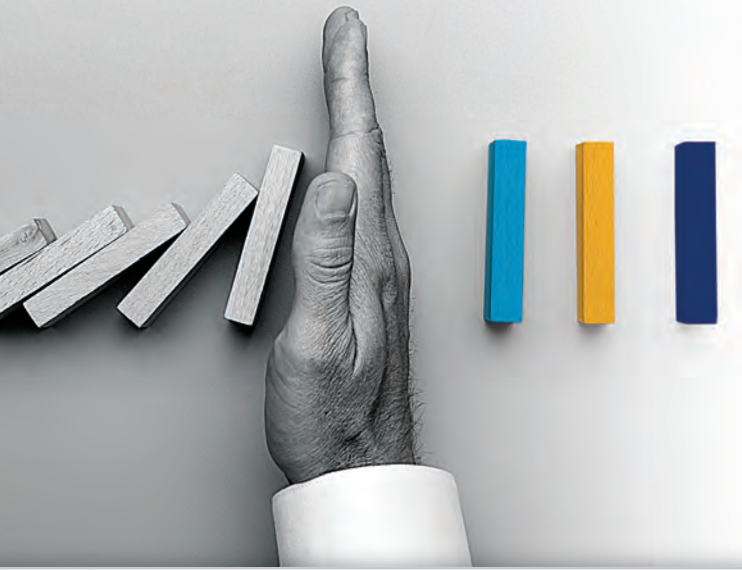
West Indian Tobacco

FORWARD

WITH

OPTIMISM

ANNUAL REPORT 2018



Our Mission

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

Our Guiding Principles

Enterprising Spirit

We have the confidence to passionately pursue growth and new opportunities whilst accepting the considered entrepreneurial risk that comes with it. We are bold and strive to overcome challenges. This is the cornerstone of our success.

Open Minded

We are forward looking and anticipate consumer needs, winning with innovative, high quality products. We listen to and genuinely consider other perspectives and changing social expectations. We are open to new ways of doing things.

Freedom Through Responsibility

We always strive to do the right thing, exercising our responsibility to society and other stakeholders. We use our freedom to take decisions and act in the best interest of consumers.

Strength From Diversity

We respect and celebrate each other's differences and enjoy working together. We harness diversity – of our people, cultures, viewpoints, brands, markets and ideas – to strengthen our business. We value what makes each of us unique.

Corporate Information

BOARD OF DIRECTORS

Anthony E Phillip, Chairman
Jean-Pierre S du Coudray, Managing Director
Danielle F Chow
Arturo Campero Gonzalez
Ranjit R Jeewan
Ingrid L-A Lashley
Isha P Reuben-Theodore
Claudio C Wulf

AUDIT COMMITTEE

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

COMPANY SECRETARY

Danielle F Chow, Company Secretary
Rowan M Brathwaite, Asst. Secretary

REGISTERED OFFICE

Corner Eastern Main Road & Mount D'Or Road
Champs Fleurs
Republic of Trinidad and Tobago
Telephone No. (868) 662-2271/2
Facsimile No. (868) 663-5451
Email: west_indian_tobacco@bat.com
Website: www.westindiantobacco.com

REGISTRAR AND TRANSFER OFFICE

Trinidad & Tobago Central Depository
10th Floor
Nicholas Tower
63-65 Independence Square
Port of Spain
Republic of Trinidad and Tobago
Telephone No. (868) 625-5107
Facsimile No. (868) 623-0089
Email: cramkissoon@stockex.co.tt

ATTORNEYS-AT-LAW & NOTARY PUBLIC

Fitzwilliam, Stone, Furness-Smith & Morgan
48-50 Sackville Street
Port of Spain
Republic of Trinidad and Tobago
Telephone No. (868) 623-1618
Facsimile No. (868) 623-6524
Email: fitzstone@fitzwilliamstone.com

AUDITORS

KPMG
11 Queen's Park East
Port of Spain
Republic of Trinidad and Tobago
Telephone No. (868) 623-1081
Facsimile No. (868) 623-1084
Email: kpmg@kpmg.co.tt

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

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

Contents

Notice of
Annual Meeting

Notice is hereby given that the ONE HUNDRED AND FOURTEENTH 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 Friday 5 April 2019 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 2018, together with the Reports of the Directors and Auditors thereon.

2. To declare a Final Dividend for the financial year ended 31 December 2018.

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

4. 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.

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 Mr Arturo Campero Gonzalez as a Director of the Company in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company, for a term from the date of his election until the close of the third Annual Meeting of the Company following his election or until his retirement in accordance with paragraph 4.7:5.

8. To reappoint Messrs KPMG 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 2019:

(a) the monthly remuneration, an increase from
   i. $10,000 to $11,000 for a Chairman
   ii. $6,000 to $7,200 for a Director;

(b) the Board of Directors Meetings, an increase from
   i. $5,200 to $5,400 for a Chairman
   ii. $3,200 to $3,400 for a Director
   for each Board of Directors Meeting attended;

(c) the Committee Meetings, an increase from
   i. $4,200 to $4,400 for a Chairman
   Ii $3,000 to $3,200 for a Director
   for each Committee Meeting attended.

C OTHER BUSINESS

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

19 February 2019

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 Monday 18 February 2019, 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**

The year 2018 reflected constant economic adjustment for Trinidad and Tobago, driven by continued volatility in global market prices for oil and gas, the historical major contributors to the country's revenues.

This was punctuated by notable events in the labour market in response to the need for better management of reduced state resources. Despite these prevailing economic conditions, and the continuous challenge of the growth in the illicit cigarette trade, I am pleased to report that West Indian Tobacco delivered total Profit Before Tax of $587.3 million and Profit for the Year of $405.1 million.

Based on this improved business performance, Directors have approved and made interim dividend payouts to date of $3.13 per share and have recommended a final dividend for 2018 of $1.47, which will be proposed for approval at the next Shareholders' Annual Meeting. This will result in a total dividend payout of $4.60 per share for 2018.

Internationally, the International Monetary Fund (IMF) has lowered its global growth forecasts for both 2018 and 2019 in October 2018; a sure signal that prudent economic measures should continue to prevail. On a regional level, economic recovery in Latin America and the Caribbean (LAC) has been uneven, amid escalating trade tensions, tighter financial conditions, and volatile commodity markets. Higher oil prices and increased political uncertainty have affected the near-term outlook in Central America and there is no end in sight to

Chairman's Statement *(continued)*

the economic and humanitarian crisis in Venezuela. Meanwhile, there is confidence in the growth prospects in the Andean economies, and activity is recovering in the Caribbean, reflecting the uptick in tourism owing to US and global growth. The Company would continue to be mindful of global and regional market conditions indirectly impacting our business.

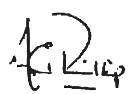
Domestically, the year started with a positive out-turn in the first half of 2018, however, this was not maintained as a few factors contributed to declines in production indicators in the energy sector in the third quarter. Preliminary indicators used by the Central Bank to measure non-energy economic activity, particularly construction and distribution, were also lower in the third quarter of 2018 relative to the same period in 2017. Driven by government's need to make progress on the structural reforms that will strengthen the economy against any future storms, activity in the labour market resulted in retrenchment in major industries which could continue to affect the mood of the local market and approaches to spending by consumers. The Company will thus have to closely monitor these effects and make the necessary strategic or tactical adjustments to continue to deliver its targets.

During this period, the Company maintained focus on its Brand Portfolio, Trade Marketing and Distribution Strategies, as well as Cost Management Initiatives across its Operations.

There were two changes in the composition of the Board. I welcome Mr Arturo Campero Gonzalez who was appointed a Director in April 2018. He currently holds the position of Finance Director for British American Tobacco Group's interest in the Caribbean, Venezuela and Colombia. Mrs Maria G Rincon Bravo resigned from the Board in 2018 and I would like to take this opportunity to thank her for her service to the Board.

I wish to extend a special thanks to the Shareholders, Directors, Management, Staff and all other Stakeholders for the commitment shown and contributions made throughout 2018.

My confidence in our Company's continued ability to deliver positive results is supported by its proven resilience and innovation in an environment of change and challenge.



Anthony E Phillip
Chairman

Management

Discussion & Analysis

ECONOMIC OVERVIEW

The economic environment for the Trinidad market showed some recovery for at least the first half of 2018, where revenues from the energy sector improved.

However, in the second half of the year, the economic momentum was impacted by the closure of the local petroleum refinery operations and a restructure of the national telecommunications provider resulting in a significant number of jobs being lost. Consequently, both customer and consumer confidence levels in the market were negatively affected.

On that basis, there was a perpetuation of customer and consumer purchasing patterns favoring value-for-money brands to tackle affordability issues. Our ultra-low-priced brand continued to grow market share and, not surprisingly, our value-for-money brand, Broadway, registered growth for the first time in many years. The early buoyancy in the market for 2018 however, did support the growth of our premium range, in spite of Dunhill being driven by innovation.

PERFORMANCE AND STRATEGY

The strategic pillars of our Company strategy remain intact and continue to propel the business forward.

We continue to focus on growth by building greater equity for our brands and ensuring a robust innovation pipeline to meet and exceed our consumers' evolving needs. The Company's resources will continue to be effectively and efficiently utilised to drive profitability that will improve shareholder value and levels of reinvestment into the business.

This will be done as we maintain our winning culture through our people and teams who exist in a productive and satisfying work environment; all the while assessing our social, environmental and economic impact to increase value for our key external stakeholders.

Our industry continues to change daily, whereby innovation, technology and changing consumer habits fuel the evolution of the market place. Therefore, our strategy remains timeless and seamless; allowing us to maximise our efforts in the existing combustible products business, but able to adapt quickly should new opportunities in emerging segments develop in the future.

The foundation upon which our strategy is built has been in place for some time and we continue to focus on the following key areas:

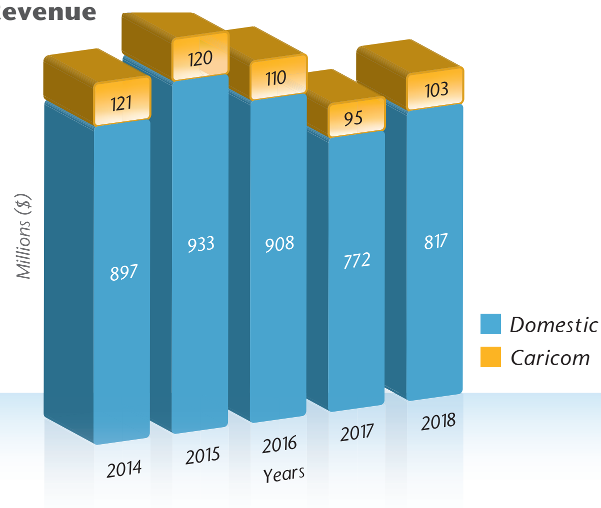
GROWTH	PRODUCTIVITY	WINNING ORGANISATION	SUSTAINABILITY
The development of brands and innovation to meet consumers' evolving needs	The deployment of resources to increase profits and generate funds for investment	Ensuring that we have great people, great teams and a great place to work	Building value for our stakeholders by addressing our social, environmental and economic impact

REVENUES

Total revenue increased by 6.0% or $52 million over the same period last year. The increase in revenue is attributable to a 7% growth in domestic volume, along with an increase of 2.6% in volumes for contract manufacture. The growth in revenue was a direct result of the Company's ability to maintain its focus on affordability in a slowly recovering economy as well as product innovation, all geared to defending volume and maintaining customer loyalty. The Company's Share of Sales (SoS) is now well balanced in line with consumers' purchasing patterns and market realities. Defending sales volume, however, remains a challenge, due to the ever-expanding list of illicit trade and low-priced offerings on the domestic market, the volatile economic climate and shifts in consumer spending patterns.

