



CARRERAS LIMITED

On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the NINE MONTHS ended December 31, 2015.

Performance Highlights are:

	9 months to 12/31/2015 \$M	9 months to 12/31/2014 \$M	% Change
Gross Operating Revenue	9,173.9	8,491.5	8%
Total Operating Revenue	9,229.0	8,554.7	8%
Interest and Other Investment Income and Exchange Gains	121.5	156.2	-22%
Net Income	2,275.0	1,965.8	16%
EPS	468.6	404.9	16%

Carreras Limited reported total operating income of \$9,173.9 million and a net income of \$2,275.0 million for the nine months ended December 31, 2015. These results compare favourably to the corresponding period last year as operating income and net income achieved growth of 8% and 16% respectively. The Company's performance is attributed to a combination of increased revenues as well as a reduction in costs.

Overall, volumes for the nine months of the financial year have decreased over last year, which is mainly due to a general reduction in consumption resulting from the price increase implemented by the Company in March 2015. This price increase followed the Government's implementation of an excise increase in the same period. Volume recovery is, however, anticipated from various strategic initiatives implemented by Management, as well as from the authorities' continued drive to stem the influx of illicit cigarettes into the Jamaican market which, we believe, will contribute to the creation of a sustained contestable space for the Company's brands. We wish to note the Jamaica Constabulary Force's (JCF) seizure of 154 master cases of counterfeit cigarettes, valued at some \$65 million in December 2015, representing the largest confiscation of counterfeit cigarettes in the Jamaican market. We, therefore, take this opportunity to commend the JCF, and the relevant authorities, for their vigorous efforts towards eliminating illicit trade of cigarettes in Jamaica.

In keeping with our strategy to continue developing and delivering innovative and differentiated products to the Jamaican market, whilst offering our consumers added value from our brands, during September 2015 we launched a new product variant - Craven "A" Special. To date, research as well as consumer feedback, indicates that the product is a well-received addition to the Craven "A" family.

Interest and other investment income and exchange gains totalling \$121.5 million were 22% below the similar period in the prior year. This reduction is the result of the general decline in market interest rates. The lower exchange gains are due mainly to a lower rate of devaluation of the Jamaican dollar.

As communicated in previous quarters, we continue to place significant focus on cost reduction initiatives. This has so far resulted in a decrease in Administrative expenses of 7.6% compared to the same period last year.

Shareholders, I am also pleased to report that the Board of Directors has approved an interim dividend payment of \$1.80 per stock unit to be paid out of accumulated profits on March 17, 2016.

On Behalf of the Board

Marcus Steele
Managing Director

CARRERAS LIMITED & SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the Nine Months ended December 31, 2015

Group Statement of Comprehensive Income						
	Notes	UNAUDITED		UNAUDITED		AUDITED
		9 months to		3 months to		12 months
		Dec-15 S'000	Dec-14 S'000	Dec-15 S'000	Dec-14 S'000	Mar-15 S'000
Operating revenue	4	9,173,946	8,491,496	3,490,206	3,244,991	11,208,369
Cost of operating revenue		(4,753,666)	(4,444,946)	(1,857,358)	(1,713,994)	(5,867,203)
Gross operating profit		4,420,280	4,046,550	1,632,848	1,530,997	5,341,166
Employee benefit expense		-	-	-	-	(11,900)
Interest and other investment income		118,747	113,376	35,270	29,682	146,141
Other operating income:						
Exchange gains		2,750	42,807	(8,600)	19,607	45,591
Other income		55,043	63,210	24,721	(55)	412,822
Distribution and marketing expenses		(625,055)	(586,920)	(244,992)	(76,132)	(737,032)
Administrative expenses		(1,003,245)	(1,085,273)	(321,474)	(512,235)	(1,258,426)
Profit before income tax		2,968,520	2,593,750	1,117,773	991,864	3,938,362
Income tax	5	(693,487)	(627,925)	(228,346)	(228,612)	(995,402)
Profit for the period		2,275,033	1,965,825	889,427	763,252	2,942,960
Other comprehensive income						
Items that will never be reclassified to profit or loss:						
Remeasurement loss on obligation		-	-	-	-	(428,800)
Remeasurement loss on plan assets		-	-	-	-	(400)
Change in effect of asset ceiling		-	-	-	-	379,000
Income tax on other comprehensive income		36,477	59,075	(1,986)	(354)	71,623
Other comprehensive income, net of tax		36,477	59,075	(1,986)	(354)	21,423
Total comprehensive income for the year		2,311,510	2,024,900	887,441	762,898	2,964,383
Profit attributable to:						
Minority interests		139	46	116	21	46
Stockholders in parent		2,274,894	1,965,779	889,311	763,231	2,942,914
		2,275,033	1,965,825	889,427	763,252	2,942,960
Total comprehensive income attributed to:						
Minority interests		139	46	116	21	46
Stockholders in parent		2,311,371	2,024,854	887,325	762,877	2,964,337
		2,311,510	2,024,900	887,441	762,898	2,964,383
Earnings per ordinary stock unit	6	468.63¢	404.95¢	183.20¢	157.22¢	606.24¢

