



CARRERAS LIMITED

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

Performance Highlights are:

	Unaudited		
	Discrete		
	July - Sept Q2 13/14 \$M	July - Sept Q2 12/13 \$M	% Change
Gross Operating Revenue	2,243.6	2,670.3	-16.0%
Total Operating Income	2,318.3	6,085.8	-61.9%
Total Operating Income (before extra ordinary income)	2,318.3	2,720.6	-14.8%
Interest and other Investment Income	35.0	41.2	-15.1%
Net Income	485.8	3,170.5	-84.7%
Net Income (before extra ordinary income)	485.8	646.5	-24.9%
EPS	100.1	653.1	-84.7%
EPS (before extra ordinary income)	100.1	133.2	-24.9%

Carreras Limited achieved total operating income of \$2,318.3 million for the second quarter ended September 30, 2013, representing a decrease of 61.9% compared to the same period in the prior year.

The Company delivered net income of \$485.8 million, an 84.7% decrease compared to the same period in the prior year. This significant percentage change in net income versus the previous year was mainly due to the receipt of the pension surplus refund in the corresponding quarter of 2012. Excluding the pension surplus refund of \$3,365 million, net income for the second quarter versus the same period in 2012 decreased by 24.9%. Similarly, Earnings Per Share for the second quarter declined by 24.9% versus the same period last year.

Interest and other investment income also saw a decline of 15.1% when compared to the same period in 2012 as a result of the pension surplus refund which were held on investment in the prior year.

These financial results continue to reflect the negative impact of the public place smoking regulations on our volume base, wherein customers and consumers continue to express an uncertainty as to where the product can be consumed which has naturally affected sales over the quarter. Since the implementation of the

regulations in July, cigarette volumes have decreased by approximately 28% versus the same period last year.

The company has since called for the Minister of Health to move swiftly in announcing the final amendments to the regulations, including the recommendations made by the Parliamentary Committee. The Company believes that these recommendations reflect our positions on key aspects of the regulations and represent the balanced and practical approach we have been calling for long before the introduction of any tobacco control regulations. We are confident that once the Minister announces these final amendments, then greater clarity will be had by the thousands of businesses that sell cigarettes, as well as consumers.

The lower volume performance during the quarter was further exacerbated by the presence and circulation of counterfeit Craven "A" cigarettes which were discovered in the market in the latter part of the quarter in review. The various law enforcement authorities have since intensified their efforts to identify and apprehend the illicit traders and in implementing strategies to stem the growing illicit trade in cigarettes.

We also continue to highlight with Government, the deleterious effect of unbalanced and draconian regulations on not only the industry or the thousands of businesses that sell cigarettes, but on Government's revenue.

Despite the challenging environment and the lower net income performance for the quarter, I am pleased to report that your Board of Directors has approved an interim dividend payment of \$1.00 per stock unit to be paid out of accumulated profits on December 11, 2013.

On behalf of the Board

A handwritten signature in black ink, appearing to be "Richard Lewis", written in a cursive style.

Richard Lewis
Chairman



CARRERAS LIMITED & SUBSIDIARIES

Group Statement of Comprehensive Income

Period Ended September 30, 2013

Group Statement of Comprehensive Income

	UNAUDITED		UNAUDITED		AUDITED
	6 months		3 months to		12 months
	Sep-13 \$'000	Sep-12 \$'000	Sep-13 \$'000	Sep-12 \$'000	Mar-13 \$'000
Gross operating revenue	4,398,393	5,758,167	2,243,595	2,670,345	12,241,512
Cost of operating revenue	(2,172,721)	(3,053,766)	(1,094,780)	(1,424,490)	(6,563,043)
Gross operating profit	2,225,672	2,704,401	1,148,815	1,245,855	5,678,469
Employee benefit income	-	-	-	-	201,200
Interest and other investment income	72,249	65,036	34,995	41,234	158,294
Other operating income:					
Exchange gains/(Loss)	55,536	30,028	16,630	15,154	160,580
Other income	80,614	3,361,706	23,091	3,359,066	5,130,013
Distribution and marketing expenses	(415,134)	(339,559)	(208,077)	(187,791)	(768,862)
Administrative expenses	(634,489)	(532,143)	(314,350)	(253,784)	(1,272,578)
Profit before income tax	1,384,448	5,289,469	701,104	4,219,734	9,287,116
Income tax	(413,235)	(1,313,297)	(215,303)	(1,049,272)	(2,748,872)
Profit for the period	971,213	3,976,173	485,800	3,170,464	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	(789)	-	(421)	-	-
Other comprehensive income, net of tax	(789)	-	(421)	-	(70,762)
Total comprehensive income for the year	970,424	3,976,173	485,379	3,170,464	6,467,482
Attributable to:					
Minority interests	47	20	21	9	175
Stockholders in parent	971,166	3,976,153	485,779	3,170,455	6,538,069
	971,213	3,976,173	485,800	3,170,464	6,538,244
Total comprehensive income attributed to:					
Minority interests	47	20	21	9	175
Stockholders in parent	970,377	3,976,153	485,358	3,170,455	6,467,307
	970,424	3,976,173	485,379	3,170,464	6,467,482
Earnings per ordinary stock unit of 25c each	200.06¢	819.08¢	100.07¢	653.11¢	1346.83¢

