



**CARRERAS LIMITED**  
**CARRERAS LIMITED & SUBSIDIARIES**

**Group Statement of Comprehensive Income**

Period Ended December 31, 2013

**Group Statement of Comprehensive Income**

	UNAUDITED		UNAUDITED		AUDITED
	9 months		3 months to		12 months
	Dec-13	Dec-12	Dec-13	Dec-12	Mar-13
	S'000	S'000	S'000	S'000	S'000
Gross operating revenue	8,063,185	9,502,829	3,664,792	3,744,662	12,241,512
Cost of operating revenue	(4,084,854)	(5,105,603)	(1,912,133)	(2,051,837)	(6,563,043)
<b>Gross operating profit</b>	<b>3,978,331</b>	<b>4,397,226</b>	<b>1,752,659</b>	<b>1,692,825</b>	<b>5,678,469</b>
Employee benefit income	-	-	-	-	201,200
Interest and other investment income	120,839	110,003	48,589	44,967	158,294
Other operating income:					
Exchange gains/(Loss)	73,139	77,175	17,603	47,147	160,580
Other income	1,896,476	3,838,098	1,815,863	476,392	5,130,013
Distribution and marketing expenses	(590,850)	(583,973)	(175,716)	(244,414)	(768,862)
Administrative expenses	(1,055,122)	(998,469)	(420,632)	(466,326)	(1,272,578)
Income tax	(1,268,527)	(1,697,520)	(855,292)	(384,223)	(2,748,872)
<b>Profit for the period</b>	<b>3,154,286</b>	<b>5,142,540</b>	<b>2,183,073</b>	<b>1,166,368</b>	<b>6,538,244</b>
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	(54,805)	-	(54,016)	-	-
<b>Other comprehensive income, net of tax</b>	<b>(54,805)</b>	<b>-</b>	<b>(54,016)</b>	<b>-</b>	<b>(70,762)</b>
<b>Total comprehensive income for the year</b>	<b>3,099,481</b>	<b>5,142,540</b>	<b>2,129,057</b>	<b>1,166,368</b>	<b>6,467,482</b>
Attributable to:					
Minority interests	3,201	98	3,154	78	175
Stockholders in parent	3,151,085	5,142,442	2,179,919	1,166,290	6,538,069
<b>Total comprehensive income attributed to:</b>					
Minority interests	3,201	98	3,154	78	175
Stockholders in parent	3,096,280	5,142,442	2,125,903	1,166,290	6,467,307
	<b>3,099,481</b>	<b>5,142,540</b>	<b>2,129,057</b>	<b>1,166,368</b>	<b>6,467,482</b>
Earnings per ordinary stock unit of 25c each	<b>649.12¢</b>	<b>1059.34¢</b>	<b>449.06¢</b>	<b>240.25¢</b>	<b>1346.83¢</b>

**CARRERAS LIMITED & SUBSIDIARIES**

**UNAUDITED GROUP FINANCIAL STATEMENTS**

**As at December 31, 2013**

	<b>Group Statement of Financial Position</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>31-Dec-13</b>	<b>31-Mar-13</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current Assets</b>		
Cash and cash equivalents	3,880,674	2,359,459
Resale agreements	-	1,565,043
Taxation recoverable	980,760	-
Interest receivable	369,240	-
Accounts receivable	847,307	315,317
Income tax recoverable	116,429	117,437
Inventories	171,735	399,438
	<b>6,366,145</b>	<b>4,756,694</b>
<b>Current Liabilities</b>		
Accounts payable	1,168,073	1,382,714
Income tax payable	1,653,153	1,656,178
	<b>2,821,226</b>	<b>3,038,892</b>
<b>Net Current Assets</b>	<b>3,544,919</b>	<b>1,717,802</b>
<b>Non-current assets:</b>		
Taxation recoverable	-	1,733,137
Interest receivable	1,418,125	-
Retirement benefit asset	417,729	409,500
Property, plant and equipment	223,251	158,650
	<b>5,604,024</b>	<b>4,019,089</b>
<b>Equity:</b>		
Share capital	121,360	121,360
Reserves:		
Unappropriated profits	2,707,095	1,669,080
Other	1,893,084	1,893,084
	<b>4,600,179</b>	<b>3,562,164</b>
<b>Total attributable to stockholders of parent</b>	<b>4,721,539</b>	<b>3,683,524</b>
Minority interests	8,152	4,951
<b>Total equity</b>	<b>4,729,691</b>	<b>3,688,475</b>
<b>Non-current liabilities:</b>		
Deferred taxation liability	681,333	137,614
Retirement benefit obligation	193,000	193,000
	<b>5,604,024</b>	<b>4,019,089</b>

