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

9 Cash And Cash Equivalents

	2011 $'000	2010 $'000
Cash at bank	97,857	38,061
Short-term deposits	2	10,523
Cash in hand and in transit	2,957	20,755
	100,816	69,339

The effective interest rate on short term deposits was 0.2% (2010: 0.1%). These deposits have an average maturity of 3 months or less.

The Company has undrawn banking facilities:

Floating rate - expiring within one year	61,145	88,100

These facilities are annual facilities subject to review at various dates during 2012.

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:

At beginning of the year	12,431	17,898
Tax on actuarial losses recognised in other comprehensive income:		
- credit for the period	(2,625)	(5,953)
Charge for the year (Note 16)	269	486
At end of year	10,075	12,431

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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:

	2011 $'000	2010 $'000
Deferred Tax Assets		
- Retirement benefit obligation (Note 11.1)	(18,125)	(15,085)
- Post retirement medical obligation	(1,766)	(1,621)
	(19,891)	(16,706)
Deferred Tax Liability		
- Accelerated tax depreciation	29,966	29,137
Net Deferred Tax Liability	10,075	12,431

11.1 The deferred tax asset on retirement benefit obligation is attributable to the following:

Retirement benefit obligation, excluding deferred lumpsum contribution	17,079	15,085
Deferred lumpsum contribution	1,046	--
	18,125	15,085

The net deferred tax liability in the statement of financial position is attributable to the following:

	Accelerated Tax Depreciation $'000	Retirement Benefit Obligation $'000	Post Retirement Medical Obligation $'000	Total $'000
As at 31 December 2011				
Balance at beginning of year	29,137	(15,085)	(1,621)	12,431
Credit to statement of comprehensive income	829	(500)	(60)	269
Tax on actuarial losses recognised in other comprehensive income	--	(2,540)	(85)	(2,625)
Balance at end of year	29,966	(18,125)	(1,766)	10,075
As at 31 December 2010				
Balance at beginning of year	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

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations

	2011 $'000	2010 $'000
Amounts recognised in the statement of financial position:		
Retirement benefit obligation	68,314	60,339
Post employment medical benefit obligation	7,062	6,483
	75,376	66,822
(i) Retirement benefits		
Present value of funded obligations	218,058	197,855
Fair value of plan assets	(150,776)	(138,622)
	67,282	59,233
Present value of unfunded obligations	1,032	1,106
	68,314	60,339
Movement in the defined benefit obligation (funded/unfunded) over the year is as follows:		
At beginning of year	198,961	169,696
Current service cost	6,822	5,410
Interest cost	12,111	11,957
Benefit payments	(7,889)	(8,592)
Actuarial losses	9,085	20,490
At end of year	219,090	198,961
Movement in the fair value of plan assets over the year is as follows:		
At beginning of year	138,622	134,712
Expected return on plan assets	8,460	9,365
Actuarial losses	(1,073)	(3,597)
Employer contributions	10,798	4,937
Employee contributions	1,858	1,797
Benefits paid	(7,889)	(8,592)
At end of year	150,776	138,622

Notes To The Financial Statements

31 December 2011

(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:

	2011 $'000	2010 $'000
Current service cost	4,964	3,613
Interest cost	12,111	11,957
Expected return on plan assets	(8,460)	(9,365)
Pension costs recognised in profit or loss (Note 14.1)	8,615	6,205
Actuarial losses recognised in other comprehensive income	10,158	24,087
Pension costs	18,773	30,292
Cumulative actuarial losses recognised in other comprehensive income	90,927	80,769

Movement in the liability recognised in the statement of financial position:

	2011 $'000	2010 $'000
At beginning of year	60,339	34,984
Pension costs	18,773	30,292
Contributions paid	(10,798)	(4,937)
At end of year	68,314	60,339
Actual return on plan assets	7,387	5,768

The principal actuarial assumptions were as follows:

	2011	2010
Discount rate	5.50%	6.0%
Expected return on plan assets	5.50%	6.0%
Future salary increases	5.00%	5.0%
Future pension increases	3.00%	3.0%
Mortality	GAM94	GAM94

Expected contributions to post employment benefit plans for the year ending 31 December 2012 are $11,181,000.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations (Continued)

(i) Retirement benefits (continued)

Plan assets are comprised as follows:

	2011		2010	
	$'000	%	$'000	%
Equity investments	52,772	35	39,139	28
Debt instruments	76,896	51	75,527	54
Property	3,016	2	3,953	3
Other	18,092	12	20,003	15
	150,776	100	138,622	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.