Revenue is calculated as sales value net of excise, as published in the Statement of Comprehensive Income.

Revenue



COST OF SALES AND OVERHEADS

Cost of Sales increased from $205.1 million to $208.6 million, an increase of 1.7% or $3.5 million against prior year. The increase is directly attributable to increase in material costs of leaf and wrapping materials in line with higher sales volumes. There was a $0.7 million increase in royalties which is calculated and paid on net turnover contributing to the overall increase in Cost of Sales.

Overheads for 2018 increased by 10.4% or $11.9 million against the same period last year, moving from $114.0 million to $125.9 million. The increase of $11.9 million is due primarily to the write-off of imported finished goods, in the form of du Maurier 14s which was launched in the last quarter of 2017 as a measure to enhance the brand portfolio and consumer offerings during the period. The total write-off amounted to $7.3 million and is a non-recurring cost. Technical and Advisory (T&A) fees also increased by $7.2

Management
Discussion & Analysis *(continued)*

million in 2018 over 2017. There was a thorough review and improvement to the overall control environment which led to overall internal controls enhancement globally. Work was also carried out to improve compliance processes connected to increased focus on Anti-Money Laundering, and Anti-Bribery & Corruption (ABAC) regulations. These were one-off costs which should not recur.

There was a reduction in Other Operating expenses of $10.3 million relating to write back of amounts previously provided for Land & Building taxes, and severance costs along with higher foreign exchange gain.

PROFIT AND TOTAL COMPREHENSIVE INCOME

Profit Before Taxation of $587.3 million for 2018 showed an increase of 7% versus $549.7 million for 2017. Profit for the Year of $405.1 million increased in comparison to 2017 by 6.5% or $24.9 million. Total Comprehensive Income for the Year of $422.5 million increased from prior year by 8% or $31.4 million. Earnings per share is $4.81 versus $4.51 for prior year, an increase of 6.7% over the same period.

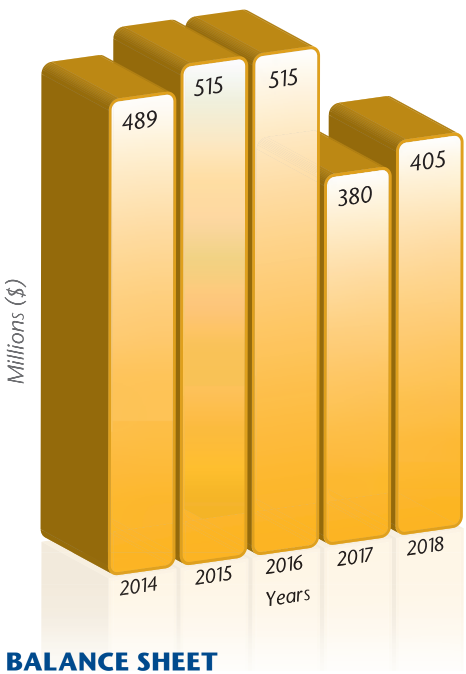
Total Comprehensive Income of $422.5 million shows an increase of 8% over that of 2017, mainly impacted by the gain of $15 million on revaluation of Land & Building and the actuarial gain of $2.4 million on the remeasurement of retirement and post-employment benefit obligations. Based on the financial results for 2018, Dividends per Share, once the Final Dividend is approved at the Annual Meeting, will be $4.60.

Dividend yield of 4.8%, based on share price of $95.33 at 31 December 2018, continues to demonstrate the sound performance of the Company within the domestic market as well as within the local manufacturing sector.

CASH FLOWS

Cash and Cash Equivalents increased by $50.2 million by the end of 2018 to $284.9 million, compared to prior year of $234.7 million. Net Cash Generated from Operating Activities increased by $29.1 million due to higher operating profit and improved working capital of $8.5 million offset by increased tax payments of $7 million. Dividend payout remained the single largest cash outflow for 2018, totalling $381.4 million.

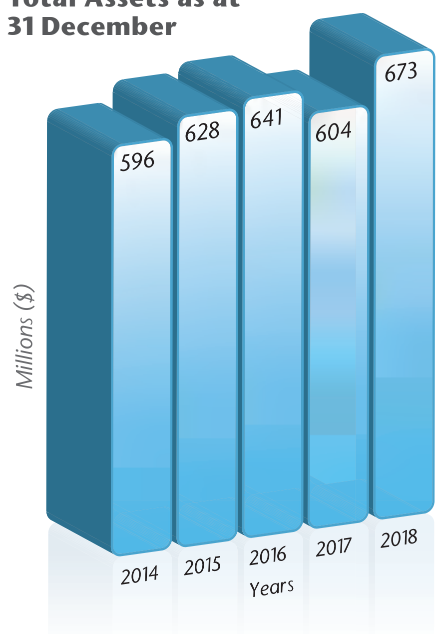
Profit After Tax



BALANCE SHEET

Total Assets increased from $604 million to $673 million at the end of December 2018 thus the net assets per share were $4.91 as at the end of the financial year, compared to $4.49 in 2017. The increase in Total Assets was primarily due to an increase in Current Assets impacted by an increase in Cash and Cash Equivalents of $50.2, from $234.7 million to $284.9 million. There was also an increase in Fixed Assets of $26.3million.

Total Assets as at 31 December



TRANSACTIONS WITH AFFILIATES

The Company is a subsidiary of British American Tobacco (Investments) Limited which holds 50.13% of the Issued Share Capital and whose ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The Company sells cigarettes to related parties, as well as purchases materials and other services from related parties. The prices agreed between related parties for the sale of manufactured goods are

Management

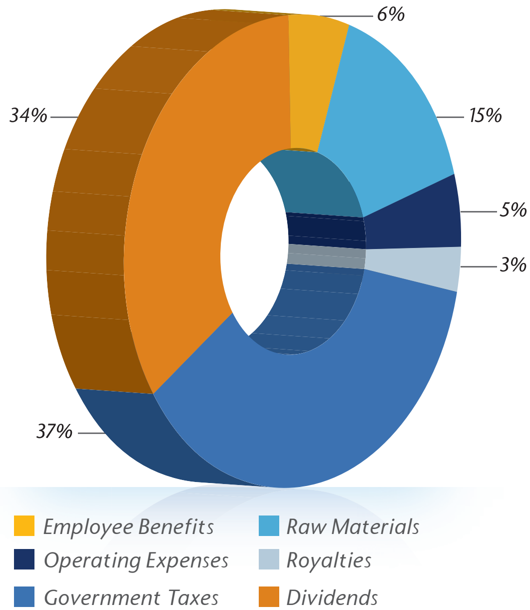
Discussion & Analysis *(continued)*

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.

ACCOUNTING POLICIES

The Company's principal accounting policies conform to International Financial Reporting Standards (IFRS). Developments related to these standards are actively monitored and all significant accounting policies are disclosed under Note 2 of the Notes to the Audited Financial Statements.

Income Distribution



GROWTH

In 2018, the Company experienced the full positive impact of an aggressive innovation platform started in previous years. Our capsule segment grew by 41% vs the previous year's performance, where Dunhill Double Capsule was poised to become the most popular brand in the segment this year. Overall, the premium segment grew by 14% for 2018 vs the previous year.

Our flagship brand, du Maurier, benefited from a much-needed packaging upgrade. In addition, two new products were launched and added to the du Maurier family – du Maurier Switch Capsules and du Maurier Fresh Capsules, both in a king-size format. The feedback from both customers and consumers had been overwhelmingly positive.

The continued focus on affordability in the market led to not only a strengthening of the performance by the Company's ultra-low-price brand, Mt. d'or, but also the value-for-money brand, Broadway. Both brands grew by 20% and 6% respectively. In 2019, these brands will play a critical role in defending the Company's market share against low-priced competition which had rapidly grown in pervasiveness. Given the state of economic conditions, the growth of these competitors remains the most serious and relevant threat.

There was no excise increase implemented on tobacco in the 2018/19 National Budget, however, a 25% increase imposed on the cost of super gasoline is still expected to have some impact upon the operational costs of customers and suppliers. The fuel increase may have a deeper impact on the disposable income of consumers, which by extension, will elicit greater pressure on the performance of our distributors and retailers.

The escalation of criminal activities in the last year has significantly intensified the need for greater resources to protect the security of the business operations of all our key stakeholders, as well as, the well-being of our respective teams. There will be an impact on the operational cost of the business, but the Company will not compromise the safety of our own trade teams and distributor sales teams.

Despite these challenges, the Company and our people remain resilient as we continue our quest to be the best at satisfying consumer moments in tobacco and beyond. Consumers have many more choices today, and we continue to ensure that our products are properly positioned to suit their needs.

PRODUCTIVITY

In 2018, we continued to expand the learnings and utilise best practices from the global business and used them to gain improvements in productivity and efficiencies. We are working towards eliminating all the losses that exist in the Supply Chain and focusing on enhancing the consumer relevant value-added activities.

The Operations Unit continued to work towards the objectives defined in our 2017 Compelling Business Needs (CBN), making significant progress towards our 2022 vision. Focus was placed on upskilling our workforce, enhancing our management capabilities and working towards becoming a high-performing organisation.

The factory's usual focus on cost optimisation continued, without risking product quality, work comfort or the safety of anyone under our care. Through our focused approach, we saw quality increase significantly, leading directly to a reduction in customer and consumer-related complaints. We were able to complete another year successfully without any lost time injuries.

SUSTAINABILITY

Sustainability is not a choice or something that is 'nice to have'. It is crucial to securing the future of our Company and for creating shared value for our consumers, our shareholders and our stakeholders.

In 2018, we continued our investments to ensure the Company's future as a 21st century tobacco business. Adherence to our established Code of Conduct, addressing illicit trade and compliance with Environmental and Health and Safety regulations continued to constantly engage us.

We have a long-standing commitment to operating within the highest standards of corporate conduct. This commitment covers both our own business operations and extends to our wider supply chain and providers. In 2018, we sought to ensure that our suppliers were made aware of the minimum standards we expect of them in the areas of Human Rights, Compliance to the Laws of Trinidad and Tobago, Environmental Sustainability, Responsible Marketing and Business Integrity. Our Business partners have accepted these guidelines and the Company is encouraged that the foundation for continued sustainable growth has been reinforced.

