West Indian Tobacco

Annual Report 2014

going beyond

going beyond...

demonstrates that we at West Indian Tobacco are all part of a leading company with great worldwide success stories. It is about a sense of togetherness as part of a tobacco group. It also highlights that our business is about more than just what we do; it is also the way that we do it.

Going Beyond...is about who we are.

Our Mission

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

Business Principles

In our bid to satisfy consumer moments in tobacco and beyond, three principles guide our standards of conduct and aim to cover all the issues which we must balance across the business.

The Principle of Mutual Benefit...

which 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 Good Corporate Conduct...

which 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.

The Principle of Responsible Product Stewardship...

which 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.

Contents

Corporate Information

BOARD OF DIRECTORS

Anthony E Phillip, Chairman
Jean-Pierre S du Coudray, Managing Director
Amanda J Cavill de Zavaley
Danielle F Chow
Ranjit R Jeewan
Ingrid L-A Lashley
Oscar M Morales
Isha P Reuben-Theodore

AUDIT COMMITTEE

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

COMPANY SECRETARY

Danielle F Chow, Company Secretary
Rowan M Brathwaite, Assistant Company Secretary

REGISTERED OFFICE

Corner Eastern Main Road and
Mount D'Or Road
Champs Fleurs
Republic of Trinidad and Tobago

CONTACT INFORMATION

Telephone No. (868) 662-2271/4
Facsimile No. (868) 663-5451
Email: west_indian_tobacco@bat.com
Website: www.westindiantobacco.com

REGISTRAR AND TRANSFER OFFICE

RBC Trust (Trinidad & Tobago) Limited
55 Independence Square
Port of Spain
Republic of Trinidad and Tobago

ATTORNEYS AT LAW & NOTARY PUBLIC

Fitzwilliam Stone Furness-Smith & Morgan
48-50 Sackville Street
Port of Spain
Republic of Trinidad and Tobago

AUDITORS

PricewaterhouseCoopers
11-13 Victoria Avenue
Port of Spain
Republic of Trinidad and Tobago

BANKERS

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

Republic Bank Limited
59 Independence Square
Port of Spain
Republic of Trinidad and Tobago

RBC Royal Bank (Trinidad & Tobago) Limited
55 Independence Square
Port of Spain
Republic of Trinidad and Tobago

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

Notice of Meeting

Notice is hereby given that the ONE HUNDRED AND TENTH ANNUAL MEETING OF SHAREHOLDERS OF THE WEST INDIAN TOBACCO COMPANY LIMITED (“the Company”) will be held at The Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad, on Thursday 9 April 2015 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 2014, together with the Reports of the Directors and Auditors thereon.

2 To declare a Final Dividend for the financial year ended 31 December 2014.

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

4 To re-elect Mrs Amanda J Cavill de Zavaley 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.

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

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

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

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

B SPECIAL BUSINESS

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

“That pursuant to paragraph 7 of Bye-Law No. 1 of the Company, the following adjustments shall be made to the remuneration and fees of Directors who are non-executive (being Directors who are neither employees of the Company nor employees of British American Tobacco or any of its affiliates) with effect from 1 May 2015:-

(a) the monthly remuneration, an increase from
  i. $8,000 to $10,000 for a Chairman
  ii. $5,000 to $6,000 for a Director;

(b) for Board of Directors Meetings, an increase from
  i. $5,000 to $5,200 for a Chairman
  ii. $3,000 to $3,200 for a Director
  for each Board of Directors Meeting attended;

(c) for Committee Meetings, an increase from
  i. $4,000 to $4,200 for a Chairman
  for each Committee Meeting attended.

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

BY ORDER OF THE BOARD

Danielle F Chow
Secretary
Corner Eastern Main Road and Mount D'Or Road
Champs Fleurs
TRINIDAD

23 February 2015

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 on record at the close of business on Friday 20 February 2015, the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting.

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

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

Chairman's Statement

Anthony E Phillip
Chairman

Going Beyond

I am pleased to report that West Indian Tobacco has continued to 'go beyond' by delivering a Profit before Taxation of $655.1 million; an increase of 17.8% over 2013 and Profit for the Year 2014 of $489.2 million. This continued solid performance resulted partially from improved expense management, driven by factory efficiencies and a consumer centric focus, with continued innovation in the premium segment of the market.

This performance also allowed for the payment of three interim dividends totalling $3.57 per share, which, together with the proposed final dividend of $1.94 per share, brings the total dividends payable for 2014, to $5.51 per ordinary share.

Against a backdrop of an unexpected slowdown in the local economy, marginal growth estimated at 0.5% and falling international oil prices, the energy sector output contracted by 1.5% when oil prices took a significant dip in October 2014. The general expectation is that lower crude oil prices could persist for some time. In addition, declining reserves and the changing global gas market raise concern for the long-term growth of that sector.

The non-energy sector, however, experienced some buoyancy and ended 2014 with growth of 3%. Amidst these dynamics, core inflation was 7% and unemployment was estimated at 3%. Internationally, recovery from the global crisis has been taking longer than expected despite the fact that the United States grew at its fastest pace in over a decade, and the United Kingdom is showing encouraging signs of steady growth. Recovery in the Eurozone remains fragile and output growth in China, the world's second-largest economy, has slowed to a five-year low. In this Region, there are challenges associated with the normalisation of US monetary policy and these conditions could have the potential to impact emerging market economies, such as Trinidad and Tobago and some of the wider Caribbean.

West Indian Tobacco is a member of the British American Tobacco Group - a leading Group with great worldwide success stories. The Company is also the leading manufacturer of cigarettes in Trinidad and Tobago and the Caribbean, servicing 22 Caribbean Community (CARICOM) markets. The aim is to offer a preferred choice to adult consumers through a well-defined and balanced brand portfolio, which supports the overall business strategy while creating value for our shareholders.

Globally, the tobacco industry faced its own challenges especially due to the trafficking of tobacco products, with up to 12% of global volume being traded on the black market. Locally, there was some natural market contraction, coupled with an increased presence of low priced brands. Regulation of the industry also continues to increase. The Company recognizes the need for sensible and balanced regulations which take into account the rights of consumers, given the risks associated with tobacco. The unintended consequences of flawed regulation must be avoided. Measures such as retail display bans and high excise could result in consumers switching to cheaper, illegally trafficked products. Sound regulation is important in the tobacco industry and, where it is developed with the involvement of key stakeholders, could promote an orderly marketplace that serves the interests of both consumers and government.

As we continue to work towards delivering our mission, the focus in 2015 will be primarily driven by consumers who are at the core of our business, supported by a solid brand portfolio. This business, however, is about more than just what we do; it is also about the way that we do it. It's about who we are. We are a Company that goes beyond and this will lay the foundation to ensure we maintain a sustainable business for the future.

In closing, I would like to acknowledge posthumously, our former Chairman Audley Walker, who served this company selflessly for 49 years. His sterling contribution also extended to the corporate community through several board appointments and key leadership positions, locally and throughout the wider Caribbean. He was a stalwart who always went beyond.

I wish to thank the Directors for their on-going contribution to the business and to congratulate and welcome Mrs. Isha Reuben-Theodore on her appointment as a director effective 1 November 2014. I extend special thanks to the entire team at West Indian Tobacco including our employees, business partners and suppliers, for their unwavering commitment and dedication to go beyond.

ANTHONY E PHILLIP
Chairman

Management Discussion & Analysis

Jean-Pierre S du Coudray
Managing Director

As we look back, 2014 was probably the most challenging year we have faced in recent times which made the year's results that much more rewarding. The recovery in the global recession was not as forthcoming as was expected and locally, we saw a slowdown in the economy with the fall in domestic interest rates and oil prices. In the Caribbean, we continued to see the smaller island economies struggle to keep afloat and this undoubtedly affected our export market.

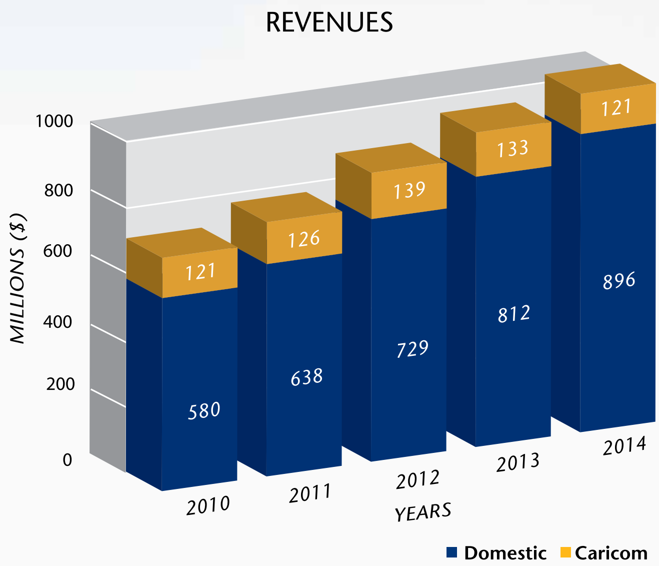
Several factors were instrumental in this year's performance; the Company's robust brand portfolio, focused marketing strategy, astute distribution platform and a highly talented resource pool which allowed us to again surpass the performance of 2013, going beyond with a Profit for the Year of 19% over the last year.

In 2014, we took the time to begin preparations for the introduction of new tobacco control regulations and in doing so, the Company continued to work closely with its key stakeholders and business partners to ensure they were fully aware of the processes and requirements as outlined in the law. The Company continues to adhere to responsible marketing practices and comply with all the laws of Trinidad and Tobago. We do this in a transparent way, which is aligned to the Company's philosophies and standards.

PERFORMANCE AND STRATEGY

Our vision of a sustainable tobacco business is one that manages the impact of external factors on its operating activities, whilst creating value for its Shareholders, as well as seeking the best interest of other Stakeholders. The strategy is aligned to the development of the Business Pillars of Growth, Productivity, Sustainability and a Winning Organisation.

Our marketing strategy is based on a dynamic product portfolio, offering the best quality and choice to our consumers, in an effort to maintain our relevance and leadership position in the market. Our manufacturing focus is based on creating value by increased efficiencies and employee engagement, delivering on time and in full for both the local and export markets and contributing positively to shareholders' return.