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
As at 31 December					
Present value of defined benefit obligation	218,058	197,855	168,586	138,390	139,661
Fair value of plan assets	(150,776)	(138,622)	(134,712)	(118,824)	(127,660)
	67,282	59,233	33,874	19,566	12,001
Experience adjustment on plan liabilities	7,846	(1,238)	1,356	(9,548)	(7,298)
Experience adjustment on plan assets	(1,232)	(3,890)	6,761	(18,974)	1,573

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

12 Pensions And Other Post Retirement Obligations (Continued)

(ii) Post employment medical benefit obligation

	2011 $'000	2010 $'000
Amounts recognised in the statement of financial position:		
Post retirement health care obligation	7,062	6,483
Movement in the defined benefit obligation over the year is as follows:		
At beginning of year	6,483	6,473
Current service cost	179	152
Interest cost	391	458
Employer payments	(330)	(325)
Actuarial losses/(gains)	339	(275)
At end of year	7,062	6,483
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	179	152
Interest cost	391	458
Net costs recognised in profit or loss (Note 14.1)	570	610
Actuarial losses recognised in other comprehensive income	339	(275)
Net employee benefit costs	909	335
The principal actuarial assumptions were as follows:		
Discount rate	5.5%	6.0%
Premium/clinic cost escalation	5.0%	6.0%
Retiree mortality table	GAM94	GAM94

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Experience adjustment on medical benefit obligation	179	280	691	(550)	2,787

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	85	54
Effect on the defined benefit obligation	1,371	1,022

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

13 Trade And Other Payables

	2011 $'000	2010 $'000
Trade payables and accruals	30,332	31,459
Statutory liabilities	32,916	34,494
Due to related parties (Note 19)		
- trade	309	4,144
- other	18,037	18,908
	81,594	89,005

14 Expenses By Nature

	2011 $'000	2010 $'000
Depreciation (Note 5)	22,531	22,095
Reversal of impairment (Note 5.3)	--	(8,299)
Employee benefit expense (Note 14.1)	55,664	58,071
Changes in inventories of finished goods and work in progress	(4,432)	2,028
Raw materials and consumables used	145,251	139,252
Brand support expenses	13,662	12,368
Directors remuneration	272	198
Royalties	28,138	25,283
Technical and advisory services	57,050	51,896
Travel and related expenses	1,771	2,182
Corporate social investments	5,806	5,255
Net foreign exchange gains	(719)	(1,655)
Other expenses	39,800	24,485
Total cost of sales, distribution costs, administrative expenses and other operating expenses	364,794	333,159

14.1 Employee benefit expense

	2011 $'000	2010 $'000
Wages and salaries and other termination benefits	37,592	38,336
Other benefits	8,887	12,920
Pension costs (Note 12)	8,615	6,205
Post employment medical benefits (Note 12)	570	610
	55,664	58,071
Number of employees as at year end	208	224

15 Other Income

	2011 $'000	2010 $'000
Consultancy services	3,214	3,774
Rental of building	416	411
	3,630	4,185

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

16 Taxation

	2011 $'000	2010 $'000
Corporation tax:		
- current year	113,497	106,110
- adjustment to prior year's estimates	(1,972)	(2,501)
Deferred tax (Note 11)	269	486
	111,794	104,095
Reconciliation of applicable tax charge to effective tax charge:		
Profit before taxation	402,010	371,877
Tax calculated at 25%	100,503	92,969
Expenses not deductible for tax	13,257	10,914
Income/allowances not subject to tax	(8)	(1)
Corporation tax – adjustment to prior year's estimates	(1,972)	(2,501)
Deferred tax – adjustment to prior year's estimates	14	2,714
	111,794	104,095

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.

