



CARRERAS LIMITED

On behalf of the Board of Directors, I wish to report the unaudited financial results for the FIRST QUARTER ended June 30, 2013.

Performance Highlights are:

| | Unaudited | | |
|--------------------------------------|------------------------------|------------------------------|-------------|
| | Discrete | | |
| | Apr - Jun Q1 13/14 \$M | Apr - Jun Q1 12/13 \$M | % Change |
| Gross Operating Revenue | 2,154.8 | 3,087.8 | -30.2% |
| Total Operating Income | 2,212.3 | 3,090.5 | -28.4% |
| Interest and other Investment Income | 37.3 | 23.8 | 56.5% |
| Net Income | 485.4 | 805.7 | -39.8% |
| EPS | 100.0 | 166.0 | -39.8% |

Carreras Limited achieved total operating income of \$2,212.3 million for the first quarter ended June 30, 2013, representing a decrease of 28.4% compared to the same period in the prior year.

The Company also delivered net income of \$485.4 million, a 39.8% decrease compared to the same period in the prior year as cigarette sales volume continues to be negatively impacted by the challenging operating environment. We anticipate that volumes will continue to be challenged in light of the difficult economic environment, and especially given the introduction of public place smoking regulations and the impact it will have on duty paid volume.

Interest and other investment income however, increased to \$37.3 million for the quarter, representing a 56.5% increase when compared to the same period in 2012.

Shareholders, I am however pleased to report that the Board of Directors has approved an interim payment of \$1.00 per stock unit to be paid out of accumulated profits on August 28, 2013.

On behalf of the Board

Richard Lewis
Chairman



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES

Group Statement of Comprehensive Income

Period Ended June 30, 2013


| Group Statement of Comprehensive Income | | | |
|--|------------------|------------------|-------------------|
| | UNAUDITED | | AUDITED |
| | 3 months | | 12 months |
| | June-13 S'000 | June-12 S'000 | March-13 S'000 |
| Gross operating revenue | 2,154,798 | 3,087,822 | 12,241,512 |
| Cost of operating revenue | (1,077,942) | (1,629,276) | (6,563,043) |
| Gross operating profit | 1,076,856 | 1,458,546 | 5,678,469 |
| Employee benefit income | - | - | 201,200 |
| Interest and other investment income | 37,255 | 23,802 | 158,294 |
| Other operating income: | | | |
| Exchange gains/(Loss) | 38,905 | 14,874 | 160,580 |
| Other income | 57,523 | 2,640 | 5,130,013 |
| Distribution and marketing expenses | (207,057) | (151,768) | (768,862) |
| Administrative expenses | (320,139) | (278,359) | (1,272,578) |
| Profit before income tax | 683,343 | 1,069,735 | 9,287,116 |
| Income tax | (197,933) | (264,025) | (2,748,872) |
| Profit for the period | 485,410 | 805,710 | 6,538,244 |
| Other comprehensive income | | | |
| Defined benefit plan actuarial losses | - | - | (440,800) |
| Change in unrecognised employee benefit asset | - | - | 344,000 |
| Income tax on other comprehensive income | - | - | 26,038 |
| Deferred tax on subsidiaries | (368) | - | - |
| Other comprehensive income, net of tax | (368) | - | (70,762) |
| Total comprehensive income for the year | 485,042 | 805,710 | 6,467,482 |
| Attributable to: | | | |
| Minority interests | 21 | 11 | 175 |
| Stockholders in parent | 485,389 | 805,699 | 6,538,069 |
| | 485,410 | 805,710 | 6,538,244 |
| Total comprehensive income attributed to: | | | |
| Minority interests | 21 | 11 | 175 |
| Stockholders in parent | 485,021 | 805,699 | 6,467,307 |
| | 485,042 | 805,710 | 6,467,482 |
| Earnings per ordinary stock unit of 25c each | 99.99¢ | 165.97¢ | 1346.83¢ |