REVENUES

The Company's strong operating results have recorded revenue of $1,017 million, representing a growth level of 8% over 2013. Revenue is calculated as sales value net of excise, as published in the Statement of Comprehensive Income.

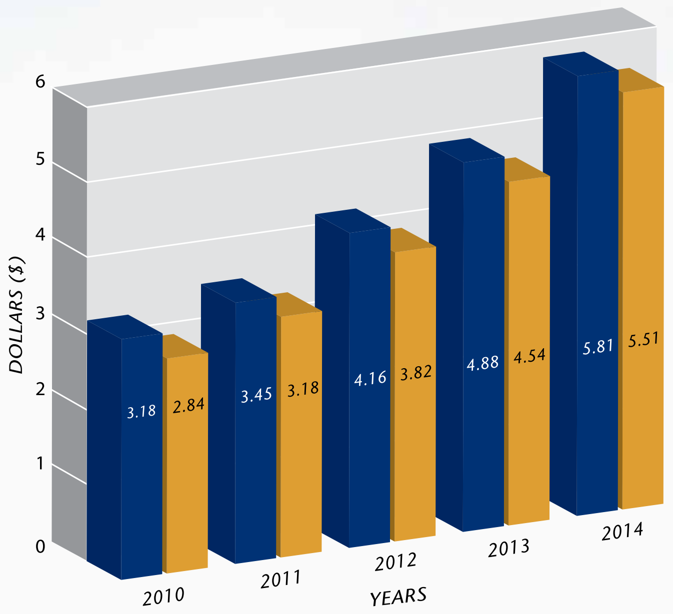
The strength of a diversified portfolio and continued innovation resulted in the Company being able to maintain its market share and achieve growth of 6% in the premium category.

COST OF SALES AND OVERHEADS

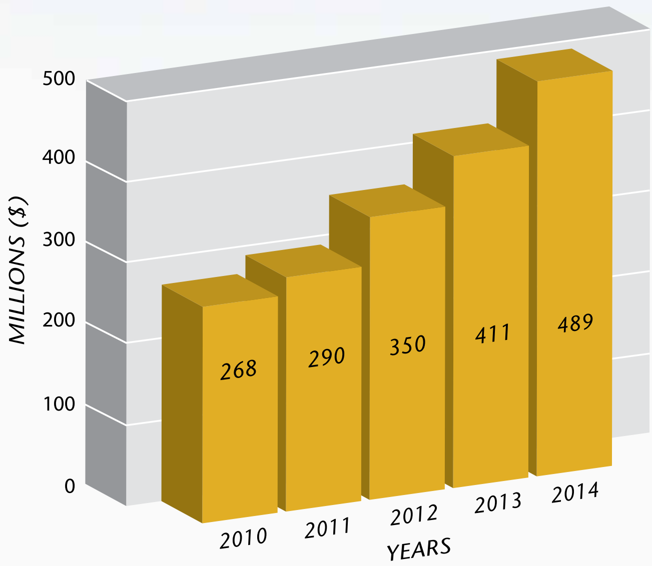
Cost of Sales decreased to $234 million, a decline of 4% from 2013. The major factors contributing to the decline were significant factory improvements to reduce the tobacco waste levels, improved efficiencies in the way of working, resulting in lower production overheads and lower levels of domestic and contract manufacture sales. The gains from the factory's performance were offset by price increases of raw materials in the international market for use in manufacture, driven by inflation and higher royalties. Total overheads of $128.5 million, declined against the previous year by 11% mainly due to the benefit of the previous year's adjustments to technical and advisory fees paid in 2014. All expenses were reviewed on a continuous basis and actions taken as necessary to deliver savings without compromising the sustainability of the business.

Management Discussion & Analysis continued

EARNINGS/DIVIDEND PER ORDINARY SHARE



PROFIT FOR THE YEAR



PROFIT AND TOTAL COMPREHENSIVE INCOME

Profit Before Taxation ended the year at $655.1 million, which represents an increase of 18% over the corresponding period in 2013. The profit growth reflects the continued strong performance of our portfolio and focused cost management strategies which are intent on delivering good results and generating shareholders wealth.

Profit for the Year of $489.2 million was an increase of 19% over the prior year with a Total Comprehensive Income for the Year of $488.8 million. Total Comprehensive Income was positively impacted from a significantly reduced actuarial loss following the reassessment of Retirement and Post-Employment Benefit Obligations in 2014. As a result of this commendable performance, Earnings per Share have grown by 19% over the prior year and Dividends per Share for 2014, once the Final Dividend is approved at the Annual Meeting, will be $5.51, representing a 21% growth over 2013.

CASH FLOWS

Net Cash Flows generated from operating activities increased by $79 million to end the year at $664 million, as a result of increased operating profits and prudent management of working capital. The year-end net cash position also increased by $60 million despite higher levels of taxation being paid, in line with increased profitability and a continued high dividend pay-out.

BALANCE SHEET

Total assets increased from $520 million to $570 million at the end of December 2014 and the net assets per share were $3.98 as at the end of the financial year, compared to $3.34 in 2013. The increase in total assets was primarily because of an increase in Cash And Cash Equivalents from $212 million to $272 million largely due to the increase in operating profits.

GROWTH

Growth in 2014 was impacted by challenging macro-economic conditions, increasing regulatory controls, changing consumer base and increased competition. In order to deliver results in this environment, performance was driven by a well-balanced, relevant, innovative portfolio, sustained by an optimised distribution network and a focused consumer engagement platform in accordance with the channels established by law. As a Company, we focused on delivering high levels of efficiency and productivity through innovative, value-creating activities.

We have managed a portfolio that provides offerings customised to the needs of tobacco consumers. The premium Dunhill segment saw the introduction of Dunhill Release, an addition to the innovation that is the Capsule Range. We also saw the delisting of the Fine Cut line due to increased complexity in sourcing. The Capsule Range has compensated for this loss in the portfolio and has increased the performance of the category as evidenced by an increase in the share of the portfolio.

du Maurier was the main driver of volume in spite of its decline over the previous year. Challenges were seen particularly in the realm of low price competition and the pricing proposition of the brand Broadway continued to provide a positive performance. In light of increased low price competition, strategic focus was placed on identifying new business opportunities and improving the portfolio mix.

We continue to highlight to the authorities our concern over the very evident growth of the cigarette black market in the country. The increased presence of illicit brands highlights that the criminal element is hard at work, avoiding taxes and developing smuggling networks to give themselves a competitive advantage in the market. We once again make ourselves available to the relevant authorities to find a solution to this problem before it is too late.

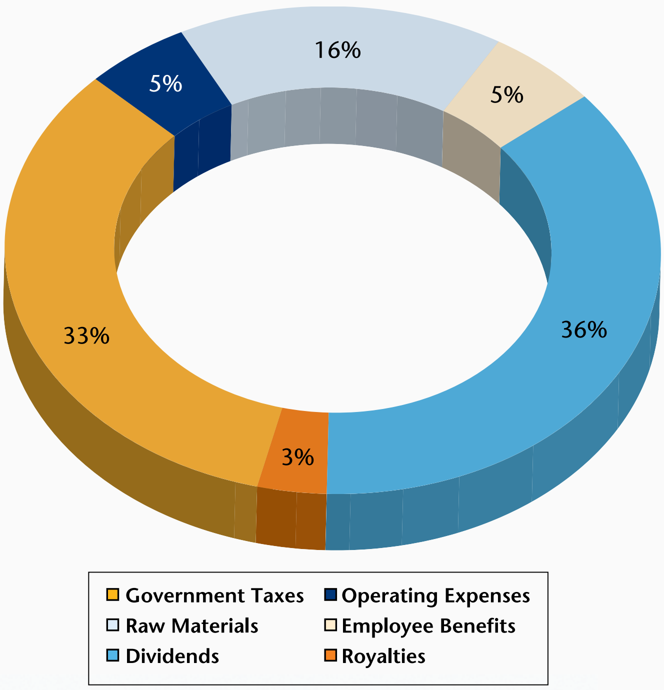
Globally, illicit trade is recognised as organised crime. It is not a small-time enterprise run by petty criminals, but a wide-scale and highly sophisticated operation spread across ruthless criminal networks, which do serious damage to small local businesses and local communities. This can result in disastrous social and economic consequences. Indeed, illicit trade undermines the brands and investment of legitimate manufacturers. The major manufacturers globally are transparent, follow rules and regulations, and pay hundreds of billions in excise tax. In contrast, illicit trade is generally disorderly, indifferent to selling to the youth, often controlled by criminal gangs that sell adulterated product and pay no tax.

PRODUCTIVITY

Overall, 2014 has shown improvements in the productivity of both our people and our machinery, all of which led to a higher performing business unit. The manufacturing excellence journey continued with the focus being placed on continuous sustainable improvements. This has resulted in increased employee engagement and alignment to the Company's operational targets, all whilst maintaining a flexible, consumer focused approach, amidst changes in the legislative environments within which some of our customers reside.

The team continued its drive for improvement evidenced by a record in the last two years of 583 days with no loss work cases, as at close of 2014. We continued with our employee development and engagement initiatives which have shown direct improvement in 2014 in the areas of efficiency, waste and service delivery.

INCOME DISTRIBUTION



SUSTAINABILITY

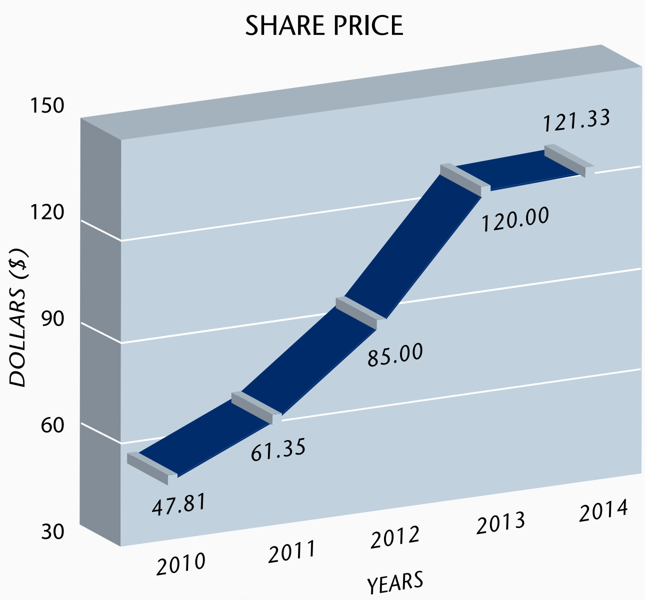
The Company continues to work towards its sustainability agenda, through the adherence to responsible business principles and practices. We engage with key stakeholders in the execution of our reputational and regulatory strategies which aim to ensure a future business, allowing us opportunities for sensible regulation, which in turn guarantees a sustainable business and long-term shareholder value.

