



**On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the SIX MONTHS ended September 30, 2015.**

**Performance Highlights are:**

	6 months to 9/30/2015 \$M	6 months to 9/30/2014 \$M	% Change
Gross Operating Revenue	5,683.7	5,246.5	8%
Total Operating Revenue	5,714.1	5,272.7	8%
Interest and Other Investment Income and Exchange Gains	94.8	106.9	-11%
Net Income	1,385.6	1,165.5	19%
EPS	285.4	240.1	19%

Carreras Limited reported total operating income of \$5,714.1 million and a net income of \$1,385.6 million for the six months ended September 30, 2015. These results compare favourably to the corresponding period last year as operating income and net income achieved growth of 8% and 19% respectively. The Company's performance was attributable to a combination of increased revenues as well as a reduction in costs.

Overall, volumes for the first half of the financial year have decreased over last year due mainly to additional trade demand experienced in the March 2015 quarter of our preceding financial year-end. This was as a result of the impact of the price increase implemented in March 2015 due to the increase in the excise rate. The company however, anticipates that with the focus on its route to market strategy to drive efficiencies through the supply chain and the authorities continuing their drive to contain the influx of illicitly traded cigarettes into the domestic market; cigarette sales should continue to experience recovery throughout the rest of the year.

In keeping with our strategy to continue to develop and utilise innovative, differentiated products and offer our consumers added value from our brands, during September 2015 the Company launched a new product variant - Craven "A" Special. Craven "A" Special offers consumers a differentiated tobacco experience with focus on the reconstituted paper.

Interest and other investment income and exchange gains totaling \$94.8 million were 11% below the similar period in the prior year. For interest and investment income, the impact from the general decline in market interest rates was offset by increased cash levels held by the Company whilst decreases in exchange gains were due mainly to a reduction in the rate of depreciation of the Jamaican dollar.

The Company's continued focus on cost reduction initiatives led to a decrease in operating costs compared to the same period last year. This was achieved in spite of the challenging economic environment.

Shareholders, I am also pleased to report that the Board of Directors has approved an interim dividend payment of \$1.40 per stock unit to be paid out of accumulated profits on December 10, 2015. In addition the Board of Directors has approved an interim special cash distribution of \$1.94 per stock unit to be paid out of the proceeds received from the liquidation of a subsidiary, pending the granting of transfer tax exemption pursuant to the Transfer Tax Act to be paid on December 17, 2015.

On behalf of the Board

Marcus Steele  
Managing Director

CARRERAS LIMITED & SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the Six Months ended September 30, 2015

Group Statement of Comprehensive Income						
	Notes	UNAUDITED		UNAUDITED		AUDITED
		6 months		3 months to		12 months
		Sep-15 S'000	Sep-14 S'000	Sep-15 S'000	Sep-14 S'000	Mar-15 S'000
Operating revenue	4	5,683,740	5,246,505	3,063,056	2,656,711	11,208,369
Cost of operating revenue		(2,896,308)	(2,730,952)	(1,561,834)	(1,398,328)	(5,867,203)
<b>Gross operating profit</b>		<b>2,787,432</b>	<b>2,515,553</b>	<b>1,501,222</b>	<b>1,258,383</b>	<b>5,341,166</b>
Employee benefit expense		-	-	-	-	(11,900)
Interest and other investment income		83,477	83,694	41,278	32,565	146,141
Other operating income:				-	-	
Exchange gains		11,350	23,200	469	6,840	45,591
Other income		30,322	26,154	23,793	47,132	412,822
Distribution and marketing expenses		(380,063)	(375,857)	(215,798)	(191,139)	(737,032)
Administrative expenses		(681,771)	(707,968)	(325,423)	(336,332)	(1,258,426)
<b>Profit before income tax</b>		<b>1,850,747</b>	<b>1,564,776</b>	<b>1,025,541</b>	<b>817,449</b>	<b>3,938,362</b>
Income tax	5	(465,141)	(399,313)	(262,829)	(203,766)	(995,402)
Profit for the period		<b>1,385,606</b>	<b>1,165,463</b>	<b>762,712</b>	<b>613,683</b>	<b>2,942,960</b>
<b>Other comprehensive income</b>				-	-	
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		38,463	59,429	38,886	(48)	71,623
<b>Other comprehensive income, net of tax</b>		<b>38,463</b>	<b>59,429</b>	<b>38,886</b>	<b>(48)</b>	<b>21,423</b>
Total comprehensive income for the year		<b>1,424,069</b>	<b>1,224,892</b>	<b>801,598</b>	<b>613,635</b>	<b>2,964,383</b>
Profit attributable to:				-	-	
Minority interests		23	25	(2)	3	46
Stockholders in parent		1,385,583	1,165,438	762,714	613,680	2,942,914
		<b>1,385,606</b>	<b>1,165,463</b>	<b>762,712</b>	<b>613,683</b>	<b>2,942,960</b>
Total comprehensive income attributed to:				-	-	
Minority interests		23	25	(2)	3	46
Stockholders in parent		1,424,046	1,224,867	801,600	613,632	2,964,337
		<b>1,424,069</b>	<b>1,224,892</b>	<b>801,598</b>	<b>613,635</b>	<b>2,964,383</b>
Earnings per ordinary stock unit	6	<b>285.43¢</b>	<b>240.08¢</b>	<b>157.12¢</b>	<b>126.42¢</b>	<b>606.24¢</b>