With respect to harm reduction, we recognise that for many jurisdictions they are part of the future. We also recognise that these products should not be regulated in the same way as tobacco products, as many do not contain tobacco. Monitoring developments of these products in the region remains critical and we stand ready to implement should the consumers demand it.

WINNING ORGANISATION

The strength of our Company lies not only in the quality of our products, but in the strength of our teams and leaders. West Indian Tobacco maintains itself as a great place to work, with continued commitment to attracting, developing and retaining the best talent for our organisation. 2018 was a year of change and evolution and the dedication of our staff shone through in engagement levels, celebration and also exceptionally low turnover.

In 2018, we launched an integrated new HR system that empowers staff to own their information and careers, and also for our management teams to use HR metrics to better guide and inform decision making.

Looking forward, we continue to fiercely invest in our talent and in the development of our people, and this will continue as our key competitive advantage that will carry us through the road ahead. Our Guiding Principles of: Enterprising Spirit, Freedom Through Responsibility, Open Mindedness and Strength from Diversity continue to be the hallmark of our winning organisation and culture.

LOOKING AHEAD

The past two years have been fraught with challenges but provided West Indian Tobacco the opportunity to showcase its resilience and adaptability.

Although 2018 represented a recovery from the previous year's performance, the Company remains cautiously optimistic going forward.

Innovation will continue to spearhead the journey to guarantee sustainable growth and profitability, while our teams remain committed to developing a greater understanding of our market and customers in the face of changing conditions. A 'deep dive' is underway to ensure we protect our business segment by segment, territory by territory and customer by customer. Significant foundations were laid in 2018 to continue to drive our brands forward, capitalise on the strengths of each segment and to demonstrate the attributes that are essential to continue to be the market leader in the 21st century.

JEAN-PIERRE S DU COUDRAY
Managing Director

Directors' Report

Dear Shareholder,

We report to you on five critical areas of corporate governance and the foundations on which they are built, together with the Company's performance in these areas.

1. 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 Chapter 81.01. The Directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In furtherance of this, at the April 2019 Annual Meeting:

- In accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company, Mr Jean-Pierre S du Coudray retires from the Board of Directors and, being eligible, offers himself for re-election.
- In accordance with paragraph 4.7:5 of Bye-Law No. 1 of the Company, Ms Ingrid L-A Lashley retires from the Board of Directors and, being eligible, offers herself 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. 1, offer themselves for re-election.
- Mr Arturo Campero Gonzalez, who was appointed to the Board with effect from 19 April 2018, in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company retires from the Board of Directors and, being eligible offers himself for election.

In accordance with the Companies Act, Chapter 81:01 Section 74, Mrs Maria G Rincon Bravo, resigned from the Board of Directors with effect from 19 April 2018.

2. 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 Directors of whom five are Non-Executive Directors.

Directors' Report *(continued)*

Of the Non-Executive Directors, three are independent. The Board is diversified by nationality and gender and represents a strong team with a broad range of professional backgrounds and styles.

The Chairman is responsible for leading the Board to ensure effectiveness and robust shareholder engagement. Based on the strategy and policies set by the Board, the Managing Director is responsible for overseeing the implementation of these strategies, which create the framework for day-to-day operations. Directors oversee the Company's strategy, review management proposals, monitor performance, bring an external and specialist perspective and effective challenge to Board members.

BOARD OF DIRECTORS

Anthony E Phillip joined West Indian Tobacco in 1973 as a Manager in its Production Department and was appointed Production Manager/ Director in 1984, after completing a period of secondment to British American Tobacco Kenya Limited. 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 (1994-1998), and currently sits on the Board of Directors of the ANSA McAL Group of Companies. Mr Phillip, who began his career as an Industrial Chemist at Caroni Limited, holds an Executive Masters in Business Administration from The University of the West Indies.

Jean-Pierre S du Coudray was appointed Managing Director of West Indian Tobacco in October 2006. He has been in the tobacco industry since 2001 and 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 and is a member of the Board of the Trinidad and Tobago Chamber of Industry and Commerce.

Ingrid L-A Lashley was appointed a Director in August 2008 and the Chairman of the Audit Committee in March 2009. Ms Lashley is currently the Chairman of the Bourse Group and National Enterprises Limited, in which capacity she sits on the Boards of the Investee Companies. She also holds directorships in the Eco-Industrial Development Company of Tobago Limited and the CL Financial Group. Ms Lashley serves as a member of the Licensing Committee of the Institute of Chartered Accountants of Trinidad and Tobago. An experienced banker, Ms Lashley is the holder of a Masters in Business Administration in Accounting and Finance from McGill University in Montreal, Canada and also carries the designations of Certified Management Accountant, Certified Public Accountant and Chartered Accountant.

Danielle F Chow was appointed a 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 within BAT Group's interest in the Caribbean. She currently heads the Legal and External Affairs Function in West Indian Tobacco. In March 2016, Mrs Chow was appointed a Commissioner of the Elections and Boundaries Commission of Trinidad and Tobago. She holds a Bachelor of Laws from The University of the West Indies and a Legal Education Certificate from the Hugh Wooding Law School, and is a member of the Caribbean Corporate Governance Institute.

Ranjit R 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. Mr Jeewan is currently a Director of the Trinidad and Tobago Central Depository .

Directors'

Report *(continued)*

Isha P Reuben-Theodore was appointed a Director in November 2014. Mrs Reuben-Theodore currently heads the Finance function at West Indian Tobacco and has 15 years of experience in the tobacco industry both locally and within the BAT Group's interest in the Caribbean. She is also the Secretary to the Board of Trustees of the Company's Pension Plan. She is a Fellow of the Association of Chartered Certified Accountants U.K. (FCCA), with over 20 years' experience in various aspects of finance with emphasis on Financial Management and Financial Reporting, Accounting and Auditing. She holds memberships in the Institute of Chartered Accountants of Trinidad and Tobago and the Caribbean Corporate Governance Institute.

Claudio C Wulf was appointed a Director in January 2018. Mr Wulf has over 20 years of experience within the BAT Group, having managed factories in Brazil, South Africa, Russia and Cuba. Mr Wulf currently heads the Operations function for BAT Group's interest in the Caribbean, Venezuela and Colombia. He holds a Bachelor's degree in Industrial Engineering and a Masters in Finance from the Universidade Federal de Uberlândia in Brazil as well as an MBA from the Fundação Dom Cabral business school in Brazil.

Arturo Campero Gonzalez was appointed a Director in April 2018. Mr Campero Gonzalez brings with him over a decade of experience within the BAT Group having worked in Colombia, Brazil and Venezuela. Mr Campero Gonzalez currently heads the finance function for BAT Group's interest in the Caribbean, Venezuela and Colombia. He holds a Masters in finance from The Institute of Advanced Studies in Business, (IESA) in Caracas, Venezuela and a Bachelor of Business Administration from the Metropolitan University, (UNIMET) in Caracas, Venezuela.

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, as well as 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 and attendance and participation at meetings of the Board are considered a critical part of the role of a Director. In 2018, a minimum of six Board of Directors meetings and four Audit Committee meetings were held in accordance with required protocols.

3. LOYALTY AND INDEPENDENCE

The Directors act with integrity 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 years, subject to continued satisfactory performance. Directors who have attained the age of 65 are candidates for re-election by the shareholders every year.

The Company's Standards of Business Conduct apply to all employees, managers and Directors and reflect the Company's commitment to always act with high standards of integrity. 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.

Interests of Directors, Senior Officers and Connected Persons

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 2018.

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 Danielle F Chow	NIL	NIL
Mr Ranjit R Jeewan	18,000	NIL
Ms Ingrid L-A Lashley	NIL	NIL
Mrs Isha P Reuben-Theodore	NIL	NIL
Mr Claudio C Wulf	NIL	NIL
Mr. Arturo Campero Gonzalez	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 31 January 2019, the latter being a date not more than one month prior to the date of the notice convening the Company's Annual Meeting. Neither Arturo Campero Gonzalez, who was appointed a director with effect from 19 April 2018, nor his connected persons, hold any interest in the Company.

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 Amy V Lazzari	NIL	NIL
Mrs Isha P Reuben-Theodore	NIL	NIL
Mr Alexander O Thomas	NIL	NIL

Disclosure of Interest of Directors and Officers in any material contracts with the Company (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.

Disclosure of Directors and Officers who are Directors of Officers of Companies that are a party to material contracts with the Company (pursuant to Section 93(1)(b) of the Companies Act Ch. 81:01)

Mr Arturo Campero Gonzalez, Non-Executive Director, is a Director of affiliated Companies, British American Tobacco Caribbean S.A. in Panama, British American Tobacco Colombia S.A.S. in Colombia and Carreras Limited in Jamaica.

4. 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.

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 shareholders with the 10 largest blocks of shares in the Company as at 31 January 2019.

Shareholding	Total Shares Held
British American Tobacco Inv. Ltd.	42,227,652
National Insurance Board	7,588,066
National Investment Fund Holding Co. Ltd.	4,548,712
Republic Bank Limited – 1162	2,988,002
Trintrust Limited – A/C 1088	2,209,530
RBC Trust (Trinidad & Tobago) Limited – T585	1,732,550
RBC Trust Limited – T964	1,279,059
Tatil Life Assurance – A/C C	1,002,290
Republic Bank Limited – 1367	869,026
Republic Bank Limited – 0778	808,646

The Trinidad and Tobago Central Depository holds the legal interest in shares for and on behalf of several beneficial owners totalling 38,434,579 as at 31 January 2019.

5. ACCOUNTABILITY

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

The Board's Audit Committee meets at least four times a year, including immediately prior to the publication of the full year's audited financial statements and interim results of the Company to monitor the integrity of the financial statements of the Company and review, and, when appropriate, make recommendations to the Board of Directors on business risks, internal controls and compliance.

The Committee also reviews the financial reporting, audit process, risks and internal controls as the Company's risk management and internal control processes strike the balance between fostering entrepreneurship within the Company's business model and safeguarding shareholders' investments and the Company's assets.

2018 Financial Highlights

	2018 $'000
Revenue	919,644
Cost of Sales	(208,628)
Gross Profit	**711,016**
Distribution Costs	(22,428)
Administrative Expenses	(79,760)
Other Operating Expenses	(23,692)
Impairment (loss) on trade receivables	(26)
Operating Profit	**585,110**
Interest Income	2,200
Profit Before Taxation	**587,310**
Taxation	(182,214)
Profit for the Year	**405,096**
Other Comprehensive Income:	
Items that will not be reclassified to profit or loss	
Gain on revaluation of Land & Building – net of tax	14,990
Remeasurement of retirement and post-employment benefit obligations – net of tax	2,428
Other Comprehensive Income – net of tax	17,418
Total Comprehensive Income for the Year	422,514

Dividends:

Interim 1st	$0.82	per ordinary share paid on 21 May 2018	69,077
Interim 2nd	$1.14	per ordinary share paid on 27 August 2018	96,034
Interim 3rd	$1.17	per ordinary share paid on 26 November 2018	98,561
Proposed Final	$1.47	per ordinary share to be paid on 07 May 2019	123,833
			387,505

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 audited by the independent auditors, comply with International Financial Reporting Standards (IFRS) and represent a true and fair view for the respective reporting period.