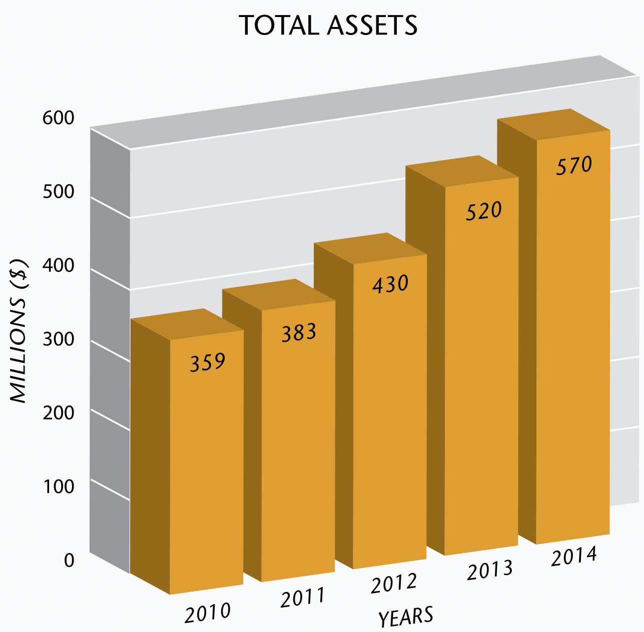
WINNING ORGANISATION

The team understands that our people are our greatest asset and we aim to build an environment where individuals and teams are successful. We do this by attracting the right people with the right skills and continuously develop a pool of next generation leaders. Achievements are measured through high standards and their entrepreneurial

Management Discussion & Analysis

spirit is encouraged and rewarded. All of this is centred around our Guiding Principles which guide us in our behaviour and represent what the Company stands for: *Open-Mindedness*, *Enterprising Spirit*, *Freedom through Responsibility* and *Strength from Diversity*.





LOOKING AHEAD

We recognise that going beyond in 2014 was a precursor for even more challenging times in 2015. The world is challenged, our twin islands are challenged and so too is the tobacco industry. West Indian Tobacco is, however, part of a major international business and with this comes the responsibility to be open about the risks of our products, to supporting communities and to selling our products responsibly in the market place. We are open about what we think and we welcome the opportunity to collaborate transparently.

Critical to our success is the resourcing and the support structure to the business. We have now aligned the structure and processes in order to ensure greater efficiencies and effectiveness and are moving towards a new global operating model with common systems and processes. This aims to help us grow market share and achieve higher returns for our shareholders.

The loyalty and commitment of management and staff contributed to this year's performance and I am grateful for their outstanding service to the organisation. The continued high performance could not happen without the sound guidance from the Board of Directors and as we Go Beyond in 2015, we are thankful to our distributors, consumers and the shareholders of this Company for the support and belief in the Company and its team.

JEAN-PIERRE S DU COUDRAY
Managing Director

Board of Directors

1. Anthony E Phillip, Chairman 2. Jean-Pierre S du Coudray, Managing Director 3. Ingrid L-A Lashley 4. Danielle F Chow
5. Ranjit R Jeewan 6. Amanda J Cavill de Zavaley 7. Isha P Reuben-Theodore 8. Oscar M Morales

Directors' Profile

ANTHONY E PHILLIP
Chairman

Anthony Phillip joined West Indian Tobacco in 1973 as a manager in its Production Department and became the Production Manager/Director in 1984 after completing a period of secondment to British American Tobacco, Kenya. He was appointed Managing Director in 1998 and following his retirement in 2006, became Chairman in 2007. He was also Chairman and Managing Director of British American Tobacco (Malawi) Limited from 1994 to 1998. Mr Phillip, who began his career as an Industrial Chemist, holds an Executive Masters in Business Administration from The University of the West Indies.

JEAN-PIERRE S DU COUDRAY
Managing Director

Jean-Pierre du Coudray was appointed Managing Director of West Indian Tobacco in October 2006. He has been in the tobacco industry since 2001 and has led the Company's Trade Marketing and Distribution Department before going on assignment to lead the Trade Marketing Services of British American Tobacco (BAT) Group's interests in the Caribbean. Mr du Coudray holds a Bachelor of Arts Degree in Economics from the University of Western Ontario, Canada.

INGRID L-A LASHLEY

Ingrid Lashley is the Managing Director and Chief Executive Officer of Trinidad and Tobago Mortgage Finance Company Limited. Ms Lashley was appointed a Director in August 2008 and the Chairman of the Audit Committee in March 2009. An experienced banker, Ms Lashley is the holder of an MBA in Accounting and Finance from McGill University in Montreal, Canada and also carries the designations of Certified Management Accountant and Chartered Accountant. She also serves as a member of the Quality Assurance Committee of the Institute of Chartered Accountants of Trinidad and Tobago.

DANIELLE F CHOW

Danielle Chow was appointed the Company's first female Director in July 2004 and additionally assumed the role of Company Secretary in 2007. Mrs Chow has been in the tobacco industry since 1999 and has led the Legal, Corporate Affairs, Security and Human Resource functions both locally and within the BAT Group's interest in the Caribbean. Mrs Chow, an Attorney at Law, holds a Bachelor of Laws from The University of the West Indies and was admitted to the local Bar in 1985.

RANJIT R JEEWAN

Ranjit Jeewan was appointed a Director in November 1986 and has been a member of the Board's Audit Committee since 1990. Mr Jeewan has worked in the tobacco industry since 1968 and headed the Finance function of West Indian Tobacco for 16 years until his retirement in 2002. During this period, he was seconded on overseas assignments within the BAT Group to the United Kingdom and Singapore.

AMANDA J CAVILL DE ZAVALEY

Amanda Cavill de Zavaley was appointed a Director in February 2011. She has worked within the BAT Group in Venezuela, Bangladesh, Chile, Trinidad and Tobago, Malawi and Spain, before assuming the position of Head of Finance of the BAT Group's operations in the Caribbean and Central America. Mrs Cavill de Zavaley, a Chartered Management Accountant, holds a Bachelor of Science Degree in Management Science and is a member of the Chartered Institute of Management Accountants, UK.

ISHA P REUBEN-THEODORE

Isha Reuben-Theodore was appointed a Director in November 2014. She has 11 years experience in the tobacco industry within the audit and main finance functions both locally and in the Caribbean. Mrs Reuben-Theodore is a Fellow of the Chartered Association of Certified Accountants and a member of the Institute of Chartered Accountants of Trinidad and Tobago, with over 20 years experience.

OSCAR M MORALES

Oscar Morales was appointed a Director in February 2013. Mr Morales has worked in the tobacco industry for 21 years in the Operations function. He has led manufacturing departments in Chile, Mexico, and Poland and led the BAT Group's Other Tobacco Product sector for Western Europe, before taking up the position of Head of Operations for the BAT Group's activities in the Caribbean and Central America. Mr Morales is a qualified electrical engineer and holds a degree in electrical engineering from the Universidad de Santiago de Chile.

Directors' Report

The Directors have pleasure in submitting their report for the year ended 31 December 2014.

FINANCIAL HIGHLIGHTS

		2014
	$'000	$'000
Gross Turnover (including excise)		**1,252,058**
Revenue		1,017,368
Cost Of Sales		(233,802)
Gross Profit		**783,566**
Distribution Costs		(12,776)
Administrative Expenses		(89,289)
Other Operating Expenses		(26,550)
Other Income		139
Operating Profit		**655,090**
Interest Income		25
Profit Before Taxation		**655,115**
Taxation		(165,920)
Profit for the year		**489,195**
Other Comprehensive Loss:		
Items that will not be reclassified to profit or loss		
Remeasurement Of Retirement And Post Employment benefit obligations		(360)
Total Comprehensive Income For The Year		**488,835**
Dividends		
Interim - 1st- $0.98 per ordinary share paid on 12 May 2014	82,555	
Interim - 2nd- $1.20 per ordinary share paid on 15 August 2014	101,088	
Interim - 3rd- $1.39 per ordinary share paid on 13 November 2014	117,094	
Proposed Final- $1.94 per ordinary share to be paid on 30 April 2015	163,426	
		(464,163)
Retained Earnings Transferred To Revenue Reserves		**24,672**

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 Senior 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 2014.

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
Mr Oscar M Morales	NIL	NIL
Mrs Isha P Reuben-Theodore	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, 2015, the latter being a date not more than one (1) month prior to the date of the notice convening the Company's Annual Meeting.

Directors' Report continued

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 Sarah Mac Lachlan Avey	NIL	NIL
Mrs Isha Reuben-Theodore	NIL	NIL
Ms Solmer Thom	50	NIL

SUBSTANTIAL INTEREST/LARGEST SHAREHOLDERS

In accordance with the requirements of our Listing Agreement with the TTSE and Rule 601 of the Rules of the TTSE, we list below those persons holding the ten (10) largest block of shares in the Company as at 31 January 2015.

	As at 31 January 2015
British American Tobacco (Investments) Limited	42,227,652
Home Mortgage Bank	6,455,461
Republic Bank Limited – All Accounts	6,077,478
RBC Trust Limited – All Accounts	5,535,550
Colonial Life Insurance Co. (T'dad) Ltd	4,557,112
Trinitrust Limited – All Accounts	2,238,428
First Citizens Trust and Asset Management	2,156,056
Tatil Life Assurance – All Accounts	1,496,413
National Insurance Board	1,132,605
T. Geddes Grant – All Accounts	600,000

The Trinidad and Tobago Central Depository holds the legal interest in shares for and on behalf of the several beneficial owners totaling 37,083,534 as at 31 January 2015.

DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS IN ANY MATERIAL CONTRACT (pursuant to Section 93(1)(a) of the Companies Act Ch 81:01)

At no time during the current financial year has any Director or Officer 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 Bye-Law No. 1 of the Company, Ms Ingrid L-A Lashley, and Mrs Amanda J Cavill de Zavaley retire from the Board of Directors and, being eligible, offer themselves for re-election.

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

Mrs Isha P Reuben-Theodore was appointed to the Board with effect from November 1, 2014. In accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company, Mrs Reuben-Theodore retires from the Board of Directors and, being eligible, offers herself 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.

CORPORATE GOVERNANCE

West Indian Tobacco is committed to the principles of good corporate governance and the concepts that encapsulate its foundations. These concepts include the following:

Framework for Effective Governance
The Company is headed by a Board of Directors which is collectively responsible for the long term success of the Company.

The roles and responsibilities of Directors are set out in the Company's Bye Laws and are governed by the Companies Act. The Directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Composition and Performance of Board
The balance of independence and diversity of skill, knowledge, experience, perspectives and gender among the Directors allows for the Board to work effectively.

The Board of Directors currently comprises eight (8) Directors of whom five (5) are Non-Executive Directors. Of the Non-Executive Directors, three (3) are independent. The Board is diversified by nationality and gender and represents a strong team with a broad range of professional backgrounds and styles.

All Non-Executive Directors receive an induction upon their appointment to the Board, which covers such matters as the operation of the Company, activities of the Board, the role of the Board and Management and the Board's governance policies and practices.

Non-Executive Directors are paid a retainer fee as well as an additional fee for attendance at Board and Committee meetings. Executive Directors and Directors who are employees of British American Tobacco or any of its affiliates are not paid fees. All fees are approved by the shareholders.

The Company's Board of Directors meet at least quarterly. They also meet in December each year to approve the Company's Plan and budget for the following year.

Loyalty and Independence
The Directors act honestly and in good faith and in the best interest of the Company ahead of all other interests.

The Chairpersons of the Board and of the Audit Committee are independent Non-Executive Directors. This balance of Non-Executive to Executive Directors ensures that the Board is able to exercise independent judgement with sufficient management information to enable proper and objective assessment of issues. The Board is not aware of any relationships or circumstances affecting the Directors independent judgement.

All Directors are candidates for re-election by shareholders at intervals of no more than three (3) years subject to continued satisfactory performance. Directors who have attained the age of sixty-five (65) are candidates for re-election by the shareholders every year.

The Company's Standards of Business Conduct reflect the Company's commitment to always act with high standards of integrity and these standards apply to all employees, management and Directors. In accordance with the Company's Policy and the Companies Act, all Directors are required to declare whether they have any material interest in any transaction or matter directly affecting the Company.

Accountability
The Board of Directors presents an accurate, timely, balanced and understandable assessment of the Company's performance, position and prospects.

The Board's Audit Committee meets quarterly to review the financial reporting, audit process, risks and internal controls. The Company's risk management and internal control processes strike the balance between fostering entrepreneurship within the Company's business model and safeguarding shareholder's investments and Company assets. The Audit Committee assesses the suitability and independence of external auditors and follows up on recommendations made by internal and external auditors. Its members also ensure that the Company's Financial Statements, as prepared by the independent auditors, comply with International Financial Reporting Standards (IFRS) and represent a true and fair view for the respective reporting period.

Relationship with Shareholders
The Board promotes constructive relationships with all shareholders that facilitate the exercise of their ownership rights and encourage their engagement with the Company.

The Board is committed to facilitating the ownership rights of all shareholders including minority shareholders. Provision is made at Annual Meetings for shareholders to have the opportunity to engage with the Directors and Management.

FINANCIAL CALENDAR

REPORTS	
Interim Financial Statement for First Quarter ending 31 March 2015	May 2015
Interim Financial Statement for Second Quarter ending 30 June 2015	August 2015
Interim Financial Statement for Third Quarter ending 30 September 2015	November 2015
Preliminary Announcement for the year to 31 December 2015	February 2016
Annual Financial Statements for the period ending 31 December 2015	March 2016

PROPOSED DIVIDEND PAYMENT DATES

(in accordance with paragraph 16 of Bye-Law No. 1)

Final 2014	April 2015
First Interim 2015	May 2015
Second Interim 2015	August 2015
Third Interim 2015	November 2015
Final 2015	April 2016

By Order of the Board

Danielle F Chow
Secretary
23 February 2015

Management Teams

MARKETING

1. Vijay Singh 2. Christian Cabral 3. Melissa Edwards 4. Kevin Lewis 5. Nicholas Ling

Management Teams

MANUFACTURING

1. Solmer Thom 2. Ryan Besai 3. Taran Persad 4. Marlon Rattan 5. Rajiv Singh 6. Giselle Siu 7. Hector Martinez 8. Raewyn Maxime

Management Teams

OPERATIONS SUPPORT

1. Sheldon Dukharan 2. Bernadette Rattan 3. Siti Jones Gordon 4. Joetta Graham 5. Shalini Singh

Management Teams

CORPORATE SERVICES

1. Isha Reuben-Theodore 2. Danielle Chow 3. Sarah Mc Lachlan Avey 4. Angelique Howell 5. Rowan Brathwaite 6. Allyson Charles 7. Collin Harris 8. Josiane Khan 9. Keston Sinanan

WEST INDIAN TOBACCO

going beyond

"Going Beyond in our business is about more than just what we do; it is also the way we do it. In essence, it is about who we are."

Our strategy remains essentially consistent – we are putting consumers at the core of our business. This is done through delivering high quality products and brands. The Company has traded through challenging times, but we remain and our brands remain. Our people – both past and present – are part of our history, part of who we are today and are an essential part of our future. Great people and an engaging culture are key to our success. We have a rich heritage and, we believe, a bright future.

Going Beyond, at West Indian Tobacco, is not only at the core of the business, in terms of sustainability and shareholder value creation, but transcends across the areas of product innovation and expansion; waste reduction; health & safety, and people development. For us, sustainability means creating shared value and making sure that what we do as a business, doesn't just benefit our shareholders, but can also have a much wider and positive impact on society. It is also about making sure we continue to get the basics right, such as providing consumers with the products they want, engaging openly on regulatory issues and supporting evidence-based regulation, marketing our products responsibly, fighting tobacco trafficking, and reducing our environmental impact. These values help us to be a successful business, while also raising standards across the industry, benefiting governments and consumers. Especially important to the Company, is its Youth Smoking Prevention Programme. It is our belief that tobacco products are only suitable for adult consumers. We do not want children to smoke and we know how important it is that our marketing practices should not undermine efforts to combat underage smoking.

We recognise the role of our employees, distributors, retailers, suppliers and stakeholders as we focus on the key Pillars of our business (Growth, Productivity, Winning Organisation and Sustainability) and the Strategic Guiding Principles (Enterprising Spirit, Freedom through Responsibility, Open-Mindedness and Strength from Diversity). As a team, we seek to establish a flexible and supportive culture founded on personal commitment and responsibility, which attracts, engages and retains the most talented and diverse people. Our focus is on driving high performance; developing the next generation of leaders; valuing the diversity of our employees, encouraging and rewarding entrepreneurial behaviour; and creating an engaging culture where individuals and teams can be successful – going beyond.

In support of this culture the organisation took the opportunity to embrace the essence of this platform through a one-day offsite event where employees were given the opportunity to share, provide input and discuss the plans for the future. Listening to their views is fundamental. Ultimately, there was a renewed sense of commitment and inspiration to go beyond in delivering the best results.

Going Beyond in Health and Safety

Providing a safe place to work and protecting our employees' wellbeing are also fundamental.

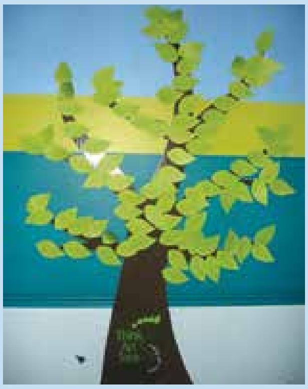
Our Environmental, Health and Safety (EHS) practices are considered critical to the overall operations of the business. Policies are developed, reviewed and refined on an on-going basis. We can truly say that these are the best practices for EHS. We are continuously seeking to have this safety culture embedded into the psyche of the employees.

A key focus of the business is to have an injury free workplace. In 2012, the team took on the "Closing the Gap to Zero" project with a focus on people safety. By the close of business in 2014, we were able to record 583 days without a "lost day work case". This is the third highest achievement within the Americas Region of British American Tobacco.

EHS captures 2 AmCham Awards

Our Safe Place To Work initiatives were recognised recently by the American Chamber of Commerce National Excellence in (HSE) Awards. The Company was awarded the Most Improved HSE Project and Most Outstanding HSE Project at a ceremony held in September 2014.

The Most Outstanding category focused on the company's "Zero Waste to Landfill" initiative which was primarily devised to reduce the amount of waste entering the landfill through the re-cycling of tobacco dust, as well as cardboard and plastics. The most improved category focused on our internal EHS policies and practices, which significantly raised the bar of the safety of our employees.

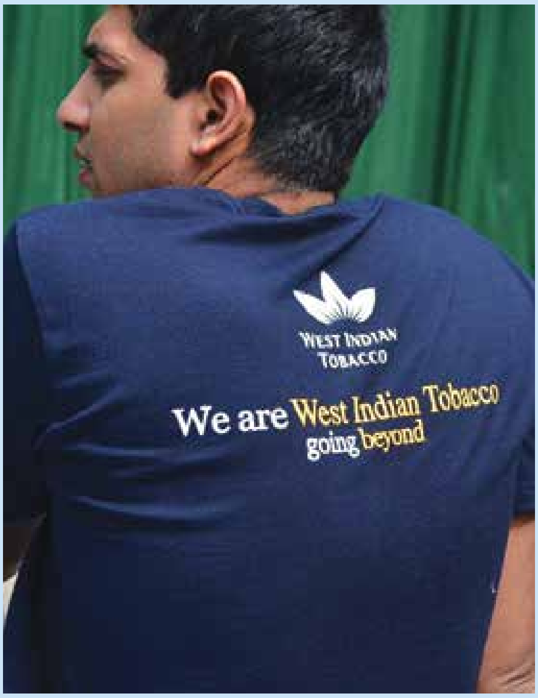


World Environment Day

In June, West Indian Tobacco celebrated the United Nations World Environment Day with engaging activities, which created greater awareness about the importance of preserving our landscape. On a more personal note, employees pledged to preserve the planet and committed to conserving energy. After declaring their promise, each employee sealed the deal by committing to an environmental act.