**ON BEHALF OF THE BOARD**

.....  
 Marcus Steele  
 Managing Director

  
 .....  
 Gavin Jordan  
 Finance Director

**CARRERAS LIMITED**  
**Statement of Changes in Equity**  
**For Period ended December 31, 2013**  
The Group

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
<b>Balances at March 31, 2012</b>	121,360	925,111	22,322	1,870,762	2,939,555	4,776	2,944,331
Profit for the period	-	5,142,442	-	-	5,142,442	98	5,142,540
Deferred tax on reserves of subsidiaries in liquidation	-	(1,680)	-	-	(1,680)	-	(1,680)
<b>Total comprehensive income for the year</b>	-	5,140,762	-	-	5,140,762	98	5,140,860
Dividends paid, being total transactions with owners	-	(4,461,194)	-	-	(4,461,194)	-	(4,461,194)
<b>Unaudited Balances at December 31, 2012</b>	121,360	1,604,679	22,322	1,870,762	3,619,123	4,874	3,623,997

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
<b>Balances at March 31, 2013</b>	121,360	1,669,080	22,322	1,870,762	3,683,524	4,951	3,688,475
Profit for the period	-	3,151,085	-	-	3,151,085	3,201	3,154,286
Deferred tax on reserves of subsidiaries in liquidation	-	(54,805)	-	-	(54,805)	-	(54,805)
<b>Total comprehensive income for the year</b>	-	3,096,280	-	-	3,096,280	3,201	3,099,481
Dividends paid, being total transactions with owners	-	(2,058,265)	-	-	(2,058,265)	-	(2,058,265)
<b>Unaudited Balances at December 31, 2013</b>	121,360	2,707,095	22,322	1,870,762	4,721,539	8,152	4,729,691

**CARRERAS LIMITED**  
**Statement of Changes in Equity**  
**Period Ended December 31, 2013**

The Company

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
<b>Balances at March 31, 2012</b>	121,360	907,688	22,322	1,051,370
Profit for the period	-	5,100,437	-	5,100,437
<b>Total comprehensive income for the year</b>	-	5,100,437	-	5,100,437
Dividends paid, being total transactions with owners	-	(4,461,194)	-	(4,461,194)
<b>Unaudited Balances at December 31, 2012</b>	121,360	1,546,931	22,322	1,690,613

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
<b>Balances at March 31, 2013</b>	121,360	1,603,583	22,322	1,747,265
Profit for the period	-	1,772,349	-	1,772,349
<b>Total comprehensive income for the year</b>	-	1,772,349	-	1,772,349
Dividends paid, being total transactions with owners	-	(2,058,265)	-	(2,058,265)
<b>Unaudited Balances at December 31, 2013</b>	121,360	1,317,666	22,322	1,461,349

# CARRERAS LIMITED & SUBSIDIARIES

## UNAUDITED GROUP FINANCIAL STATEMENTS

For Period ended December 31, 2013

	Group Statement of Cash Flows		
	9 months		12 months
	31-Dec-13 \$'000	31-Dec-12 \$'000	31-Mar-13 \$'000
<b>Cash flows from operating activities:</b>			
Net profit for the period	3,154,286	5,142,541	6,538,244
Items not affecting cash	(678,619)	1,547,382	2,258,215
	2,475,667	6,689,923	8,796,459
Changes in working capital	(556,409)	(732,656)	(1,690,244)
Cash provided by operating activities	1,919,258	5,957,267	7,106,215
Cash (used)/provided by investing activities	1,587,084	(578,835)	(638,575)
Cash used by financing activities	(2,058,266)	(4,461,194)	(5,723,338)
Increase/(Decrease) in cash and cash equivalents	1,448,076	917,238	744,302
Effect of exchange rate changes on cash and cash equivalents	73,139	77,175	160,582
Cash and cash equivalents, at beginning of period	2,359,459	1,454,575	1,454,575
<b>Cash and cash equivalents, at end of period</b>	<b>3,880,674</b>	<b>2,448,988</b>	<b>2,359,459</b>

## **CARRERAS LIMITED AND SUBSIDIARIES**

### **Notes to the Financial Statements December 31, 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 have 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 recognized insofar as the defined benefit section of the fund 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 audited 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 reached an agreement with the TAJ and the Ministry of Finance & Planning, to recover the \$1.73 billion plus interest of \$1.78 billion on the outstanding sum. The interest receivable by CCJ has been fully recognized in these financial statements.

During the period, TAJ commenced refunds to CCJ by issuing offsets against the estimated tax liability of Carreras Limited in the aggregate amount of \$752.3 million. The company expects to recover a further \$1.35 billion over the next twelve months.

ON BEHALF OF THE BOARD

  
Marcus Steele  
Managing Director

  
Gavin Jordan  
Finance Director