CARRERAS LIMITED & SUBSIDIARIES

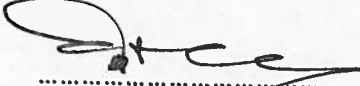
As at June 30, 2013

| Group Statement of Financial Position | | |
|---|------------------|------------------|
| | Unaudited | Audited |
| | 30-Jun-13 | 31-Mar-13 |
| | \$000 | \$000 |
| Current Assets | | |
| Cash and cash equivalents | 1,667,539 | 2,359,459 |
| Resale Agreements | 1,423,048 | 1,565,043 |
| Accounts receivable | 565,955 | 315,317 |
| Income tax recoverable | 97,052 | 117,437 |
| Inventories | 351,467 | 399,438 |
| | 4,105,061 | 4,756,694 |
| Current Liabilities | | |
| Accounts payable | 1,152,107 | 1,382,714 |
| Income tax payable | 1,487,164 | 1,656,178 |
| | 2,639,271 | 3,038,892 |
| Net Current Assets | 1,465,790 | 1,717,802 |
| Non-current assets: | | |
| Retirement benefit asset | 409,500 | 409,500 |
| Taxation Recoverable | 1,395,699 | 1,733,137 |
| Fixed Assets | 145,461 | 158,650 |
| | 3,416,450 | 4,019,089 |
| Equity: | | |
| Share Capital | 121,360 | 121,360 |
| Reserves: | | |
| Unappropriated profits | 1,066,716 | 1,669,080 |
| Other | 1,893,084 | 1,893,084 |
| | 2,959,800 | 3,562,164 |
| Total attributable to stockholders of parent | 3,081,160 | 3,683,524 |
| Minority interests | 4,972 | 4,951 |
| Total equity | 3,086,132 | 3,688,475 |
| Non-current liabilities: | | |
| Deferred taxation liability | 137,318 | 137,614 |
| Retirement benefit obligation | 193,000 | 193,000 |
| | 3,416,450 | 4,019,089 |

ON BEHALF OF THE BOARD



 Marcus Steele
 Managing Director



 Oliver Holmes
 Director

CARRERAS LIMITED
Statement of Changes in Equity

For Period ended June 30, 2013
The Group

| Share Capital \$'000 | Unappropriated Profits \$'000 | Capital Reserves \$'000 | Other Reserves \$'000 | Total \$'000 | Minority Interest \$'000 | Total \$'000 |
|----------------------|-------------------------------|-------------------------|-----------------------|--------------|--------------------------|--------------|
| 121,360 | 925,111 | 22,322 | 1,870,762 | 2,939,555 | 4,776 | 2,944,331 |
| - | 805,699 | - | - | 805,699 | 11 | 805,710 |
| - | (184) | - | - | (184) | - | (184) |
| - | 805,515 | - | - | 805,515 | 11 | 805,526 |
| - | (582,528) | - | - | (582,528) | - | (582,528) |
| 121,360 | 1,149,098 | 22,322 | 1,870,762 | 3,162,542 | 4,787 | 3,167,329 |

Balances at March 31, 2012

Profit for the period

Deferred tax on reserves of subsidiaries in liquidation

Total comprehensive income for the year

Dividends paid, being total transactions with owners

Unaudited Balances at June 30, 2012

| | | | | | | |
|---------|-------------|--------|-----------|-------------|-------|-------------|
| 121,360 | 1,669,080 | 22,322 | 1,870,762 | 3,683,524 | 4,951 | 3,688,475 |
| - | 485,390 | - | - | 485,390 | 21 | 485,411 |
| - | (368) | - | - | (368) | - | (368) |
| - | 485,022 | - | - | 485,022 | 21 | 485,043 |
| - | (1,087,386) | - | - | (1,087,386) | - | (1,087,386) |
| 121,360 | 1,066,716 | 22,322 | 1,870,762 | 3,081,160 | 4,972 | 3,086,132 |

Balances at March 31, 2013

Profit for the period

Deferred tax on reserves of subsidiaries in liquidation

Total comprehensive income for the year

Dividends paid, being total transactions with owners

Unaudited Balances at June 30, 2013

CARRERAS LIMITED
Statement of Changes in Equity
For Period ended June 30, 2013

The Company

| | Share Capital \$'000 | Revenue Reserves \$'000 | Capital Reserves \$'000 | Total \$'000 |
|--|----------------------------|-------------------------------|-------------------------------|-----------------|
| Balances at March 31, 2012 | 121,360 | 907,688 | 22,322 | 1,051,370 |
| Profit for the period | - | 801,088 | - | 801,088 |
| Total comprehensive income for the year | - | 801,088 | - | 801,088 |
| Dividends paid, being total transactions with owners | - | (582,528) | - | (582,528) |
| Unaudited Balances at June 30, 2012 | 121,360 | 1,126,248 | 22,322 | 1,269,930 |

| | | | | |
|---|---------|-------------|--------|-------------|
| Balances at March 31, 2013 | 121,360 | 1,603,583 | 22,322 | 1,747,265 |
| Profit for the period | - | 476,197 | - | 476,197 |
| Defined benefit plan actuarial gains/(losses), net of tax | - | - | - | - |
| Change in unrecognised employee benefit asset, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | 476,197 | - | 476,197 |
| Dividends paid, being total transactions with owners | - | (1,087,386) | - | (1,087,386) |
| Unaudited Balances at June 30, 2013 | 121,360 | 992,393 | 22,322 | 1,136,075 |