The Auditors, Messrs KPMG, retire and have expressed their willingness to be reappointed as Auditors at the April 2019 Annual Meeting. Messrs KPMG are practising members of the Institute of Chartered Accountants of Trinidad and Tobago and are eligible for appointment as auditors of the Company under the rules of the said institute.

Financial Calendar

REPORTS

Interim Financial Statements

• First Quarter ending 31 March 2019	May 2019
• Second Quarter ending 30 June 2019	August 2019
• Third Quarter ending 30 September 2019	November 2019

Preliminary Announcement for the year ending 31 December 2019	February 2020
Annual Financial Statements for the year ending 31 December 2019	March 2020

Proposed Dividend Payment Dates

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

Final 2018	May 2019
First Interim 2019	May 2019
Second Interim 2019	August 2019
Third Interim 2019	November 2019
Final 2019	May 2020

By Order of the Board

Danielle F Chow
Secretary
19 February 2019

Management
Teams

MANUFACTURING

Solmer Thom | Ryan Besai | Taran Persad | Hector Martinez

Liselle Walters | Raewyn Maxime | Rajiv Singh | Corey Burke

Lyndon Cornwall | Melissa Boodhoo | Vachel Abdool | Timothy Droojansingh

MARKETING

Alexander Thomas | Nicholas Ling | Veer Lakhan-Joseph | Imran Mohammed

OPERATIONS SUPPORT

Luke Gittens | Gina Ferguson-Spencer | Marlon Rattan | Joetta Graham | Raphael Seco

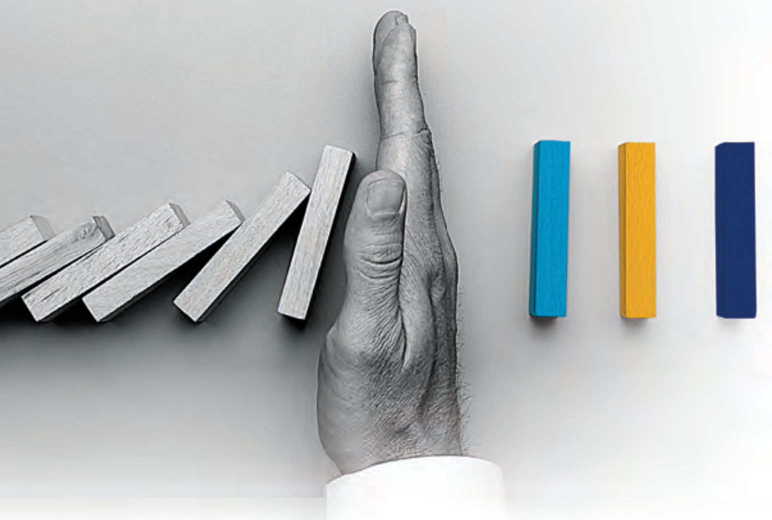
Management
Teams *(continued)*

CORPORATE SERVICES

Danielle Chow   Isha Reuben-Theodore   Amy Lazarri

Rowan Brathwaite   Angelique Howell   Sheldon Dukharan   Gervon Abraham

Report to Shareholders



Forward with Optimism

As we have grown, our Company has always held a positive outlook, believing that our optimism is key to our success. Moving forward into 2018, this influenced our drive 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. These Business Principles: Principles of Mutual Benefit, Good Corporate Governance and Responsible Product Stewardship, form the basis by which we manage our business.

In our bid to grow shareholder value for you, the Company takes a long-term view of our business and believes that high standards of behaviour would always underpin sustainable shareholder value. Our commitment to manufacture and market superior quality cigarettes that satisfy adult consumers while complying with regulatory requirements will always underscore our daily operations.

We pride ourselves on staying on the pulse of the consumer and their evolving needs and desires. As such, we have built a dynamic and distinctive brand portfolio, capable of both meeting and surpassing consumer expectations. We continue to monitor the environment for insights that help to shape future innovation.

The principle of Responsible Product Stewardship is the basis by which we meet consumer demand for a legal product that is a cause of serious diseases. Our ambition remains to continue to drive our brands forward and capitalise on the strengths of each segment, with the key areas of focus being innovation, modernity and affordability.

With increasing levels of competition in the market, the Trade Marketing & Distribution team focused their efforts on ensuring that our brands remained the preferred choice for our customers and consumers.

Report to Shareholders *(continued)*

The introduction of Dunhill Double Capsule in early 2018, and its unprecedented growth that followed, indicated the desire for consistently increasing the value proposition through continued innovation while building tobacco credentials, keeping true to its promise of a brand synonymous with modernity, quality and innovation.

In June 2018, we also successfully launched a new look for our du Maurier brand, which was well received by customers and consumers alike. The traditional silver ribbon associated with the du Maurier full-flavour pack evolved into an iconic silver arrow.

Under the new campaign, we have taken the opportunity to expand the du Maurier portfolio to include two new brands – du Maurier Switch Capsules and du Maurier Fresh Capsules, both in a King Size format. du Maurier Switch is a full flavoured cigarette with a single menthol capsule. du Maurier Fresh comprises of a menthol-based cigarette with a single "Soomin" capsule. As with the full-flavoured brand, both du Maurier Switch and Fresh feature a distinctive, modern pack design which reinforces the brand's commitment to innovate and reinvent itself.

Du Maurier continues to be the flagship brand of the Company, and the new look came at the right time to rejuvenate and re-energise the brand, as we march forward into the future.

The Broadway brand has been able to maintain its share in the market as a result of overwhelming consumer loyalty and consistent demand. As a brand, Broadway is uniquely positioned in the portfolio to provide its consumers with its classic taste at an affordable price.

The exponential growth of Mt. d'or since its relaunch in 2015 has led the brand to becoming the second largest brand in the market. Widely regarded in the market as the number one low-priced brand, Mt. d'or has had a key role to play in keeping tobacco volumes within our portfolio. After establishing a solid distribution base in 2017, the brand is set to maintain the share of market it earned since its launch.

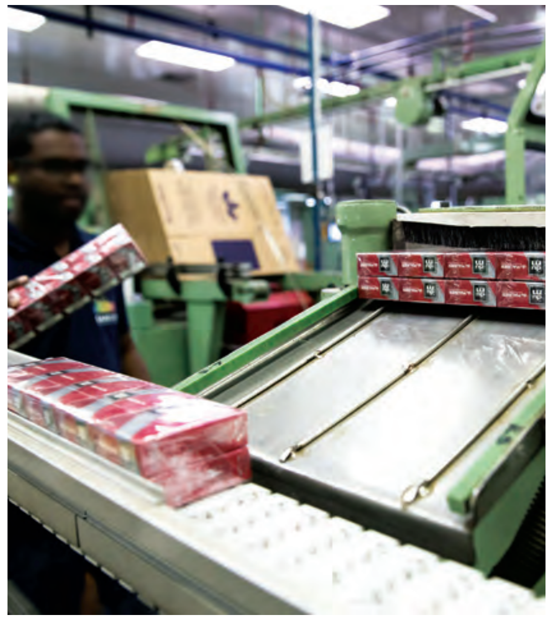
The Company is aware of the dynamic environment in which we operate and the continuing fight against the black market in tobacco. This black market represents a threat to the smoker, the government and our business. In 2018, the Company worked with international organisations to educate the public about the dangers of consuming unregulated, illegal or smuggled products. We are hopeful that this will help all companies and consumers in Trinidad and Tobago support the legitimate trade in all consumer products.

As next generation products emerge, we recognise that consumers will benefit from a wider range of options. We are monitoring the development of these categories and aspire to provide products with critical mass appeal that can be recognised by scientific and regulatory authorities as posing substantially reduced risks to health.

As a manufacturing company, operating in the local and regional market, our mandate is to deliver superior products to our customers as we continue to ensure our operations are guided by industry best practices.

During 2018, we continued to engage in and undertake innovations in our manufacturing processes which promote reliability, quality, safety and delivery within a timeframe which ensures the trade are always well stocked in our contract markets.

The Company continued to optimise systems that ensured the health, safety and security of all our employees and contractors performing work on the compound. It should be noted that as at the date of this report the business operated for over two years without accidents.



We understand that our people and our processes are both integral parts of our continued success as they allow us to satisfy our customers. In 2018, we continued to invest time and resources towards ensuring that we operate efficiently and effectively.

We want to ensure that all our business activities reflect our commitment to act as a responsible corporate citizen. As such, our engagement with stakeholders continues to be guided by contributing to activities that go beyond our commercial and legal obligations. We believe our activities must redound to the economic, social and environmental sustainability of our community.

In 2018, the Company continued to engage and encouraged its employees to live the principles of volunteerism and lend their support to the community in which we operate. One way by which this was executed was through our continued patronage of the national instrument of Trinidad and Tobago, its players and supporters. This support continues to ensure that overlooked communities are provided with a ray of hope to practice and pursue excellence in performance on the national as well as international stage.

Through our relationship with business associations we were also able to provide support to the many citizens who were adversely affected by the flooding during the latter half of 2018.

As part of our commitment to operating with the highest standards of corporate conduct and in compliance with our principles of good corporate conduct, we continued to ensure that we marketed our products responsibly and in compliance with the law, that is, only to adult smokers who choose to smoke.

Delivery with integrity is at the core of how we operate. All employees of the Company have a responsibility to deliver outstanding business results in an ethical manner.

It is not only expected that we will comply with the relevant laws and guidelines, but that we will also act with honesty, openness and integrity. Our responsibility is to work to ensure that all our employees continuously uphold high standards of conduct in the performance of their duties. We also work together with all business partners to promote high standards of conduct and our Supplier Code of Conduct defines the minimum standards we expect our suppliers to adhere to. This builds upon our long-standing commitment to operating to the highest standards of corporate conduct for both our own business operations and our wider supply chain.

The passion of our people is key to our continued success and we have led by attracting and developing talented people. Our focus in 2018 continued to be on building and inspiring diverse teams and creating a working culture where passionate and driven people can thrive and reap the rewards of a fulfilling career.

In 2018, we introduced a Graduate Programme, an exciting work placement programme, focused on developing our next generation of leaders. We encouraged these graduates to use innovation, creativity and different ways of thinking to help keep the Company competitive and on the path of sustainable growth. We support our people so that they can fulfil their potential.

Our proven strategy, sound corporate governance, strong presence, powerful brands, talented people, and continued focus on effectiveness and efficiencies, delivered value to our shareholders.

On October 30, 2018 the shareholders of the Company, approved a 3 for 1 share split in response to a call from shareholders for greater access to ownership in the Company.

Technical market research was conducted by one of the country's leading brokers and they indicated that considering the prevailing stock market environment, a 3 to 1 share split should satisfactorily increase the potential for new investors and create prospects for capital appreciation. The Company looks forward to having a wider range of shareholders in the near future.