Going Beyond in Growth and Sustainability

Despite the challenging economic climate and an increasing regulatory environment, the business was able to deliver sustainable shareholder value through an effective management of the portfolio and value creation. Our aim is to keep adding value for our consumers, trade customers and shareholders. This means giving our consumers premium value through premium quality and unique, differentiated brands. It also means enabling our trade customers to benefit, and by satisfying both consumers and trade customers, deliver long-term sustainable value for our shareholders.



The Dunhill brand now leads in the premium segment and its share has consistently grown since its launch in 2007. Consumers continue to look for additional experiences through innovation and this opportunity presented itself with the introduction of Dunhill Switch and Release. The simple but focused brand portfolio continues to allow us to defend our position as leaders in the market.

Green INSPIRES

Going Beyond in Corporate Social Investment

We approach corporate social investment as an end in itself, rather than as a way to promote ourselves.

In recent years, our corporate social investment projects have concentrated on a smaller number of more significant projects that are focused on key areas: Sustainable Agriculture and Environment, Empowerment and Civic Life. We believe this means that our community investments have greater impact in the areas that really count and go beyond.

Fifty years ago, West Indian Tobacco embarked on a partnership with a steel orchestra from Laventille as part of its commitment to the arts and culture and support for neighbouring communities.

The band has gained worldwide acclaim with notable performances in Africa, China, India, England and the United States of America. They developed the nine and twelve bass pans, which effectively extended the range and depth of the bass drum by increasing the number of drums from the traditional six. They are, the only steel orchestra to win the Panorama Competition on ten occasions.

The band stands strong amidst the ups and downs of its environment and continues to make a significant contribution to the Laventille community. This is particularly recognised in their annual charity Christmas concert, as well as at the camps conducted during the August period.

In all that we do we are committed to doing business in a way that meets the expectations of today's society, upholding high standards of corporate conduct and being open and transparent with our stakeholders. We support evidence-based regulation with clear public health objectives, which is also mindful of possible unintended consequences. Given that people choose to continue to smoke and are likely to do so in the future, we think it's far better to have a regulated, legal industry that takes its responsibilities seriously, than an unregulated and criminal black market. We are a business that wants to continue to go beyond.

WEST INDIAN TOBACCO

Financial Information

The Year At A Glance

	2014 $'000	2013 $'000	Change %
Revenue	1,017,368	944,790	7.7%
Gross Profit	783,566	701,002	11.8%
Total Expenses	(128,476)	(144,693)	-11.2%
Operating Profit	655,090	556,309	17.8%
Interest Income	25	15	66.7%
Profit Before Taxation	655,115	556,324	17.8%
Taxation	(165,920)	(145,253)	14.2%
Profit for the Year	489,195	411,071	19.0%
Other Comprehensive Loss:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement and post employment benefit obligations	(360)	(10,931)	-96.7%
Gain on revaluation of land and buildings	–	2,717	
Other Comprehensive Loss – net of tax	(360)	(8,214)	-95.6%
Total Comprehensive Income for the Year	488,835	402,857	21.3%

Five Years At A Glance

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
Profit and Taxation					
Profit before taxation	371,877	402,010	476,236	556,324	655,115
Taxation	104,095	111,794	126,197	145,253	165,920
Profit for the year	267,782	290,216	350,039	411,071	489,195
Dividends	239,242	267,883	321,797	382,449	464,163
Effective rate of taxation (%)	28.0	27.8	26.5	26.1	25.3
Balance Sheet					
Shareholders' equity	144,239	189,870	227,806	281,067	335,345
Deferred tax liability	12,431	10,075	5,536	–	–
Non-current liabilties	66,822	75,376	67,503	85,107	91,252
Current liabilities	135,561	107,211	128,776	153,674	142,957
Total Funds Employed	359,053	382,532	429,621	519,848	569,554
Property, plant and equipment	223,838	218,068	215,152	213,241	204,326
Deferred income tax asset	–	–	–	522	1,352
Inventories	43,196	43,227	48,017	49,646	41,768
Cash and cash equivalents	69,339	100,816	134,787	212,132	272,267
Other current assets	22,680	20,421	31,665	44,307	49,841
Total Assets	359,053	382,532	429,621	519,848	569,554
Statistics					
Issued Share Capital ('000)	84,240	84,240	84,240	84,240	84,240
Earnings per ordinary share ($)	3.18	3.45	4.16	4.88	5.81
Dividends per ordinary share ($)	2.84	3.18	3.82	4.54	5.51
Net assets value per ordinary share ($)	1.71	2.25	2.70	3.34	3.98
Share prices at 31 December ($)	47.81	61.35	85.00	120.00	121.33

WEST INDIAN TOBACCO

Annual Report 2014

Financial Statements

Independent Auditor's Report

To the shareholders of
The West Indian Tobacco Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The West Indian Tobacco Company Limited, which comprise the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
23 February 2015
Port of Spain,
Trinidad, West Indies

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	31 December 2014 $'000	2013 $'000
Non-current Assets			
Property, plant and equipment	5	204,326	213,241
Deferred income tax asset	6	1,352	522
		205,678	213,763
Current Assets			
Inventories	7	41,768	49,646
Trade and other receivables	9	47,357	42,393
Taxation recoverable		2,484	1,914
Cash and cash equivalents	10	272,267	212,132
		363,876	306,085
Total Assets		569,554	519,848
Shareholders' Equity			
Share capital	11	42,120	42,120
Revaluation surplus	5.1	49,641	50,324
Retained earnings		243,584	188,623
		335,345	281,067
Non-current Liabilities			
Retirement benefit obligation	12	85,661	79,057
Post employment medical benefit obligation	12	5,591	6,050
		91,252	85,107
Current Liabilities			
Trade and other payables	13	85,842	109,340
Due to parent company	20 iv	11,665	8,139
Dividends payable		44,300	36,195
Taxation payable		1,150	–
		142,957	153,674
Total Liabilities		234,209	238,781
Total Equity And Liabilities		569,554	519,848

The notes on pages 37 to 65 are an integral part of these financial statements.

On 23 February 2015, the Board of Directors of The West Indian Tobacco Company Limited authorised these financial statements for issue.

____________ Chairman ____________ Managing Director

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 31 December 2014 $'000	2013 $'000
Gross Turnover - including excise	14	1,252,058	1,184,805
Revenue	14	1,017,368	944,790
Cost Of Sales	15	(233,802)	(243,788)
Gross Profit		783,566	701,002
Distribution Costs	15	(12,776)	(17,964)
Administrative Expenses	15	(89,289)	(94,570)
Other Operating Expenses	15	(26,550)	(32,815)
Other Income	16	139	656
Operating Profit		655,090	556,309
Interest Income		25	15
Profit Before Taxation		655,115	556,324
Taxation	17	(165,920)	(145,253)
Profit For The Year		489,195	411,071
Other Comprehensive Loss:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement and post employment benefit obligations		(360)	(10,931)
Gain on revaluation of land and buildings		–	2,717
Other Comprehensive Loss – net of tax		(360)	(8,214)
Total Comprehensive Income For The Year		488,835	402,857
Earnings Per Ordinary Share	18	$ 5.81	$ 4.88
Dividends Per Ordinary Share	19	$ 5.51	$ 4.54

The notes on pages 37 to 65 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 2014					
Balance at 1 January 2014		42,120	50,324	188,623	281,067
Comprehensive income					
Profit for the year		–	–	489,195	489,195
Other comprehensive loss					
Remeasurement of retirement and post employment benefit obligations		–	–	(360)	(360)
Depreciation transfer on buildings – net of tax		–	(683)	683	–
Transactions with owners					
Dividends	19	–	–	(436,363)	(436,363)
Write back of unclaimed dividends	19	–	–	1,806	1,806
Balance At 31 December 2014		42,120	49,641	243,584	335,345
Year Ended 31 December 2013					
Balance at 1 January 2013		42,120	48,276	137,410	227,806
Comprehensive income					
Profit for the year		–	–	411,071	411,071
Other comprehensive loss					
Remeasurement of retirement and post employment benefit obligations		–	–	(10,931)	(10,931)
Gain on revaluation of land and buildings		–	2,717	–	2,717
Depreciation transfer on buildings – net of tax		–	(669)	669	–
Transactions with owners					
Dividends	19	–	–	(349,596)	(349,596)
Balance At 31 December 2013		42,120	50,324	188,623	281,067

The notes on pages 37 to 65 are an integral part of these financial statements.

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Note	Year Ended 31 December 2014 $'000	2013 $'000
Cash Flows From Operating Activities			
Profit before taxation		655,115	556,324
Adjustments for:			
Depreciation		18,912	18,082
Loss/(profit) on disposal of property, plant and equipment		1,208	(216)
Net increase in retirement and other post employment benefit obligations excluding actuarial losses		5,665	3,029
Interest income		(25)	(15)
Operating profit before working capital changes		680,875	577,204
Changes in working capital:			
Decrease/(increase) in inventories		7,878	(1,629)
Increase in trade and other receivables		(4,964)	(10,728)
(Decrease)/increase in trade payables and accruals		(4,426)	16,931
(Decrease)/increase in due to related parties		(19,072)	5,073
Increase/(decrease) in due to parent company		3,526	(2,072)
Cash Generated From Operating Activities		663,817	584,779
Taxation Paid		(166,050)	(154,932)
Net Cash Generated From Operating Activities		497,767	429,847
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(11,262)	(13,242)
Proceeds from sale of property, plant and equipment		57	283
Interest received		25	15
Net Cash Used In Investing Activities		(11,180)	(12,944)
Cash Flows Used In Financing Activity			
Dividends paid		(426,452)	(339,558)
Net Increase In Cash And Cash Equivalents		60,135	77,345
Cash And Cash Equivalents At Beginning Of Year		212,132	134,787
Cash And Cash Equivalents At End Of Year	10	272,267	212,132
Cash at bank and in hand		272,265	212,130
Short-term deposits		2	2
		272,267	212,132

The notes on pages 37 to 65 are an integral part of these financial statements.