CARRERAS LIMITED & SUBSIDIARIES
GROUP STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

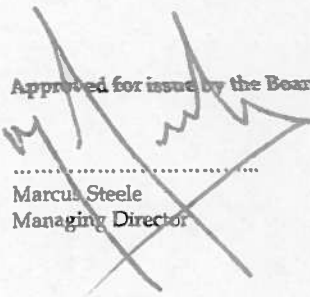
Group Statement of Financial Position			
	Unaudited	Unaudited	Audited
	31-Dec-15	31-Dec-14	31-Mar-15
	\$000	\$000	\$000
Current Assets:			
Cash and cash equivalents	3,038,869	3,061,121	3,724,749
Accounts receivable	699,780	1,468,336	1,345,353
Income tax recoverable	302,550	450,772	422,289
Inventories	358,283	242,902	188,572
	4,399,482	5,223,131	5,680,963
Current Liabilities			
Accounts payable	1,583,679	1,382,126	1,280,569
Income tax payable	1,115,978	783,297	1,218,363
	2,699,657	2,165,423	2,498,932
Net Current Assets	1,699,825	3,057,708	3,182,031
Non-current assets:			
Retirement benefit asset	260,600	196,070	260,600
Property, plant and equipment	267,077	244,704	248,256
	2,227,502	3,498,482	3,690,887
Equity:			
Share capital	121,360	121,360	121,360
Reserves:			
Unappropriated profits	1,834,547	2,865,295	3,028,074
Other	22,322	22,322	22,322
	1,856,869	2,887,617	3,050,396
Total attributable to stockholders of parent	1,978,229	3,008,977	3,171,756
Minority interests	1,149	3,281	3,281
Total equity	1,979,378	3,012,258	3,175,037
Non-current liabilities:			
Deferred taxation liability	20,624	292,124	288,350
Retirement benefit obligation	227,500	194,100	227,500
	2,227,502	3,498,482	3,690,887

Notes

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Approved for issue by the Board of Directors on February 4, 2016 and signed on its behalf by:


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Marcus Steele
Managing Director


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Michael Bernard
Director

CARRERAS LIMITED

Group Statement of Changes in Equity

For the Nine Months ended December 31, 2015

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Balances at March 31, 2014	121,360	4,050,807	22,322	4,194,489	6,734	4,201,223
Profit for the period	-	1,965,779	-	1,965,779	46	1,965,825
Deferred tax on reserves of subsidiaries in liquidation	-	59,075	-	59,075	-	59,075
Total comprehensive income for the period	-	2,024,854	-	2,024,854	46	2,024,900
Transactions with owners						
Transfer tax paid on intra-group distributions	-	(59,860)	-	(59,860)	-	(59,860)
Dividends paid, being total transactions with owners	-	(3,150,506)	-	(3,150,506)	(3,499)	(3,154,005)
Total transactions with owners	-	(3,210,366)	-	(3,210,366)	(3,499)	(3,213,865)
Unaudited Balances at December 31, 2014	121,360	2,865,295	22,322	3,008,977	3,281	3,012,258

Balances at March 31, 2015	121,360	3,028,074	22,322	3,171,756	3,281	3,175,037
Profit for the period	-	2,274,894	-	2,274,894	139	2,275,033
Deferred tax on reserves of subsidiaries in liquidation	-	36,477	-	36,477	-	36,477
Total comprehensive income for the period	-	2,311,371	-	2,311,371	139	2,311,510
Transactions with owners						
Transfer tax paid on intra-group distributions	-	(38,856)	-	(38,856)	-	(38,856)
Dividends paid, being total transactions with owners	-	(3,466,042)	-	(3,466,042)	(2,271)	(3,468,313)
Total transactions with owners	-	(3,504,898)	-	(3,504,898)	(2,271)	(3,507,169)
Unaudited Balances at December 31, 2015	121,360	1,834,547	22,322	1,978,229	1,149	1,979,378