West Indian Tobacco has existed for over 100 years and has come to represent endurance, strength and constant evolution. The Company's overall approach has placed the West Indian Tobacco brand in a position that exudes stability, progressiveness and optimism.

The Year
at a Glance

	2018 $'000	2017 $'000	Change %
Revenue	919,644	867,649	6.0%
Gross Profit	711,016	662,521	7.3%
Total Expenses	(125,906)	(114,044)	10.4%
Operating Profit	585,110	548,477	6.7%
Interest Income	2,200	1,195	84.1%
Profit Before Taxation	587,310	549,672	6.8%
Taxation	(182,214)	(169,454)	7.5%
Profit for the Year	405,096	380,218	6.5%
Other Comprehensive Income :			
Items that will not be reclassified to profit or loss			
Gains on revaluation of land and building (net of tax)	14,990	–	–
Remeasurement of retirement and post-employment benefit obligations (net of tax)	2,428	10,879	-77.7%
Other Comprehensive Income – (net of tax)	17,418	10,879	60.1%
Total Comprehensive Income for the Year	422,514	391,097	8.0%

Five Years at a Glance

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Profit And Taxation					
Profit before taxation TT$	655,115	693,526	693,656	549,672	587,310
Taxation	165,920	178,043	178,161	169,454	182,214
Profit after taxation TT$	489,195	515,483	515,495	380,218	405,096
Dividends	464,163	495,331	495,331	371,498	387,505
Effective rate of taxation (%)	25.3	25.7	25.7	30.8	31.0
Balance Sheet					
Shareholders' equity	335,345	381,567	418,879	377,825	413,677
Deferred Income Tax Liability	26,490	22,841	30,565	33,641	37,465
Non-current liabilties	91,252	88,841	70,101	57,605	56,155
Current liabilities	142,957	135,565	121,921	135,288	165,544
Total Funds Employed	596,044	628,814	641,466	604,359	672,841
Property, plant and equipment	204,326	196,625	203,416	211,974	238,252
Deferred Income Tax Asset	27,842	26,504	25,301	20,671	19,354
Inventories	41,768	37,741	43,603	44,751	48,707
Cash at bank and in hand	272,267	286,778	269,483	234,655	284,870
Other current assets	49,841	81,166	99,663	92,308	81,658
Total Assets	596,044	628,814	641,466	604,359	672,841
Statistics					
Issued Share Capital ('000)	84,240	84,240	84,240	84,240	84,240
Earnings per ordinary share ($)	5.81	6.12	6.12	4.51	4.81
Dividends per ordinary share ($)	5.51	5.88	5.88	4.41	4.60
Net assets value per ordinary share ($)	3.98	4.53	4.97	4.49	4.91
Share prices at 31 December ($)	121.33	126.29	126.94	100.00	95.33

Statement of Management Responsibilities
The West Indian Tobacco Company Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of The West Indian Tobacco Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Jean-Pierre S du Coudray
Managing Director
February 22, 2019

Isha Reuben-Theodore
Finance Manager/Director
February 22, 2019

Independent Auditors’ Report
To the Shareholders of The West Indian Tobacco Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The West Indian Tobacco Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

- The risk- Revenue is recognised when the control of products have been transferred to the customer. The Company operates in a competitive industry and in markets where volume growth is constrained as a result of reducing disposable incomes and illicit trade. Under ISAs, there is a presumed risk that revenue may be overstated because of fraud resulting from the pressure on management to achieve performance targets for the year. The Board of the Company focuses on sales volumes and revenues as key performance measures, which could create an incentive for premature revenue recognition.

- Our response- Our audit procedure included considering the appropriateness of the Company’s revenue recognition accounting policies and assessed compliance with the policies in terms of applicable accounting standards. We also tested the operating effectiveness of the automated controls around the timely and accurate recording of sales transactions.

We performed a detailed inspection of contracts with distributors to determine the terms of trade in particular the transfer of control of the performance obligation to the distributors. Our test of details work focused on sales transactions on either side of the reporting date, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in distributor's contracts and delivery documents.

Furthermore, we also tested credit notes issued after the reporting date to assess whether the related revenue was recognised in the correct accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The 2018 Annual Report is expected to be made available to us after the date of this auditors report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditors' report is Dushyant Sookram.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
February 22, 2019

Statement of Financial Position
December 31, 2018 (Expressed in Trinidad and Tobago Dollars)

	Notes	2018 $'000	2017 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	238,252	211,974
Deferred income tax asset	6	19,354	20,671
		257,606	232,645
Current assets			
Inventories	7	48,707	44,751
Trade and other receivables	9	74,469	85,119
Taxation recoverable		7,189	7,189
Cash and cash equivalents	10	284,870	234,655
		415,235	371,714
Total assets		672,841	604,359
EQUITY			
Share capital	11	42,120	42,120
Revaluation surplus	5(a)	61,786	47,495
Retained earnings		309,771	288,210
Total equity		413,677	377,825
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	6	37,465	33,641
Retirement benefit obligation	12	52,963	53,834
Post-employment medical benefit obligation	12	3,192	3,771
		93,620	91,246
Current liabilities			
Trade and other payables	13	107,993	95,323
Due to parent company	19(d)	3,753	2,618
Dividends payable		40,692	35,390
Taxation payable		13,106	1,957
		165,544	135,288
Total liabilities		259,164	226,534
Total equity and liabilities		672,841	604,359

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on February 22, 2019 and signed on their behalf by;

_________________ Chairman _________________ Managing Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2018 (Expressed in Trinidad and Tobago Dollars)

	Notes	2018 $'000	2017 $'000
Revenue	14	919,644	867,649
Cost of sales	15	(208,628)	(205,128)
Gross profit		711,016	662,521
Expenses			
Distribution costs	15	(22,428)	(12,695)
Administrative expenses	15	(79,760)	(67,285)
Other operating expenses	15	(23,692)	(34,064)
Impairment (loss) on trade receivables		(26)	–
Operating profit		585,110	548,477
Interest income		2,200	1,195
Profit before taxation		587,310	549,672
Taxation	16	(182,214)	(169,454)
Profit for the year		405,096	380,218
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of property, plant and equipment – net of tax		14,990	–
Re-measurement of retirement and post-employment benefit obligations – net of tax		2,428	10,879
Other comprehensive income – net of tax		17,418	10,879
Total comprehensive income for the year		422,514	391,097
Earnings per ordinary share	17	4.81	4.51

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended December 31, 2018 (Expressed in Trinidad and Tobago Dollars)

	Note	Share Capital $'000	Revaluation Surplus $'000	Retained Earnings $'000	Shareholders' Equity $'000
Year ended 31 December 2018					
Balance at January 1, 2018		42,120	47,495	288,210	377,825
Comprehensive income					
Profit for the year		–	–	405,096	405,096
Other comprehensive income					
Re-measurement of retirement and post employment benefit obligations – net of tax		–	–	2,428	2,428
Gain on revaluation of land and building – net of tax		–	14,990	–	14,990
Depreciation transfer on buildings – net of tax		–	(699)	699	–
Transactions with owners					
Dividends	18	–	–	(386,662)	(386,662)
Balance at December 31, 2018		42,120	61,786	309,771	413,677
Year ended December 31, 2017					
Balance at January 1, 2017		42,120	48,194	328,565	418,879
Comprehensive income					
Profit for the year		–	–	380,218	380,218
Other comprehensive income					
Re-measurement of retirement and post employment benefit obligations – net of tax		–	–	10,879	10,879
Depreciation transfer on buildings – net of tax		–	(699)	699	–
Transactions with owners					
Dividends	18	–	–	(432,151)	(432,151)
Balance at December 31, 2017		42,120	47,495	288,210	377,825

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended December 31, 2018 (Expressed in Trinidad and Tobago Dollars)

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		587,310	549,672
Adjustments for:			
Depreciation		10,074	18,781
Loss on disposal of property, plant and equipment		1,436	701
Net increase in retirement and other post employment benefit obligations excluding actuarial losses		2,019	3,045
Interest income		(2,200)	(1,195)
Operating profit before working capital changes		598,639	571,004
Changes in working capital:			
Increase in inventories		(3,956)	(1,148)
Decrease in trade and other receivables		10,650	7,959
Increase in trade and other payables		12,671	4,934
Increase in due to parent company		1,135	283
Cash generated from operating activities		619,139	583,032
Taxation paid		(172,078)	(165,057)
Net cash from operating activities		447,061	417,975
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,683)	(28,040)
Interest received		2,200	1,195
Net cash used in investing activities		(15,483)	(26,845)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(381,363)	(425,958)
Net increase / (decrease) in cash and cash equivalents		50,215	(34,828)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		234,655	269,483
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	284,870	234,655
Represented by:			
Cash at bank and in hand		284,870	234,655

The accompanying notes are an integral part of these financial statements.

1. General Information

The West Indian Tobacco Company Limited (the Company) 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.

(a) Basis of preparation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of land and buildings at fair value through other comprehensive income and the defined benefit pension plan assets measured at fair value.

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

2. Significant Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

Changes in significant accounting policies

The Company has initially applied IFRS 9 *Financial Instruments* (**IFRS 9**) and IFRS 15 *Revenue from Contracts with Customers* (**IFRS 15**) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributable to an increase in impairment losses recognised on trade receivables.

- **IFRS 9**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of Trade receiveables in other operating expenses. There were no impairment losses charged on financial assets for 2017.

Additionally, the Company has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following summarises the impact, net tax, of transition to IFRS 9 on the opening balances of retaining earnings:
Recognition of expected credit losses under IFRS 9, $0

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

2. Significant Accounting Policies *(continued)*

(a) Basis of preparation (continued)

Changes in significant accounting policies *(continued)*

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Original Classification under IAS 39	New Classification under IFRS 9	Original Carrying Amount	New Carrying Amount
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	59,896	59,896
Cash and cash equivalents	Loans and receivables	Amortised cost	234,655	234,655
Financial liabilities				
Payables	Other financial liabilities	Other financial liabilities	95,323	95,323

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 results in no additional allowance for impairment on trade receivables.

2. Significant Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

Changes in significant accounting policies *(continued)*

- **IFRS 15**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when the customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Company's adoption of IFRS 15 had no impact on revenue recognition.

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

The following amendments to standards have been adopted by the Company for the first time for the financial year beginning on January 1, 2018:

- IFRS 9*, 'Financial Instruments'*, addresses the classification, measurement and derecognition of financial assets and financial liabilities. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. In applying the standard, the Company has considered its history of credit losses (i.e. write-off of accounts receivables) over the past 5 years (i.e. 2013 to 2017) and noted no instances of same.

  However, even with a history of no trade receivable write offs, IFRS 9 still requires consideration of the possibility that a credit loss can occur and as such, the Company has considered at a minimum to use a provision matrix approach wherein 0.05% of the invoice value of all external trade receivables which are still assumed to be recoverable at each balance sheet date, be the basis for provision calculation under IFRS 9.