Notes to the Financial Statements

31 December 2014
(Expressed in Trinidad and Tobago Dollars)

1. General Information

The West Indian Tobacco Company Limited is incorporated in the Republic of Trinidad and Tobago.

The Company is listed on the Trinidad and Tobago Stock Exchange. The address of the registered office is Corner Eastern Main Road and Mount D'Or Road, Champs Fleurs, Trinidad, West Indies. It is a subsidiary of British American Tobacco (Investments) Limited, a company registered in the United Kingdom. Its ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The principal business activities of the Company are the manufacture and sale of cigarettes.

2. Significant Accounting Policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) and under the historical cost convention, as modified by the revaluation of land and buildings at fair value through other comprehensive income.

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.

(a) *New standards, amendments and interpretations adopted by the Company*

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014.

- Amendment to IAS 32, 'Financial instruments:Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

2. Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

(b) *New standards, amendments and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through statement of comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

2. Significant Accounting Policies (Continued)

2.1 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 or valuation where items are re-measured. 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 profit or loss.

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. Independent valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. 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. 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 profit or loss 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 profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

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 estimated 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 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 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, 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 income 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income 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, revaluations on buildings and provision for pensions and other post retirement benefits.

2.6 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairment of non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

2.7 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 weighted average cost
- Inventories in process are valued at weighted 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 weighted average cost
- Goods in transit are valued at suppliers' invoice cost plus freight and insurance as applicable

Cost of inventories excludes borrowing costs.

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

2.8 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 2.9 and 2.10).

Impairment testing of trade and other receivables is described in Note 2.9.

2.9 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 profit or loss 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. Significant Accounting Policies (Continued)

2.10 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.

2.11 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.

2.12 Employee benefits

(a) **Retirement benefit plans**

The Company operates two retirement benefit plans, a defined benefit plan and a defined contribution plan.

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The plans are generally funded through employer and employee contributions to insurance companies or trustee-administered funds.

(i) *Defined benefit plan*

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

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss 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 2012). 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

2. Significant Accounting Policies (Continued)

2.12 Employee benefits (Continued)

(i) *Defined benefit plan (Continued)*

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

During 2011 the defined benefit plan was closed to new entrants.

(ii) *Defined contribution plan*

The Plan covers all employees joining the Company as of September 2011 and comprises two deferred annuity schemes for each employee: an individual deferred annuity and a corporate deferred annuity. Employees as well as the Company will contribute to the plan for the specific purpose of providing income upon retirement. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due (Note 15.1). Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Under the terms of the plan, employees as well as the Company will contribute to a defined contribution plan for the specific purpose of providing income upon retirement.

(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 costs. The charge for the current year is recognised in profit or loss under employee benefit expense (Note 15.1). Actuarial gains and losses arising are charged or credited to other comprehensive income in the period in which they arise.

2. Significant Accounting Policies (Continued)

2.12 Employee benefits (Continued)

(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 separation 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 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.

2.14 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.

2.15 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:

2. Significant Accounting Policies (Continued)

2.15 Revenue recognition (Continued)

(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.

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.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(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:

	2014 $'000	2013 $'000
Increase/(decrease) in profit before tax		
Effect of a 5% depreciation of the TT dollar	(2,424,000)	(637,000)
Effect of a 5% appreciation of the TT dollar	2,424,000	637,000

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 8.1.

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 exposures arise from sales to distributors and retail customers, including outstanding receivables.

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

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Cash and deposits are held with a number of reputable financial institutions, with amounts varying between $114,000 and $233,077,000 (2013: $215,000 and $187,002,000). The maximum limit with any one financial institution is $254,800,000 (2013: $96,000,000). Balances in excess of this limit were held temporarily for periods of no more than one week during 2014.

(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 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 2014	**Less than one year**
Trade payables and accruals	$26,856,000
Amounts due to related parties/parent company	$22,116,000

At 31 December 2013	**Less than one year**
Trade payables and accruals	$34,255,000
Amounts due to related parties/parent company	$37,662,000

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 financial position date are assumed to approximate their fair values, as they are short term in nature.

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4. Critical Accounting Estimates And Assumptions

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

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

(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.

(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 current and deferred income tax provisions in the period in which such determination is made. See Notes 6, 17 and 21.

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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 2014						
Opening net book amount	88,631	100,765	5,582	207	18,056	213,241
Additions	197	289	450	–	10,326	11,262
Transfers	3,477	9,221	1,369	–	(14,067)	–
Disposals	–	(1,227)	(38)	–	–	(1,265)
Depreciation charge (Note 15)	(1,704)	(15,017)	(2,108)	(83)	–	(18,912)
Closing net book amount	90,601	94,031	5,255	124	14,315	204,326
At 31 December 2014						
Cost/valuation	97,393	231,693	33,560	883	14,315	377,844
Accumulated depreciation	(6,792)	(137,662)	(28,305)	(759)	–	(173,518)
Net book amount	90,601	94,031	5,255	124	14,315	204,326
Year ended 31 December 2013						
Opening net book amount	82,764	106,840	6,653	290	18,605	215,152
Additions	339	765	101	–	12,037	13,242
Transfers	4,050	7,571	965	–	(12,586)	–
Disposals	–	(55)	(12)	–	–	(67)
Depreciation charge (Note 15)	(1,518)	(14,356)	(2,125)	(83)	–	(18,082)
Revaluation (Note 5.1)	2,996	–	–	–	–	2,996
Closing net book amount	88,631	100,765	5,582	207	18,056	213,241
At 31 December 2013						
Cost/valuation	93,719	226,602	33,653	995	18,056	373,025
Accumulated depreciation	(5,088)	(125,837)	(28,071)	(788)	–	(159,784)
Net book amount	88,631	100,765	5,582	207	18,056	213,241
At 31 December 2012						
Cost/valuation	86,333	218,659	34,094	1,948	18,605	359,639
Accumulated depreciation	(3,569)	(111,819)	(27,441)	(1,658)	–	(144,487)
Net book amount	82,764	106,840	6,653	290	18,605	215,152

5. Property, Plant And Equipment (Continued)

5.1 Revaluation surplus

	2014 $'000	2013 $'000
At beginning of the year	50,324	48,276
Depreciation transfer on buildings - net of tax	(683)	(669)
Gain on revaluation - net of tax	–	2,717
At end of the year	49,641	50,324

The Company's freehold land and buildings were last revalued on 31 December 2013 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.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurements as at 31 December 2014 using		
	Quoted prices In active markets for identical assets (level 1) $'000	Significant other observable inputs (level 2) $'000	Significant unobservable inputs (level 3) $'000
Recurring fair value Measurements			
Land	–	30,350	–
Building	–	60,251	–

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.

There were no transfers between levels 1 and 2 during the year. The valuation surveyors used the Direct Capital Comparison Method and the Depreciated Replacement Cost Method to determine the values of Land and Buildings respectively.

Level 2 fair values of land have been derived using 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. The most significant input into this valuation approach is price per square foot. Level 2 fair value of buildings have been derived using the

5. Property, Plant And Equipment (Continued)

5.1 Revaluation surplus (Continued)

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. The most significant input into this valuation approach is the construction price per square foot.

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

	2014 $'000	2013 $'000
Cost	30,643	26,968
Accumulated depreciation	(9,043)	(8,336)
Net book amount	21,600	18,632

5.3 Depreciation expense is included in statement of comprehensive income as follows:

Amount included in cost of sales	16,454	15,487
Amount included in other operating expenses	2,458	2,595
	18,912	18,082

6. Deferred Income Tax

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

At beginning of the year	(522)	5,536
Tax on actuarial losses recognised in other comprehensive income (Note 6.2)	(120)	(3,644)
Tax on revaluation of building recycled in other comprehensive income (Note 6.2)	–	279
Charge for the year (Note 17)	(710)	(2,693)
At end of year	(1,352)	(522)

Deferred income 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 income tax relates to the same fiscal authority. The offset amounts are as follows:

Deferred Income Tax Asset		
- Retirement benefit obligation (Note 6.1)	(26,444)	(25,528)
- Post retirement medical obligation	(1,398)	(1,513)
	(27,842)	(27,041)
Deferred Income Tax Liability		
- Revaluation on buildings	6,498	6,747
- Accelerated tax depreciation	19,992	19,772
Net Deferred Income Tax Asset	(1,352)	(522)

6. Deferred Income Tax (Continued)

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

	2014 $'000	2013 $'000
Retirement benefit obligation, excluding deferred lumpsum contribution	21,415	19,765
Deferred lumpsum contribution	5,029	5,763
	26,444	25,528

6.2 The net deferred income tax asset in the statement of financial position is attributable to the following:

	Revaluation on Buildings $'000	Accelerated Tax $'000	Retirement Benefit $'000	Post Retirement Medical $'000	Total $'000
As at 31 December 2014					
Balance at beginning of year	6,747	19,772	(25,528)	(1,513)	(522)
(Credit)/charge to profit or loss (Note 17)	(249)	220	(732)	51	(710)
Tax on actuarial (losses)/gains recognised in other comprehensive income	–	–	(184)	64	(120)
Balance at end of year	6,498	19,992	(26,444)	(1,398)	(1,352)
As at 31 December 2013					
Balance at beginning of year	6,690	22,221	(21,765)	(1,610)	5,536
(Credit)/charge to profit or loss (Note 17)	(222)	(2,449)	(28)	6	(2,693)
Tax on actuarial (losses)/gains recognised in other comprehensive income	–	–	(3,735)	91	(3,644)
Tax on revaluation of buildings recycled in other comprehensive income	279	–	–	–	279
Balance at end of year	6,747	19,772	(25,528)	(1,513)	(522)

7. Inventories

	2014	2013
Raw materials	25,815	27,159
Goods in transit	4,924	10,560
Supplies and sundries	4,486	6,826
Finished goods	5,774	4,115
Inventories in process	769	986
	41,768	49,646

The cost of inventories recognised as expense and included in "cost of sales" amounted to $147,958,000 (2013: $155,015,000).