CARRERAS LIMITED & SUBSIDIARIES

As at September 30, 2013

	Group Statement of Financial Position	
	Unaudited	Audited
	30-Sep-13 \$000	31-Mar-13 \$000
Current Assets		
Cash and cash equivalents	3,417,976	2,359,459
Resale Agreements	-	1,565,043
Accounts receivable	391,562	315,317
Income tax recoverable	105,115	117,437
Inventories	412,658	399,438
	4,327,311	4,756,694
Current Liabilities		
Accounts payable	1,171,884	1,382,714
Income tax payable	1,493,977	1,656,178
	2,665,861	3,038,892
Net Current Assets	1,661,450	1,717,802
Non-current assets:		
Taxation Recoverable	1,170,761	1,733,137
Retirement benefit asset	409,500	409,500
Property, plant and equipment	158,564	158,650
	3,400,275	4,019,089
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	1,066,631	1,669,080
Other	1,893,084	1,893,084
	2,959,715	3,562,164
Total attributable to stockholders of parent	3,081,075	3,683,524
Minority interests	4,998	4,951
Total equity	3,086,073	3,688,475
Non-current liabilities:		
Deferred taxation liability	121,202	137,614
Retirement benefit obligation	193,000	193,000
	3,400,275	4,019,089

ON BEHALF OF THE BOARD

.....
 Marcus Steele
 Managing Director

.....
 Gavin Jordan
 Finance Director

CARRERAS LIMITED
Statement of Changes in Equity
For Period ended September 30, 2013
The Group

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Balances at March 31, 2012	121,360	925,111	22,322	1,870,762	2,939,555	4,776	2,944,331
Profit for the period	-	3,976,153	-	-	3,976,153	20	3,976,173
Deferred tax on reserves of subsidiaries in liquidation	-	(342)	-	-	(342)	-	(342)
Total comprehensive income for the year	-	3,975,811	-	-	3,975,811	20	3,975,831
Dividends paid, being total transactions with owners	-	(1,310,688)	-	-	(1,310,688)	-	(1,310,688)
Unaudited Balances at September 30, 2012	121,360	3,590,234	22,322	1,870,762	5,604,678	4,796	5,609,474

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Balances at March 31, 2013	121,360	1,669,080	22,322	1,870,762	3,683,524	4,951	3,688,475
Profit for the period	-	971,166	-	-	971,166	47	971,213
Deferred tax on reserves of subsidiaries in liquidation	-	(789)	-	-	(789)	-	(789)
Total comprehensive income for the year	-	970,377	-	-	970,377	47	970,424
Dividends paid, being total transactions with owners	-	(1,572,826)	-	-	(1,572,826)	-	(1,572,826)
Unaudited Balances at September 30, 2013	121,360	1,066,631	22,322	1,870,762	3,081,075	4,998	3,086,073

CARRERAS LIMITED
Statement of Changes in Equity
Period Ended September 30, 2013

The Company

Balances at March 31, 2012

Profit for the period

Total comprehensive income for the year

Dividends paid, being total transactions with owners

Unaudited Balances at September 30, 2012

Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
121,360	907,688	22,322	1,051,370
-	3,967,613	-	3,967,613
-	3,967,613	-	3,967,613
-	(1,310,688)	-	(1,310,688)
121,360	3,564,613	22,322	3,708,295

Balances at March 31, 2013

Profit for the period

Total comprehensive income for the year

Dividends paid, being total transactions with owners

Unaudited Balances at September 30, 2013

Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
121,360	1,603,583	22,322	1,747,265
-	946,231	-	946,231
-	946,231	-	946,231
-	(1,572,826)	-	(1,572,826)
121,360	976,987	22,322	1,120,670

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For Period ended September 30, 2013

	Group Statement of Cash Flows		
	6 months		12 months
	30-Sep-13 \$'000	30-Sep-12 \$'000	31-Mar-13 \$'000
Cash flows from operating activities:			
Net profit for the period	971,213	3,976,173	6,538,244
Items not affecting cash	310,693	1,243,255	2,258,215
	1,281,906	5,219,428	8,796,459
Changes in working capital	(318,234)	(625,311)	(1,690,244)
Cash provided by operating activities	963,672	4,594,117	7,106,215
Cash (used)/provided by investing activities	1,612,135	(1,580,858)	(638,575)
Cash used by financing activities	(1,572,826)	(1,310,688)	(5,723,338)
Increase/(Decrease) in cash and cash equivalents	1,002,981	1,702,571	744,302
Effect of exchange rate changes on cash and cash equivalents	55,536	30,028	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	3,417,976	3,187,174	2,359,459

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements September 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.

(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 six 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. A revision to an accounting estimate is 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 amounts reflected in the financial statements.

(ii) There are no critical accounting judgments in applying 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.

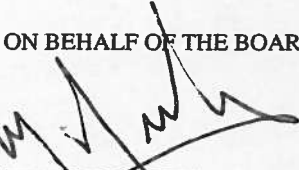
7. Tax Assessment

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.

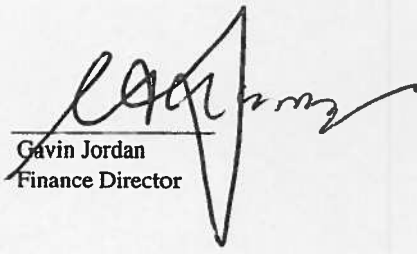
The company has commenced negotiations with the TAJ, in conjunction with the Ministry of Finance & Planning, to recover the \$1.73 billion plus interest to be agreed on the outstanding sum. At the date of signing of the financial statements, no agreement had been reached and, therefore, no amount in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

However, during the period under review, TAJ commenced refunds to CCJ by issuing offsets against the estimated tax liability of Carreras Limited in the aggregate amount of \$562.8 million subject to final agreement with the TAJ and the Ministry of Finance & Planning.

ON BEHALF OF THE BOARD



Marcus Steele
Managing Director



Gavin Jordan
Finance Director