  For the year ended December 31, 2018, this translated to the inclusion of a Potential Credit Loss included in the Company's expenses of $26,245. The carrying value of total trade receivables reflect all contractual cash flows the Company expects to receive from its customers.

- IFRS 15, *'Revenue from Contracts with Customers,'* deals with the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

2. Significant Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

(i) New standards, amendments and interpretations adopted by the Company (continued)

The findings based on the assessment done indicated the following:

– For domestic sales, control passes immediately and revenue is recognised at the point of delivery.

– There are no standard trade credits given to customers however a number of trade incentives are made to our indirect customers. These payments are made for distinct goods and the fair value of such goods can be reasonably estimated. The value of the payments does not exceed the fair value of the goods.

– The Company does not have any bad debts or expect to have any loss event or credit risk which would require impairment.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2018 are not material to the Company.

(ii) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company, 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 16, *'Leases'*, replaces IAS 17 Leases with effect from 1 January 2019 and effectively removes the distinction between operating leases and finance leases requiring all leasing arrangements (which are not purely service contracts) to be capitalised as "right to use" assets (with a corresponding financial liability on the balance sheet). This would apply to all leasing arrangements. IAS 17 Leases split all leasing arrangements into finance leases and operating leases. Since the accounting for operating leases and service contracts was the same (recognised in profit and loss) there was never a need under IAS 17 to separately identify these and account for them separately. Under IFRS 16, however, Service contracts will continue to be recognised as a charge in the profit and loss account and will not be capitalised.

2. Significant Accounting Policies *(continued)*

(a) Basis of preparation *(continued)*

(ii) New standards, amendments and interpretations not yet adopted (continued)

- IFRS 16, 'Leases' *(continued)*

  The findings based on the assessment done by the Company thus far indicate the following:

  Operating leases currently under IAS 17 as at December 31, 2018 which have right of use assets subject to capitalisation under IFRS 16 relate solely to the Company's leased vehicles and rental of a warehouse both connected to trade and merchandising activites

  – These leasing arrangements in existence at January 1, 2019 would be recognised (capitalised) under IFRS 16, the adjustment to the opening balances for assets and for borrowings will be the same value calculated based on the remaining lease liability commitments at the date of first application (January 1, 2019) and hence there will be no adjustment to opening reserves. This approach takes the entity's obligations at the transition date, discounting them using the discount rate at initial application, and capitalising the remaining lease terms as though they were new leasing agreements, with the recognised assets amortised over the remaining lives of the leases;

  – Based on the internal assessment, the Company does not believe that the initial application of IFRS 16 will have a material impact on the financial statements for the year ended December 31, 2019 and onward since the amortised cost of the right of use assets are not expected to be significantly different from that of the leased cost under IAS17.

  There are no other standards that are not yet effective and that would be expected to have a significant impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Significant Accounting Policies *(continued)*

(b) Foreign currency translation

(i) 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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director and the local management team, who have been identified as the chief operating decision makers. This team is responsible for allocating resources and assessing performance of the operating segments and for making strategic decisions.

(d) 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 are 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.

2. Significant Accounting Policies *(continued)*

(d) Property, plant and equipment (continued)

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.

Depreciation is calculated to write off the cost/valuation of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated. The rates at which items of property, plant and equipment for current and comparative periods are depreciated are as follows:

- Freehold buildings at 2% and 6.72% per annum on valuation.
- Plant and machinery at 5% per annum on cost.
- Furniture and equipment at rates varying between 10% and 33% per annum on cost.
- Motor vehicles at 25% per annum on cost.

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

At the beginning of 2018, the Company changed its accounting estimate with respect to the economic estimated useful life of all plant and machinery wherein it was increased from 14.3 years to 20 years, with a reduction in annual depreciation rate from 7% to 5% with effect from January 1, 2018.

This was based on the Company aligning its Finance Policy on Property, Plant & Equipment with respect to the depreciation and life span of all plant and machinery for the manufacture of tobacco products with the new standard established by the Group subsequent to its recently conducted global review of the estimated useful life of its Plant & Machinery.

For the financial year ended December 31, 2018, this increase in the estimate useful life brought about a reduction in depreciation expense of approximately $8.2M.

2. Significant Accounting Policies *(continued)*

(d) Property, plant and equipment *(continued)*

Future acquisition of assets that will be classified as Plant & Machinery will have a useful life of 20 years and the assets will be depreciated at an annual rate of 5%.

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 other operating expenses.

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

(e) Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Significant Accounting Policies *(continued)*

(e) Current and deferred income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) 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, labour and production
- 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.

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

2. Significant Accounting Policies *(continued)*

(h) Financial assets

The Company classifies its financial assets as cash and cash equivalents and trade and other 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 when they are originated with value initially measured at the transaction price.

Cash and cash equivalents and trade and other 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 'cash and cash equivalents' and 'trade and other receivables' and in the statement of financial position (Notes 2(i). and 2(j)).

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value under IFRS 9, depending on the classification of the financial asset. The category of financial assets disclosed under 'cash and cash equivalents' would not have had any change in its valuation as at 31 December, 2018 under IFRS 9, however the category 'trade and other receivables' would have been disclosed net of its expected credit loss as at that date.

Details about the Company's impairment policies and the calculation of the credit loss allowance are provided in Note 2 (a) (i) in the section for IFRS 9 above.

(i) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. The policy from January 1, 2018 is to recognise impairment under expected credit loss. The policy before January 1, 2018 was to record provision for specific doubtful receivables based on a review of all outstanding amounts at each year-end.

(j) 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. Significant Accounting Policies *(continued)*

(k) 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.

(l) Employee benefits

(i) Long-term employee benefits – 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.

(a) 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 November 30, 2018). Roll forward valuations, which are less detailed than full valuations are performed annually.

2. Significant Accounting Policies *(continued)*

(l) Employee benefits (continued)

(i) Long-term employee benefits – Retirement benefit plans (continued)

(a) Defined benefit plan *(continued)*

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to 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.

(b) 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(a)). 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.

2. Significant Accounting Policies *(continued)*

(l) Employee benefits (continued)

(ii) 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(a)). Actuarial gains and losses arising are charged or credited to other comprehensive income in the period in which they arise.

(iii) 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.

(iv) Short-term obligations

(a) 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.

(b) 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.

Notes to the Financial Statements (continued)

For the year ended December 31, 2018 (Expressed in Trinidad and Tobago Dollars)

2. Significant Accounting Policies *(continued)*

(m) 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 estimated reliably. 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) 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. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Revenue recognition

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated and is presented as previously reported, under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

2. Significant Accounting Policies *(continued)*

(o) Revenue recognition (continued)

Under IAS 18, the Company recognised revenue at the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities wherein total billings represented the net amounts invoiced, including excise duty, net of value added taxes and under IFRS 15, this approach has not had resulted in any significant change in the Company's timing of revenue recognition.

(i) Sale of goods

The Company manufactures and sells cigarettes. Sales of goods are recognised when the Company has satisfied the performance obligation of passing control of its finished tobacco products over to its customers, which coincides with when the products leave its compound. At this point, the control of goods passes 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.

(ii) 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.

(iii) 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.

(p) 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 profit or loss in the period in which they arise.

(q) Dividend distribution

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

2. Significant Accounting Policies *(continued)*

(r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand dollars unless otherwise stated.

3. Financial Risk Management

Financial risk factors

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

(a) Market risk

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

Foreign exchange risk

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

If the Trinidad and Tobago (TT) dollar depreciates/appreciates 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:

	2018	2017
	$'000	$'000
Increase (decrease) in profit before taxation		
Effect of a 5% depreciation of the TT dollar	(6,274)	(4,541)
Effect of a 5% appreciation of the TT dollar	6,274	4,541

3. Financial Risk Management *(continued)*

Financial risk factors *(continued)*

(a) Market risk *(continued)*

Foreign exchange risk (continued)

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(a).

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets or liabilities, 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.

Cash and deposits are held with a number of reputable financial institutions, with amounts varying between $286,000 and $271,600,000 (2017: $153,000 and $225,600,000). The maximum limit with any one financial institution is $271,280,000 (2017: $271,064,000). Balances in excess of this limit were held temporarily for periods of no more than one week.

3. Financial Risk Management *(continued)*

Financial risk factors *(continued)*

(c) Liquidity risk

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

The table below analyses the Company's financial liabilities based on the remaining period at the 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.

	Less than one year $'000
At December 31, 2018	
Trade payables and accruals	69,266
Amounts due to related parties/parent company	10,905
At December 31, 2017	
Trade payables and accruals	50,486
Amounts due to related parties/parent company	13,178

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.

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.

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 and 16.

5. Property, Plant and Equipment

	Freehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2018						
Opening net book amount	86,679	100,722	4,542	–	20,031	211,974
Additions	16	560	11	–	17,096	17,683
Transfers	607	2,370	509	–	(3,486)	–
Disposals	–	(16,484)	–	–	–	(16,484)
Depreciation charge (Note 15)	(1,838)	(6,957)	(1,279)	–	–	(10,074)
Depreciation on Disposal	–	15,048	–	–	–	15,048
Revaluation (Note 5a)	20,105	–	–	–	–	20,105
Closing net book amount	105,569	95,259	3,783	–	33,641	238,252
At December 31, 2018						
Cost/valuation	119,660	274,935	32,761	774	33,641	461,771
Accumulated depreciation	(14,091)	(179,676)	(28,978)	(774)	–	(223,519)
Net book amount	105,569	95,259	3,783	–	33,641	238,252

Capital work in progress consists of the costs to acquire plant and machinery for the upgrade of the tobacco stem line and the replacement of the factory roof. These projects are currently ongoing.

5. Property, Plant and Equipment *(continued)*

	Freehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Motor Vehicles	Capital Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2017						
Opening net book amount	87,698	91,366	5,750	–	18,602	203,416
Additions	40	957	314	–	26,729	28,040
Transfers	854	24,256	190	–	(25,300)	–
Disposals	(83)	(603)	(15)	–	–	(701)
Depreciation charge (Note 15)	(1,830)	(15,254)	(1,697)	–	–	(18,781)
Closing net book amount	86,679	100,722	4,542	–	20,031	211,974
At December 31, 2017						
Cost/valuation	98,932	273,441	32,241	774	20,031	425,419
Accumulated depreciation	(12,253)	(172,719)	(27,699)	(774)	–	(213,445)
Net book amount	86,679	100,722	4,542	–	20,031	211,974

(a) Revaluation surplus

	2018	2017
	$'000	$'000
At beginning of the year	47,495	48,194
Depreciation transfer on buildings - net of tax	(699)	(699)
Gain on revaluation – net of tax	14,990	–
At end of the year	61,786	47,495

The Company's freehold land and buildings were last revalued on November 30, 2018 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.

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.