8. Financial Instruments

8.1 Financial instruments by category and currency

	TTD $'000	USD $'000	Euro $'000	GBP $'000	Total $'000
As at 31 December 2014					
Financial assets					
Trade receivables (excluding prepayments)	33,297	–	–	–	33,297
Due from related parties	–	10,379	–	–	10,379
Cash and cash equivalents	213,488	58,779	–	–	272,267
	246,785	69,158	–	–	315,943
Financial liabilities					
Trade payables and accruals (excluding statutory liabilities)	23,048	3,298	474	36	26,856
Due to related parties	17	9,937	686	(189)	10,451
Due to parent company	7,473	–	–	4,192	11,665
	30,538	13,235	1,160	4,039	48,972
As at 31 December 2013					
Financial assets					
Trade receivables (excluding prepayments)	20,488	–	–	–	20,488
Due from related parties	319	16,564	–	–	16,883
Cash and cash equivalents	178,679	33,453	–	–	212,132
	199,486	50,017	–	–	249,503
Financial liabilities					
Trade payables and accruals (excluding statutory liabilities)	26,191	4,942	2,504	618	34,255
Due to related parties	314	28,220	388	601	29,523
Due to parent company	5,716	–	–	2,423	8,139
	32,221	33,162	2,892	3,642	71,917

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8. Financial Instruments (Continued)

8.2 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 nor impaired $'000	Past due but not impaired (> 30 days) $'000	Total $'000
As at 31 December 2014			
Trade receivables, excluding prepayments	33,297	–	33,297
Due from related parties	8,746	1,633	10,379
Cash at bank	236,021	–	236,021
	278,064	1,633	279,697
As at 31 December 2013			
Trade receivables, excluding prepayments	20,488	–	20,488
Due from related parties	13,011	3,872	16,883
Cash at bank	195,713	–	195,713
	229,212	3,872	233,084

The Company does not hold any collateral as security.

8.3 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.

9. Trade And Other Receivables

	2014 $'000	2013 $'000
Trade receivables	33,297	20,488
Prepayments	3,681	5,022
Receivables from related parties: (Note 20)		
- trade	10,239	16,685
- other	140	198
	47,357	42,393

10. Cash and Cash Equivalents	**2014 $'000**	**2013 $'000**
Cash at bank	236,019	195,711
Short-term deposits	2	2
Cash in hand and in transit	36,246	16,419
	272,267	212,132

The effective interest rate on short term deposits was 0.20% (2013: 0.45%). These deposits have an average maturity of 3 months or less.

The Company has undrawn banking facilities:		
Floating rate - expiring within one year	49,645	49,645

These facilities are annual facilities subject to review at various dates during 2015.

11. 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

12. Pensions And Other Post Retirement Obligations

Statement of financial position:

Retirement benefit obligation	(85,661)	(79,057)
Post employment medical benefit obligation	(5,591)	(6,050)
Liability in the statement of financial position	(91,252)	(85,107)

(i) *Retirement benefits*

The amounts recognised in the statement of financial position are as follows:

Fair value of plan assets	204,907	203,670
Present value of funded pension obligation	(290,053)	(282,182)
Deficit of funded plans	(85,146)	(78,512)
Present value of unfunded pension obligation	(515)	(545)
Liability in the statement of financial position	(85,661)	(79,057)

The movement in the defined benefit obligation over the year is as follows:

Net interest cost	3,390	2,940
Current service cost	7,016	6,469
Net pension expense	10,406	9,409

Notes to the Financial Statements

31 December 2014
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12. Pensions And Other Post Retirement Obligations (Continued)

(i) *Retirement benefits (continued)*

	2014 $'000	2013 $'000
Remeasurements:		
From plan assets	(972)	1,940
From obligation - funded	244	(16,859)
From obligation - unfunded	(6)	(21)
Remeasurement of net liability	(734)	(14,940)

Reconciliation of movements in the statement of financial position:

	2014 $'000	2013 $'000
Net liability recognised as at 1 January	(79,057)	(61,064)
Net pension expense	(10,406)	(9,409)
Remeasurement of net liability	(734)	(14,940)
Employer contributions	4,536	6,356
Net liability recognised as at 31 December	(85,661)	(79,057)

Changes in fair value of plan assets:

	2014 $'000	2013 $'000
Fair value of plan assets as at 1 January	203,670	193,272
Actual return on plan assets:		
- interest income	8,030	8,692
- remeasurement recognised in OCI	(972)	1,940
Company contributions	4,536	6,356
Employee contributions	1,831	1,962
Benefit payments	(12,188)	(8,552)
Fair value of plan assets as at 31 December	204,907	203,670

Changes in present value of the obligation (funded and unfunded):

	2014 $'000	2013 $'000
Present value of obligation as at 1 January	(282,727)	(254,336)
Interest income	(11,420)	(11,632)
Current service cost - employer	(7,016)	(6,469)
Current service cost - employee	(1,831)	(1,962)
Benefit payments	12,188	8,552
Remeasurement recognised in OCI:		
- financial assumption changes	(7,159)	(16,578)
- experience	7,397	(302)
Present value of obligation as at 31 December	(290,568)	(282,727)

The principal actuarial assumptions were as follows:

	2014 Per annum	2013 Per annum
Discount rate	4.00%	4.00%
Future salary increases	4.00%	3.50%
Future pension increases	3.00%	3.00%
Mortality	GAM94	GAM94

12. Pensions And Other Post Retirement Obligations (Continued)

(i) *Retirement benefits (continued)*

Expected contributions to post employment benefit plans for the year ending 31 December 2015 are $4,611,000.

Plan assets comprise the following:

	2014		2013	
	$'000	**%**	**$'000**	**%**
Equity investments	90,160	44	75,358	37
Debt instruments	100,404	49	95,725	47
Property	2,049	1	4,073	2
Other	12,294	6	28,514	14
	204,907	100	203,670	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.

(ii) *Post employment medical benefit obligation*

	2014 $'000	2013 $'000
The amount recognised in the statement of financial position is as follows:		
Unfunded post retirement health care obligation	5,591	6,050
The movement in the defined benefit obligation over the year is as follows:		
Net interest cost	239	382
Current service cost	88	123
Net post retirement health care expense	327	505
Remeasurements recognised in other comprehensive income:		
From obligations	382	365
Reconciliation of movements in statement of financial position:		
Net liability recognised as at 1 January	(6,050)	(6,439)
Net expense	(327)	(505)
Remeasurement of net liability	382	365
Employer premiums for existing retirees/clinic cost	404	529
Net liability recognised as at 31 December	(5,591)	(6,050)

12. Pensions And Other Post Retirement Obligations (Continued)

(ii) *Post employment medical benefit obligation (continued)*

	2014 $'000	**2013 $'000**
Changes in present value of the obligation:		
Present value of obligation as at 1 January	(6,050)	(6,439)
Interest Income	(239)	(382)
Current service cost	(88)	(123)
Employer premiums for existing retirees/clinic cost	404	529
Remeasurement recognised in OCI:		
- experience	382	365
Present value of obligation as at 31 December	(5,591)	(6,050)

The principal actuarial assumptions were as follows:

	2014	2013
Discount rate	4.00%	4.00%
Premium/clinic cost escalation	3.50%	3.50%
Retiree mortality table	GAM94	GAM94

Expected contributions to post employment benefit plans for the year ending 31 December 2015 are $503,000.

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	43	27
Effect on the defined benefit obligation	971	731

(iii) The Company operates a defined benefit pension plan. This is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The pensions in payment are increased by 3% each year. The majority of benefit payments are from trustee administered funds; however, a small number of pension payments are met by the Company. Plan assets held in trust are governed by local regulations and practice. Responsibility for governance of the plan, including investment decisions lies jointly with the Company and the Board of Trustees. The Board of Trustees must be composed of representatives of the Company and plan participants in accordance with the plan's regulations

The weighted average duration of the defined benefit obligation is 17.9 years.

The weighted average duration of the post employment benefit obligation is 18.5 years.

The Company has taken measures to reduce the pension plan deficit and to date there has been lumpsum injections totalling $31.4m. Based on the recommendation of the actuary, the Company continues its higher contributions, and with additional planned measures, anticipates the elimination of the deficit.

Notes to the Financial Statements

31 December 2014
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12. Pensions And Other Post Retirement Obligations (Continued)

(iv) Sensitivity of assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate:	0.50%	Decrease by 8.3%	Increase by 9.5%
Salary growth rate:	0.50%	Increase by 2.7%	Decrease by 2.5%
Pension growth rate:	0.25%	Increase by 3.0%	Decrease by 2.8%

As at 31 December 2014, 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 $24,044,000 lower or $27,681,000 higher (2013: $23,566,000 lower or $27,164,000 higher).

	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy:	Increase by 3.3%	Decrease by 3.3%

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

(v) The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The defined benefit pension plan and post-employment medical plan are exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government bond yields (Trinidad and Tobago does not have a deep or liquid market in Government or corporate debt); if plan assets underperform this yield, this will create a deficit. The plan holds a portion of assets in equities (approximately 37% of plan assets), which are expected to outperform Government bonds in the long-term while providing volatility and risk in the short-term.

Changes in bond yields

A decrease in Government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

12. Pensions And Other Post Retirement Obligations (Continued)

Inflation risk

Some of the Company's pension obligations are loosely linked to inflation to the extent that inflation influences salary increases, and higher inflation leads to higher salaries which in turn will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation can also increase the deficit.