	2011	2010
Profit for the year attributable to equity holders	290,216	267,782
Number of ordinary shares in issue ('000)	84,240	84,240
Basic earnings per share	$ 3.45	$ 3.18

18 Dividends Paid On Ordinary Shares

	2011	2010
Final dividend – prior year	51,386	138,154
First interim dividend	53,071	31,169
Second interim dividend	63,179	48,016
Third interim dividend	69,076	108,670
	236,712	326,009

A final dividend in respect of 2011 of $0.98 per share (2010: $0.61 per share) amounting to $82,555,200 (2010: $51,385,400) is to be proposed at the Annual Meeting to be held on 29 March 2012. If approved, the total dividend for the year will be $3.18, an increase of 11.97% over dividend distribution of $2.84 with respect to 2010.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

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:

	2011 $'000	2010 $'000
i. Sale of goods and services		
Sale of goods - Related Parties	126,051	121,005
Sale of services - Related Parties	3,630	4,185
ii. Purchases of goods and services		
Purchases of goods - Related Parties	62,656	63,246
Purchases of services - Related Parties	47,950	46,064
Purchases of services - Parent Company	45,507	42,464

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.

	2011 $'000	2010 $'000
iii. Key management compensation		
Salaries and other short-term employee benefits	5,968	5,549
Post retirement medical obligations	11	11
Post retirement benefits	1,078	839
iv. Year-end balances arising from sales/purchases of goods and services		
Receivables from related parties	7,716	9,226
Payables to related parties	18,346	23,052
Payables to parent company	3,649	22,810

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. (2010: 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 2011

(Expressed in Trinidad and Tobago Dollars)

20 Contingent Liabilities

(a) Taxation

During the financial year ended 31 December 2011, the Board of Inland Revenue (BIR) conducted an audit of the 2007 tax return and subsequently issued a letter of proposed adjustments. The Company has provided documentary evidence to support its position and is currently engaged in further discussions with the BIR. The Directors, based on these discussions and appropriate professional advice, are satisfied that they can actively defend the matter and as such the Company has not recorded any additional provisions in the financial statements. The adjustments relate to the deductibility of certain expenses amounting to $74,772,830. The tax impact of these adjustments at the statutory tax rate of 25% is $18,693,208.

	2011 $'000	**2010 $'000**
(b) Customs and immigration bonds	6,340	10,910

21 Commitments

(a) Capital commitments

Authorised and contracted for, and not provided for in the financial statements.	4,273	544

(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:

No later than one year	1,119	1,009
Later than one year and no later than five years	1,425	1,576
	2,544	2,585

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.

Notes To The Financial Statements

31 December 2011

(Expressed in Trinidad and Tobago Dollars)

22 Segment Information (Continued)

Primary reporting format – geographical segment

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.

The segment results for the year are as follows:

	Domestic TT$'000	Caricom TT$'000	Unallocated TT$'000	Total TT$'000
Year ended 31 December 2011				
Revenue	637,102	126,051	--	763,153
Gross profit	551,014	36,939	--	587,953
Total comprehensive income for the year includes:				
- Depreciation	(8,861)	(13,670)	--	(22,531)
- Taxation	(43,964)	(67,830)	--	(111,794)
Year ended 31 December 2010				
Revenue	579,603	121,006	--	700,609
Gross profit	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)
Total Segment Assets				
31 December 2011	110,787	170,929	100,816	382,532
31 December 2010	116,694	173,020	69,339	359,053
Total segment assets include additions to property, plant and equipment as follows:				
31 December 2011	6,699	10,336	--	17,035
31 December 2010	6,170	9,857	--	16,027

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 Seventh Annual Meeting of The West Indian Tobacco Company Limited to be held at the Port of Spain Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 29 March 2012 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
15 February 2012	Danielle F Chow Secretary and Authorised Signatory The West Indian Tobacco Company Limited	Danielle Chow

Notes

Proxy Form

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

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

2 **Particulars of Meeting:**
One Hundred and Seventh Annual Meeting of The West Indian Tobacco Company Limited to be held at the Port of Spain Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 29 March 2012 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 ______________ 2012.

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 2011 and the Reports of the Directors and Auditors thereon.		
2	To declare a Final Dividend of 98 cents per ordinary share for the financial year ended 31 December 2011 to be paid on 24 April 2012 to shareholders of record at the close of business on 13 April 2012.		
3	To re-elect Mrs Danielle F Chow, 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 Jean-Pierre du Coudray, 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 Mrs Nirala N Singh, 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.		
6	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.		
7	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.		
8	To elect Mr Eduardo J Tagle, 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 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 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.		

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

Design: Sage Corporate Communications & Publications
A Division of Lonsdale Saatchi & Saatchi

Printing:Caribbean Print Technologies

WEST INDIAN
TOBACCO

THE WEST INDIAN TOBACCO COMPANY LIMITED
A member of the British American Tobacco Group

www.westindiantobacco.com