5. Property, Plant and Equipment *(continued)*

(a) Revaluation surplus

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 December 31, 2018 using:

	Quoted prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
Land	–	–	33,405
Buildings	–	–	72,164

	Fair Value Hierarchy	Fair value as at January 1 2018	Additions/ Transfers/ Disposals	Depreciation/ Impairment	Revaluation Gain	Fair Value Carried Forward
		$	$	$	$	$
Land	Level 3	30,350	–	–	3,055	33,405
Buildings	Level 3	56,329	623	(1,838)	17,050	72,164
		86,679	623	(1,838)	20,105	105,569

5. Property, Plant and Equipment *(continued)*

(a) Revaluation surplus *(continued)*

Fair value measurements as at 31 December 2017 using:

	Quoted prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$'000	**$'000**	**$'000**
Recurring fair value measurements			
Land	–	–	30,350
Buildings	–	–	56,329

	Fair Value Hierarchy	Fair value as at January 1 2018	Additions/ Transfers/ Disposals	Depreciation/ Impairment	Revaluation Gain	Fair Value Carried Forward
		$	**$**	**$**	**$**	**$**
Land	Level 3	30,350	–	–	–	30,350
Buildings	Level 3	57,348	811	(1,830)	–	56,329
		87,698	811	(1,830)	–	86,679

There were no transfers between levels 1 and 2 during the year.

Transfers between levels 2 and 3
The Company's management annually reviews the latest valuations performed by the independent valuator for financial reporting purposes.

At each financial year end, the finance department:
- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the most recent valuation report;
- holds discussions with the independent valuator.

5. Property, Plant and Equipment *(continued)*

(a) Revaluation surplus (continued)

Transfers between levels 2 and 3 (continued)

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. Changes in Level 2 and 3 fair values are analysed at each reporting date. As part of this assessment, the team reviews the reasons for the fair value movements.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Land:

The direct comparable method was used. In using this method, evidence of arm's length open market transactions of similar lands are analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors.

Buildings:

Buildings are valued using the depreciated replacement cost method. Under this method the gross replacement cost of the buildings and other sites works are then estimated from which appropriate deductions are then made to allow for the age, condition and obsolescence (economic and functional) of the buildings in site works. The total net replacement cost is then added to the estimated value of the land.

Inputs considered in the valuation:

(i) Location and neighbourhood – The property easily lends itself to a wide pool of skilled and unskilled labour and facilitates easy access to main highways. The general neighbourhood is characterised by light industrial users.

(ii) Measurements and condition – The square footage of the site is taken into consideration in the valuation. Based on the valuation the buildings also appeared to be structurally sound and in fair to good decorative condition.

The inputs above have not varied significantly in the past, and as such the impact of movements in the variables are not considered significant.

5. Property, Plant and Equipment *(continued)*

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

	2018 $'000	2017 $'000
Cost	32,745	32,123
Accumulated depreciation	(12,290)	(11,450)
Net book amount	20,455	20,673

(c) Depreciation expense is included in statement of profit or loss and other comprehensive income as follows:

Amount included in cost of sales	8,319	16,832
Amount included in other operating expenses	1,755	1,949
	10,074	18,781

6. Deferred Income Tax

Deferred income taxes are calculated in full on temporary differences under the liability method using the statutory tax rate of 30%.

	2018 $'000	2017 $'000
Deferred income tax asset		
– Retirement benefit obligation (Note 6(a))	18,397	19,540
– Post-retirement medical obligation	957	1,131
Deferred income tax asset	19,354	20,671
Deferred income tax liability		
– Revaluation on buildings	11,717	6,901
– Accelerated tax depreciation	25,748	26,740
Deferred income tax liability	37,465	33,641
Net deferred income tax liability	18,111	12,970

6. Deferred Income Tax *(continued)*

(a) The deferred income tax asset on retirement benefit obligation is attributable to the following:

	2018 $'000	2017 $'000
Retirement benefit obligation, excluding deferred lumpsum contribution	15,889	16,151
Deferred lumpsum contribution	2,508	3,389
	18,397	19,540

(b) The movement in the net deferred income tax position in the statement of financial position is attributable to the following:

	Revaluation on Buildings $'000	Accelerated Tax Depreciation $'000	Retirement Benefit $'000	Post-Retirement Medical $'000	Total $'000
As at 31 December 2018					
Balance at beginning of year	6,901	26,740	(19,540)	(1,131)	12,970
(Credit) charge to profit or loss (Note 16)	(299)	(992)	167	109	(1,015)
Tax on revaluation of buildings in OCI	5,115	–	–	–	5,115
Tax on actuarial gains recognised in OCI	–	–	976	65	1,041
Balance at end of year	11,717	25,748	(18,397)	(957)	18,111

	Revaluation on Buildings $'000	Accelerated Tax Depreciation $'000	Retirement Benefit $'000	Post-Retirement Medical $'000	Total $'000
As at 31 December 2017					
Balance at beginning of year	7,200	23,365	(23,930)	(1,371)	5,264
(Credit) charge to profit or loss (Note 16)	(299)	3,375	(105)	73	3,044
Tax on actuarial gains recognised in OCI	–	–	4,495	167	4,662
Balance at end of year	6,901	26,740	(19,540)	(1,131)	12,970

7. Inventories

	2018 $'000	2017 $'000
Raw materials	13,781	20,792
Goods in transit	14,857	8,859
Supplies and sundries	2,274	2,826
Finished goods	15,177	11,508
Inventories in process	2,618	766
	48,707	44,751

The cost of inventories recognised as expense and included in "cost of sales" amounted to $135,130,354 (2017: $117,954,389).

A provision was made against supplies and sundries in the amount of $9,321,898 (2017: $9,063,170) relating to spares.

8. Financial Instruments

a) *Financial instruments by category and currency*

	TTD $'000	USD $'000	Euro $'000	GBP $'000	Total $'000
As at December 31, 2018					
Financial assets					
Trade receivables	52,490	–	–	–	52,490
Due from related parties	8,537	6,903	–	–	15,440
Cash and cash equivalents	146,268	138,602	–	–	284,870
	207,295	145,505	–	–	352,800
Financial liabilities					
Trade payables and accruals	53,210	1,178	9,394	5,484	69,266
Due to related parties	3,194	765	999	2,193	7,151
Due to parent company	3,753	–	–	–	3,753
	60,157	1,943	10,393	7,677	80,170

8. Financial Instruments (continued)

(a) Financial instruments by category and currency (continued)

	TTD $'000	USD $'000	Euro $'000	GBP $'000	Total $'000
As at December 31, 2017					
Financial assets					
Trade receivables	59,896	–	–	–	59,896
Due from related parties	2,096	9,253	–	1,434	12,783
Cash and cash equivalents	129,346	105,309	–	–	234,655
	191,338	114,562	–	1,434	307,334
Financial liabilities					
Trade payables and accruals	34,430	1,178	9,394	5,484	50,486
Due to related parties	3,291	5,032	335	1,902	10,560
Due to parent company	2,618	–	–	–	2,618
	40,339	6,210	9,729	7,386	63,664

(b) 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 December 31, 2018			
Trade receivables	52,490	–	52,490
Due from related parties	15,440	–	15,440
Cash at bank	284,871	–	284,871
	352,801	–	352,801
As at December 31, 2017			
Trade receivables	59,896	–	59,896
Due from related parties	12,783	–	12,783
Cash at bank	234,655	–	234,655
	307,334	–	307,334

The Company does not hold any collateral as security.

8. Financial Instruments *(continued)*

(c) 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 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

	2018 $'000	2017 $'000
Trade receivables	52,490	59,896
Prepayments	6,539	12,440
Receivables from related parties: (Note 19)		
– trade	6,903	9,726
– other	8,537	3,057
	74,469	85,119

10. Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash at bank	272,460	226,659
Cash in hand and in transit	12,410	7,996
	284,870	234,655

11. Share Capital

Authorised
An unlimited number of ordinary shares of no par value

Issued and fully paid

	2018 $'000	2017 $'000
84,240,000 ordinary shares of no par value	42,120	42,120

12. Pensions and Other Post-Retirement Obligations

	2018 $'000	2017 $'000
Statement of Financial Position:		
Retirement benefit obligation	(52,963)	(53,834)
Post-employment medical benefit obligation	(3,192)	(3,771)
Liability in the statement of financial position	(56,155)	(57,605)

(i) Retirement benefits

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

	2018 $'000	2017 $'000
Fair value of plan assets	203,492	203,382
Present value of funded pension obligation	(255,957)	(256,820)
Deficit of funded plans	(52,465)	(53,438)
Present value of unfunded pension obligation	(498)	(396)
Liability in the statement of financial position	(52,963)	(53,834)
Net interest cost	2,804	4,061
Current service cost	3,469	4,030
Net pension expense	6,273	8,091
Remeasurements:		
From plan assets	(4,938)	(82)
From obligation – funded	8,362	15,063
From obligation – unfunded	(171)	2
Remeasurement of net asset	3,253	14,983
Reconciliation of movements in the statement of financial position:		
Net liability recognised as at January 1	(53,834)	(65,530)
Net pension expense	(6,273)	(8,091)
Remeasurement of net asset	3,253	14,983
Employer contributions	3,891	4,804
Net liability recognised as at December 31	(52,963)	(53,834)

12. Pensions and Other Post-Retirement Obligations *(continued)*

Statement of Financial Position *(continued)***:**

(i) Retirement benefits

	2018 $'000	2017 $'000
Changes in fair value of plan assets:		
Fair value of plan assets as at January 1	203,382	197,525
Actual return on plan assets:		
– interest income	10,044	9,188
– remeasurement recognised in OCI	(4,938)	(82)
Company contributions	3,891	4,804
Employee contributions	1,408	934
Benefit payments	(10,295)	(8,987)
Fair value of plan assets as at December 31	203,492	203,382
Changes in present value of the obligation (funded and unfunded):		
Present value of obligation as at 1 January	(257,216)	(263,055)
Interest cost	(12,848)	(13,249)
Current service cost – employer	(3,469)	(4,030)
Current service cost – employee	(1,408)	(934)
Benefit payments	10,295	8,987
Remeasurement recognised in OCI:		
– experience	8,191	15,065
Present value of obligation as at December 31	(256,455)	(257,216)

The principal actuarial assumptions were as follows:

	Per Annum 2018 %	Per Annum 2017 %
Discount rate	5.00	5.00
Future salary increases	5.00	5.00
Future pension increases	3.00	3.00
Mortality	NISTT2012	NISTT2012

12. Pensions and Other Post-Retirement Obligations *(continued)*

(i) Retirement benefits *(continued)*

Expected contributions to post employment benefit plans for the year ending December 31, 2019 are $4,136,062.