13. Trade And Other Payables

	2014 $'000	2013 $'000
Trade payables and accruals	26,856	34,255
Statutory liabilities	48,535	45,562
Due to related parties (Note 20)		
- trade	9,130	11,065
- other	1,321	18,458
	85,842	109,340

14. Gross Turnover

Gross turnover	1,252,058	1,184,805
Less excise	(234,690)	(240,015)
Revenue	1,017,368	944,790

15. Expenses By Nature

Raw materials and consumables used	147,958	155,015
Technical and advisory services	42,258	60,471
Employee benefit expense (Note 15.1)	65,805	60,006
Other expenses	32,452	38,829
Royalties	40,916	37,182
Depreciation (Note 5)	18,912	18,082
Brand support expenses	11,471	11,125
Corporate social investments	1,744	3,085
Travel and related expenses	1,560	2,703
Changes in inventories of finished goods and work in progress	(1,430)	2,656
Directors remuneration	333	298
Net foreign exchange losses/(gains)	438	(315)
Total cost of sales, distribution costs, administrative expenses and other operating expenses	362,417	389,137

Notes to the Financial Statements

31 December 2014
(Expressed in Trinidad and Tobago Dollars)

15. Expenses By Nature (Continued)

15.1 Employee benefit expenses

	2014 $'000	2013 $'000
Wages and salaries and other termination benefits	40,047	41,229
Other benefits	14,344	8,397
Pension costs:		
- defined benefit plan (Note 12)	10,406	9,409
- defined contribution plan	684	466
Post employment medical benefits (Note 12)	324	505
	65,805	60,006
Number of employees as at year end	191	208

16. Other Income

Consultancy services	–	238
Rental of building	139	418
	139	656

17. Taxation

Corporation tax:		
- current year	167,199	148,241
- adjustment to prior year's estimates	(569)	(295)
Deferred income tax (Note 6)	(710)	(2,693)
	165,920	145,253

The tax on profit before taxation differs from the theoretical amount that would arise using the statutory tax rate of 25% as follows:

Profit before taxation	655,115	556,324
Tax calculated at 25%	163,779	139,081
Expenses not deductible for tax	2,716	6,469
Income/allowances not subject to tax	(6)	(2)
Corporation tax – adjustment to prior year's estimates	(569)	(295)
	165,920	145,253

18. 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.

	2014 $'000	2013 $'000
Profit for the year attributable to equity holders	489,195	411,071
Number of ordinary shares in issue ('000)	84,240	84,240
Basic earnings per share	$ 5.81	$ 4.88

19. Dividends Paid On Ordinary Shares

Final dividend – prior year	135,626	102,773
First interim dividend	82,555	69,077
Second interim dividend	101,088	87,610
Third interim dividend	117,094	90,136
	436,363	349,596

A final dividend in respect of 2014 of $1.94 cents per share (2013: $1.61 cents per share) amounting to $163,425,600 (2013: $135,626,400) is to be proposed at the Annual Meeting to be held on 9 April, 2015. If approved, the total dividend for the year will be $5.51, an increase of 21.4% over dividend distribution of $4.54 with respect to 2013.

At the Annual Meeting of Shareholders held on 4 April, 2013, the Shareholders approved an amendment to the Company's Bye-Laws to allow the forfeiture of dividends unclaimed after a period of twelve (12) years. The Company undertook to conduct due diligence to ensure that any shareholder who is entitled to dividend payments receive same prior to its forfeiture by making a concerted effort to contact shareholders who have not claimed their dividend for more than twelve (12) years. As a part of the attempt to contact these shareholders a media outreach programme was conducted utilising the print media. The unclaimed dividends for periods prior to 2002 was written back to the retained earnings in equity.

20. 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 p.l.c., a company registered in the United Kingdom.

The following transactions were carried out with related parties:

i. Sale of goods and services

Sale of goods - related parties	120,783	132,985
Sale of services - related parties	139	656

20. Related Party Transactions (Continued)

ii. Purchases of goods and services

	2014 $'000	2013 $'000
Purchases of goods - related parties	62,671	70,662
Purchases of services - related parties	26,441	49,612
Purchases of services - parent company	59,625	53,064

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.

iii. Key management compensation

	2014	2013
Salaries and other short-term employee benefits	7,614	6,596
Post retirement medical obligations	5	7
Post retirement benefits	1,053	778

iv. Year-end balances arising from sales/purchases of goods and services

	2014	2013
Receivable from related parties	10,379	16,883
Payable to related parties (Note 13)	10,451	29,523
Payable to parent company	11,665	8,139

The receivables from related parties arise mainly from sales transactions and are due 30 days after the end of the month in which the invoice is dated. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2013: nil).

The payables to related parties arise mainly from purchase transactions and are due 30 days after the end of the month in which the invoice is dated. The payables bear no interest.

Advances totalling $16,962,192 made in 2006 from fellow subsidiaries relating to Contract Manufacture were repaid during 2014.

21. 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 adjustments related to the deductibility of certain expenses amounting to $74,772,830 with an associated tax liability of $18,693,208. The Company provided documentary evidence to support its position and the BIR subsequently issued a final assessment of tax liability of $7,456,333.

Notes to the Financial Statements

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21. Contingent Liabilities

(a) Taxation (Continued)

The Company is not in agreement with the final assessment and based on appropriate professional advice a Notice of Appeal was filed with the Tax Appeal Board during 2014. The matter is currently ongoing. The Directors, are satisfied that they can actively defend the matter and as such the Company has not recorded any additional provisions in the financial statements.

		2014 $'000	2013 $'000
(b)	Customs and immigration bonds	15,975	10,975

22. Commitments

(a)	Capital commitments Authorised and contracted for, and not provided for in the financial statements.	1,100	1,796

(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	1,964	1,639
Later than one year and no later than five years	2,557	2,465
	4,521	4,104

Operating lease expenses incurred in 2014 amounted to $1,689,365 (2013: $1,629,098).

23. Segment Information

The Company is organised and managed on the basis of two geographic regions, namely the domestic market and the Caricom market. These are the reportable segments for the Company as they form the focus of the Company's internal reporting systems and are the basis used by the Managing Director and the local management team, as the chief operating decision makers, for assessing performance and allocating resources.

The Company is a single product business providing cigarettes. While the Company has clearly differentiated brands, segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

Primary reporting format – geographical segment

With the exception of the domestic market, no other individual country within the Caricom market contributes more than 10% of total revenue. Information is analysed by segment only where relevant and applicable. Where there is no logical allocation basis, items have been disclosed as unallocated.

The segment results for the year are as follows:

	Domestic	Caricom	Unallocated	Total
	TT$'000	TT$'000	TT$'000	TT$'000
Year ended 31 December 2014				
Revenue	896,638	120,730	–	1,017,368
Gross profit	777,641	5,925	–	783,566
Profit or loss for the year includes:				
- Depreciation	–	–	(18,912)	(18,912)
- Taxation	–	–	(165,920)	(165,920)
Year ended 31 December 2013				
Revenue	811,805	132,985	–	944,790
Gross profit	693,275	7,727	–	701,002
Profit or loss for the year includes:				
- Depreciation	–	–	(18,082)	(18,082)
- Taxation	–	–	(145,253)	(145,253)
Total Segment Assets				
31 December 2014	55,496	33,629	480,429	569,554
31 December 2013	46,559	45,480	427,809	519,848
Total segment assets include additions to property, plant and equipment as follows:				
- 31 December 2014	–	–	11,262	11,262
- 31 December 2013	–	–	13,242	13,242

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 Tenth Annual Meeting of The West Indian Tobacco Company Limited to be held at the Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 9 April 2015 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.81:01.

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
23 February 2015	Danielle F Chow Secretary and Authorised Signatory The West Indian Tobacco Company Limited	

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 Tenth Annual Meeting of The West Indian Tobacco Company Limited to be held at The Jade Conference Room, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Thursday 9 April 2015 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 ____________________ 2015.

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 Holder 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 for assistance to complete and deposit this Proxy Form.

RESOLUTION		FOR	AGAINST
1	*To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2014, together with the Reports of the Directors and Auditors thereon.*		
2	*To declare a Final Dividend for the financial year ended 31 December 2014.*		
3	*To re-elect Ms Ingrid L-A Lashley, who retires in accordance with paragraph 4.7:5 of Bye-Law No.1 of the Company and being eligible, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No.1 for a term from the date of her election until the close of the third Annual Meeting of the Company following her election or until her retirement in accordance with paragraph 4.7:5.*		
4	*To re-elect Mrs Amanda J Cavill de Zavaley, 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.*		

Proxy Form (CONTINUED)

RESOLUTION		FOR	AGAINST
5	*To re-elect Mr Anthony E Phillip, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No.1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 of Bye-Law No. 1 for a term from the date of his election, until the close of the next Annual Meeting.*		
6	*To re-elect Mr Ranjit R Jeewan, who retires in accordance with paragraph 4.7:2(g) of Bye-Law No.1 of the Company, as a Director of the Company in accordance with paragraph 4.7:10 of Bye-Law No.1 for a term from the date of his election, until the close of the next Annual Meeting.*		
7	*To elect Mrs Isha P Reuben-Theodore as a Director of the Company, in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company, for a term from the date of her election, until the close of the third Annual Meeting of the Company, following her election, or until her retirement In accordance with paragraph 4.7:5.*		
8	*To reappoint Messrs PricewaterhouseCoopers as Auditors of the Company, to hold office until the close of the next Annual Meeting.*		
9	*To approve an increase to the remuneration and fees of Non-Executive Directors (being Directors who are neither employees of the Company nor employees of British American Tobacco or any of its affiliates) with effect from 1 May 2015:-* *(a) the monthly remuneration, an increase from* *i. \$8,000 to \$10,000 for a Chairman* *ii. \$5,000 to \$6,000 for a Director;* *(b) for Board of Directors Meetings, an increase from* *i. \$5,000 to \$5,200 for a Chairman* *ii. \$3,000 to \$3,200 for a Director* *for each Board of Directors Meeting attended;* *(c) for Committee Meetings, an increase from* *i. \$4,000 to \$4,200 for a Chairman* *for each Committee Meeting attended.*		

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
E-mail: danielle_chow@bat.com

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

Printing: Trinidad and Tobago Printing Works Limited

Printed on recycled paper

WEST INDIAN
TOBACCO

A member of the British American Tobacco Group