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For Period ended June 30, 2013

| | Group Statement of Cash Flows | | |
|--|-------------------------------|---------------------|---------------------|
| | 3 months | | 12 months |
| | 30-Jun-13 \$'000 | 30-Jun-12 \$'000 | 31-Mar-13 \$'000 |
| Cash flows from operating activities: | | | |
| Net profit for the period | 485,411 | 805,710 | 6,538,244 |
| Items not affecting cash | 168,892 | 236,969 | 2,258,215 |
| | 654,303 | 1,042,679 | 8,796,459 |
| Changes in working capital | (422,021) | (482,941) | (1,690,244) |
| Cash provided by operating activities | 232,282 | 559,738 | 7,106,215 |
| Cash (used)/provided by investing activities | 124,279 | 20,681 | (638,575) |
| Cash used by financing activities | (1,087,386) | (582,528) | (5,723,338) |
| Increase/(Decrease) in cash and cash equivalents | (730,825) | (2,109) | 744,302 |
| Effect of exchange rate changes on cash and cash equivalents | 38,905 | 14,874 | 160,582 |
| Cash and cash equivalents, at beginning of period | 2,359,459 | 1,454,575 | 1,454,575 |
| Cash and cash equivalents, at end of period | 1,667,539 | 1,467,340 | 2,359,459 |

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2013

1. General

Carreras Limited ("the company") is incorporated and domiciled in Jamaica and is a 50.4% subsidiary of Rothmans Holdings (Caricom) Limited, which is incorporated in St. Lucia. The ultimate parent company is British American Tobacco plc, incorporated in the United Kingdom. The principal activities of the company are the marketing and distribution of cigarettes.

The principal place of business is Twickenham Park, St. Catherine, Jamaica.

2. (a) Basis of Preparation

The financial statements are presented on the historical cost basis. Unless otherwise stated, the financial statements are presented in thousands of Jamaican dollars (\$'000), which is the functional currency of the company and the group.

(b) Accounting estimates and judgments:

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the period then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates. The unaudited financial results for the nine month period has been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustments in the next year are as follows:

(i) Key source of estimation uncertainty

Employee benefits:

The amounts recognised in the balance sheet and income statement for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-employment obligations and the expected rate of increase in medical costs for post-employment medical benefits.

Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

It is reasonably possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(ii) There are no critical accounting judgments in applying the group's and the company's accounting policies.

3. Significant Accounting Policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

4. Income Tax

Income tax for the year comprises current and deferred tax based upon taxable profits. Capital gains, which are not subject to taxation, are excluded.

5. Earnings per Stock Unit

The calculation of earnings per stock unit is based on the net profit for the period attributable to stockholders and the 485,440,000 issued and fully paid ordinary stock units.

6. Deferred Tax

A provision has been made in these financial statements for deferred transfer tax on undistributed reserves of subsidiaries in liquidation.

7. Tax Assessment

In 2004, the company's subsidiary, Cigarette Company of Jamaica Limited (in voluntary liquidation) (CCJ) received assessments for income tax claimed by the Commissioner of Taxpayer Audit and Assessment (TAJ) for the years 1997-2002 amounting to \$5.68 billion. CCJ appealed the assessment. On March 13, 2012, after a series of judgments and appeals in lower courts, the Judicial Committee of the Privy Council handed down its decision dismissing the appeal of the TAJ with costs to CCJ. These costs have been taxed and recovered.


The company has commenced negotiations with the TAJ, in conjunction with the Ministry of Finance & Planning, to recover the \$1.73 billion plus interest to be agreed on the outstanding sum. At the date of signing of the financial statements, no agreement had been reached and, therefore, no amount in respect of any interest receivable by CCJ has been recognised in these financial statements.

However, during the quarter under review, TAJ commenced refunds to CCJ by issuing offsets against the estimated tax liability of Carreras Limited in the aggregate amount of \$337.5 million and subject to final agreement with the TAJ and the Ministry of Finance & Planning.

ON BEHALF OF THE BOARD



Marcus Steel
Managing Director



Oliver Holmes
Director