Plan assets comprise the following:

		2018			2017	
		$'000	**%**		**$'000**	**%**
Equity investments						
Local	47,959			52,845		
Foreign	42,760	90,719	45	39,291	92,136	45
Debt instruments						
Local	57,381			63,065		
Foreign	28,054	85,435	42	27,781	90,846	45
Property						
Local		5,074	2		5,261	3
Other						
Local		22,264	11		15,139	7
		203,492	100		203,382	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

The amount recognised in the statement of financial position is as follows:

	2018 $'000	2017 $'000
Unfunded post-retirement health care obligation	3,192	3,771

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

	2018 $'000	2017 $'000
Interest cost	176	273
Current service cost	19	35
Post-retirement health care expense	195	308

12. Pensions and Other Post-Retirement Obligations *(continued)*

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

Remeasurements recognised in other comprehensive income:

	2018 $'000	2017 $'000
From obligations	216	558

Reconciliation of movements in statement of financial position:

	2018 $'000	2017 $'000
Net liability recognised as at January 1	(3,771)	(4,571)
Net expense	(195)	(308)
Remeasurement of net liability	216	558
Employer premiums for existing retirees/clinic cost	558	550
Net liability recognised as at December 31	(3,192)	(3,771)

Changes in present value of the obligation:

	2018 $'000	2017 $'000
Present value of obligation as at 1 January	(3,771)	(4,571)
Interest cost	(176)	(273)
Current service cost	(19)	(35)
Employer premiums for existing retirees/clinic cost	558	550
Remeasurement recognised in OCI:		
– experience	216	558
Present value of obligation as at December 31	(3,192)	(3,771)

The principal actuarial assumptions were as follows:

	2018 %	2017 %
Discount rate	5.00	5.00
Premium/clinic cost escalation	3.50	3.50
% married	90	90
Retiree mortality table	NISTT2012	GAM94

Expected contributions to post-employment medical benefit plans for the year ending December 31, 2019 are $473,000.

There was a change in the retiree mortality table in 2018. The NISTT2012 mortality table is based on the observed mortality experience of Trinidad and Tobago NIS pensioners.

12. Pensions and Other Post-Retirement Obligations *(continued)*

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

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	5	(5)
Effect on the defined benefit obligation	510	(402)

(iii) Defined benefit pension plan

The Company operates a defined benefit pension plan regulated by the Insurance Act 1980 of Trinidad and Tobago. 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 pension payments 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 17.1 years.

The weighted average duration of the post-employment medical benefit obligation is 17.2 years.

In the case of the funded plan, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

12. Pensions and Other Post-Retirement Obligations *(continued)*

(iii) Defined benefit pension plan *(continued)*

The Company has taken measures to reduce the pension plan deficit and to date there has been lumpsum injections totalling $31.4M during the period 2008 to 2012. Based on the recommendation of the actuary, the Company continues its higher contributions, and with additional planned measures, anticipates the elimination of the deficit.

(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 7.2%	Increase by 8.1%
Salary growth rate:	0.50%	Increase by 2.3%	Decrease by 2.1%
Pension growth rate:	0.25%	Increase by 2.5%	Decrease by 2.4%

As at December 31, 2018, 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 $18,414,000 lower or $20,868,000 higher (2017: $18,802,000 lower or $21,444,000 higher).

	Increase by 1 Year in Assumption	**Decrease by 1 Year in Assumption**
Life expectancy:	Increase by 3.3%	Decrease by 3.4%

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.

12. Pensions and Other Post-Retirement Obligations *(continued)*

(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 45% 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.

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

	2018 $'000	2017 $'000
Trade payables and accruals	69,266	50,486
Statutory liabilities	31,575	34,277
Due to related parties (Note 19)		
– trade	4,267	6,982
– other	2,885	3,578
	107,993	95,323

14. Revenue

	2018 $'000	2017 $'000
Billings excluding VAT – including excise	1,153,059	1,085,723
Less excise	(233,415)	(218,074)
Revenue	919,644	867,649

The Company collects excise duty on behalf of the Comptroller of Customs and remits this excise duty to the Comptroller of Customs when a sale is made to a domestic distributor.

15. Expenses by Nature

	2018	2017
Raw materials and consumables used	135,130	117,954
Technical and advisory services	40,891	33,724
Employee benefit expense (Note 15(a))	64,493	57,911
Other expenses	39,851	42,750
Royalties	33,233	32,126
Depreciation (Note 5)	10,074	18,781
Brand support expenses	7,747	12,870
Travel and related expenses	2,585	2,142
Corporate social investments	692	750
Changes in inventories of finished goods and work in progress	(6,730)	657
Inventory Writeoff	8,620	360
Impairment on Trade receivable	26	–
Directors remuneration	395	376
Net foreign exchange gains	(2,473)	(1,229)
Total cost of sales, distribution costs, administrative expenses and other operating expenses	334,534	319,172

(a) *Employee benefit expense*

	2018	2017
Wages and salaries and other termination benefits	41,306	40,471
Other benefits	15,869	8,191
Pension costs:		
– defined benefit plan (Note 12)	6,273	8,091
– defined contribution plan	850	850
Post-employment medical benefits (Note 12)	195	308
	64,493	57,911

Number of employees as at year end 185 (2017: 182).

16. Taxation

	2018 $'000	2017 $'000
Corporation tax:		
– current year	183,137	167,014
– adjustment to prior year's estimates	92	(604)
Deferred income tax (Note 6)	(1,015)	3,044
	182,214	169,454

The tax on the Company's profit before tax differs from that calculated at the statutory tax rate applicable to profits of the Company as follows:

	2018 $'000	2017 $'000
Profit before taxation	587,310	549,672
Tax calculated at 30% / 25%	176,193	164,850
Expenses not deductible for tax	5,935	5,219
Income/allowances not subject to tax	(6)	(11)
Corporation tax – adjustment to prior year's estimates	92	(604)
	182,214	169,454

17. Earnings per Share

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

	2018	2017
Profit for the year attributable to equity holders ($'000)	405,096	380,218
Number of ordinary shares in issue ('000)	84,240	84,240
Basic earnings per share	$4.81	$4.51

	2018	2017
	$'000	$'000
18. Dividends Paid on Ordinary Shares		
Final dividend – prior year	122,990	183,643
First interim dividend	69,077	64,022
Second interim dividend	96,034	88,452
Third interim dividend	98,561	96,034
	386,662	432,151

A final dividend in respect of 2018 of $1.47 cents per share (2017: $1.46 cents per share) amounting to $123,832,800 (2017: $122,990,400) is to be proposed at the Annual General Meeting to be held on April 5, 2019. If approved, the total dividend for the year will be $4.60, 4.3% higher than the dividend distribution of $4.41 with respect to 2017.

The Company's Bye-Laws allow for 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. Unclaimed dividends of $2.5M for periods 2002, 2003 and 2004 were written back to the retained earnings in equity in 2014 and 2016. The next review is scheduled to take place in 2019.

19. Related Party Transactions and Balances

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:

	2018	2017
	$'000	$'000
(a) Sale of goods and services		
Sale of goods – related parties	102,617	95,299
(b) Purchases of goods and services		
Purchases of goods – related parties	47,662	49,406
Purchases of services – related parties	66,519	55,957
Purchases of services – parent company	32,576	25,938

19. Related Party Transactions and Balances *(continued)*

(b) Purchases of goods and services *(continued)*

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.

(c) Key management compensation

	2018	2017
	$'000	$'000
Salaries and other short-term employee benefits	6,112	5,551
Post-retirement medical obligations	3	3
Post-retirement benefits	806	752
(d) Receivable from related parties (Note 9)	15,440	12,783
Payable to related parties (Note 13)	7,152	10,560
Payable to parent company	3,753	2,618

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 (2017: 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.

20. Contingent Liabilities

	2018	2017
	$'000	$'000
Customs and immigration bonds	16,400	16,900

21. Commitments

	2018	2017
	$'000	$'000
(a) Capital commitments		
Authorised and contracted for, and not provided for in the financial statements.	3,446	9,558

(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:

	2018	2017
	$'000	$'000
No later than one year	2,180	2,002
Later than one year and no later than five years	3,000	3,474
	5,180	5,476

Operating lease expenses incurred in 2018 amounted to $2,177,425 (2017: $2,217,166).

22. 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.

22. Segment Information *(continued)*

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 2018				
Revenue	817,027	102,617	–	919,644
Gross profit	696,765	14,251	–	711,016
Profit or loss for the year includes:				
Depreciation	–	–	(10,074)	(10,074)
Year ended 31 December 2017				
Revenue	772,350	95,299	–	867,649
Gross profit	655,867	6,654	–	662,521
Profit or loss for the year includes:				
Depreciation	–	–	(18,781)	(18,781)
Total Segment Assets				
December 31, 2018	90,458	32,718	549,665	672,841
December 31, 2017	95,978	33,892	474,489	604,359

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

	Domestic	CARICOM	Unallocated	Total
	TT$'000	TT$'000	TT$'000	TT$'000
December 31, 2018	–	–	17,683	17,683
December 31, 2017	–	–	28,040	28,040

23. Subsequent Events

There are no subsequent events occurring after the statement of financial position date and before the date of approval of these financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.

WEST INDIAN TOBACCO

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CH.81:01 S.144

1 **Name of Company:** THE WEST INDIAN TOBACCO COMPANY LIMITED

Company No: W.17(C)

2 **Particulars of Meeting:**
One Hundred and Fourteenth 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 Friday 5 April 2019 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
19 February 2019	Danielle F Chow Secretary and Authorised Signatory	Danielle Chow

Proxy Form

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

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

2 Particulars of Meeting:
One Hundred and Fourteenth 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 Friday 5 April 2019 at 10.30 a.m.

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.

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

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

Proxy Form (CONTINUED)

RESOLUTION		FOR	AGAINST
1	To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2018, together with the Reports of the Directors and Auditors thereon.		
2	To declare a Final Dividend for the financial year ended 31 December 2018.		
3	To re-elect Mr Jean-Pierre S du Coudray who retires in accordance with paragraph 4.7:5 of Bye-Law No.1 of the Company, as a Director of the Company in accordance with paragraph 4.7:7 of Bye-Law No.1 for a term from the date of his election until the close of the third Annual Meeting of the Company following his election or until his retirement in accordance with paragraph 4.7:5.		
4	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.		
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 Mr Arturo Campero Gonzalez as, a Director of the Company in accordance with paragraph 4.3 of Bye-Law No. 1 of the Company for a term from the date of his election until the close of the third Annual Meeting of the Company following his election or until his retirement In accordance with paragraph 4.7:5.		

Proxy Form (CONTINUED)

RESOLUTION		FOR	AGAINST
8	To reappoint Messrs KPMG 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 2019: (a) the monthly remuneration, an increase from i. $10,000 to $11,000 for a Chairman ii. $6,000 to $7,200 for a Director; (b) the Board of Directors Meetings, an increase from i. $5,200 to $5,400 for a Chairman ii. $3,200 to $3,400 for a Director for each Board of Directors Meeting attended; (c) the Committee Meetings, an increase from i. $4,200 to $4,400 for a Chairman ii. $3,000 to $3,200 for a Director for each Committee Meeting attended.		

Signature/s of Shareholder/s ______________________________

____

Dated this ________________ *day of* ________________ *2019.*

Proxy Form (CONTINUED)

NOTES:

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

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

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

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

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

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

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

A member of the British American Tobacco Group