CARRERAS LIMITED
Company Statement of Changes in Equity
For the Nine Months ended December 31, 2015

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
Balances at March 31, 2014	121,360	1,371,813	22,322	1,515,495
Profit for the period	-	2,588,012	-	2,588,012
Total comprehensive income for the period	-	2,588,012	-	2,588,012
Dividends paid, being total transactions with owners	-	(2,082,537)	-	(2,082,537)
Unaudited Balances at December 31, 2014	121,360	1,877,287	22,322	2,020,970

Balances at March 31, 2015	121,360	1,760,455	22,322	1,904,137
Profit for the period	-	3,142,190	-	3,142,190
Total comprehensive income for the period	-	3,142,190	-	3,142,190
Dividends paid, being total transactions with owners	-	(3,466,042)	-	(3,466,042)
Unaudited Balances at December 31, 2015	121,360	1,436,603	22,322	1,580,285

CARRERAS LIMITED & SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

For the Nine Months ended December 31, 2015

	Group Statement of Cash Flows		
	UNAUDITED		AUDITED
	9 months to		12 months
	31-Dec-15	31-Dec-14	31-Mar-15
	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Net profit for the period	2,275,033	1,965,825	2,942,960
Items not affecting cash	622,392	541,130	583,809
	2,897,425	2,506,955	3,526,769
Changes in working capital	(173,761)	431,686	462,351
Cash provided by operating activities	2,723,664	2,938,641	3,989,120
Cash provided by investing activities	56,018	31,485	398,712
Cash used by financing activities	(3,468,313)	(3,154,005)	(3,930,709)
(Decrease)/Increase in cash and cash equivalents	(688,630)	(183,879)	457,123
Effect of exchange rate changes on cash and cash equivalents	2,750	22,965	45,591
Cash and cash equivalents, at beginning of period	3,724,749	3,222,035	3,222,035
Cash and cash equivalents, at end of period	3,038,869	3,061,121	3,724,749

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Unaudited Financial Statements Nine Months ended December 31, 2015

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 and the registered office of the company is 13A Ripon Road, Kingston 5, 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 Company's 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 three 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. Operating Revenue

Operating revenue for the group and the company represents the invoiced value of products and services sold and include special consumption tax aggregating \$3,930,820,000 (2014: \$3,642,860,000).

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Unaudited Financial Statements (continued) Nine Months ended December 31, 2015

5. Income Tax

Income tax for the period comprises current and deferred tax based upon taxable profits.

6. 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.

7. Share Capital

	<u>2015</u> \$'000	<u>2014</u> \$'000
Authorised:		
485,440,000 (2014: 485,440,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
485,440,000 (2014: 485,440,000) ordinary shares of no par value	<u>121,360</u>	<u>121,360</u>

8. Deferred Tax

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

9. Dividends and Distributions

	<u>2015</u> \$'000	<u>2014</u> \$'000
Declared and paid:		
First quarter ended June 30, 2015		
Ordinary - 200¢ (2014: 175¢)	970,880	849,520
Second quarter ended September 30, 2015		
Ordinary - 120¢ (2014: 120¢)	582,528	582,528
Special Interim distribution - 60¢ (2014: 134¢)	291,264	650,490
Third quarter ended December 31, 2015		
Ordinary - 140¢ (2014: 120¢)	679,616	582,528
Special interim distribution - 194¢ (2014: 100¢)	941,754	485,440
Distribution to non-controlling interests, net	<u>2,271</u>	<u>3,499</u>
	<u>3,468,313</u>	<u>3,154,005</u>

10. 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, subsequently renamed Tax Administration Jamaica (TAJ), for the years 1997 to 2002 amounting to \$5.68 billion. CCJ appealed the assessment. Whilst the appeal was in progress, CCJ paid an amount of \$1.73 billion to TAJ.

On March 13, 2012, after a series of judgements 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.

On December 30, 2013, the company reached an agreement with the TAJ and the Ministry of Finance & Planning, to recover the \$1.73 billion plus interest of \$1.79 billion on the outstanding sum.

At March 31, 2015 a balance of \$0.87 billion was due in respect of the agreement which was fully settled in the quarter ended June 30, 2015.

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Unaudited Financial Statements (continued)
Nine Months ended December 31, 2015

11. Subsequent Event

On February 1, 2016, the Company undertook a Trade Marketing and Distribution restructuring exercise as part of a bid to streamline operations and improve efficiency and overall effectiveness. This exercise was carried out in keeping with Regulation 11 of the Employment (Termination and Redundancy Payments) Act, 1974 (as amended) and Company policies.