CARRERAS LIMITED & SUBSIDIARIES

GROUP STATEMENT OF FINANCIAL POSITION

As at September 30, 2015

Group Statement of Financial Position			
	Unaudited	Unaudited	Audited
	30-Sep-15	30-Sep-14	31-Mar-15
	\$000	\$000	\$000
<b>Current Assets</b>			
Cash and cash equivalents	3,455,230	2,931,051	3,724,749
Accounts receivable	456,821	1,737,524	1,345,353
Income tax recoverable	603,173	600,758	422,289
Inventories	383,157	376,290	188,572
	<b>4,898,381</b>	<b>5,645,623</b>	<b>5,680,963</b>
<b>Current Liabilities</b>			
Accounts payable	1,262,612	1,590,629	1,280,569
Income tax payable	1,188,465	807,543	1,218,363
	<b>2,451,077</b>	<b>2,398,172</b>	<b>2,498,932</b>
<b>Net Current Assets</b>	<b>2,447,304</b>	<b>3,247,452</b>	<b>3,182,031</b>
<b>Non-current assets:</b>			
Retirement benefit asset	260,600	349,300	260,600
Property, plant and equipment	261,175	187,489	248,256
	<b>2,969,079</b>	<b>3,784,241</b>	<b>3,690,887</b>
<b>Equity:</b>			
Share capital	121,360	121,360	121,360
Reserves:			
Unappropriated profits	2,568,592	3,133,276	3,028,074
Other	22,322	22,322	22,322
	<b>2,590,914</b>	<b>3,155,598</b>	<b>3,050,396</b>
<b>Total attributable to stockholders of parent</b>	<b>2,712,274</b>	<b>3,276,958</b>	<b>3,171,756</b>
Minority interests	1,033	3,260	3,281
<b>Total equity</b>	<b>2,713,307</b>	<b>3,280,218</b>	<b>3,175,037</b>
<b>Non-current liabilities:</b>			
Deferred taxation liability	28,272	309,923	288,350
Retirement benefit obligation	227,500	194,100	227,500
	<b>2,969,079</b>	<b>3,784,241</b>	<b>3,690,887</b>

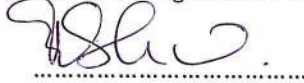
Notes

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Approved for issue by the Board of Directors on November 12, 2015 and signed on its behalf by:

  
 .....  
 Marcus Steele  
 Managing Director

  
 .....  
 Janene Shaw  
 Finance Director

CARRERAS LIMITED

Group Statement of Changes in Equity

For the Six Months ended September 30, 2015

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
<b>Balances at March 31, 2014</b>	121,360	4,050,807	22,322	4,194,489	6,734	4,201,223
Profit for the period	-	1,165,438	-	1,165,438	25	1,165,463
Deferred tax on reserves of subsidiaries in liquidation	-	59,429	-	59,429	-	59,429
<b>Total comprehensive income for the period</b>	-	1,224,867	-	1,224,867	25	1,224,892
<b>Transactions with owners</b>						
Transfer tax paid on intra-group distributions	-	(59,860)	-	(59,860)	-	(59,860)
Dividends paid, being total transactions with owners	-	(2,082,538)	-	(2,082,538)	(3,499)	(2,086,037)
Total transactions with owners	-	(2,142,398)	-	(2,142,398)	(3,499)	(2,145,897)
<b>Unaudited Balances at September 30, 2014</b>	121,360	3,133,276	22,322	3,276,958	3,260	3,280,218

<b>Balances at March 31, 2015</b>	121,360	3,028,074	22,322	3,171,756	3,281	3,175,037
Profit for the period	-	1,385,583	-	1,385,583	23	1,385,606
Deferred tax on reserves of subsidiaries in liquidation	-	38,463	-	38,463	-	38,463
<b>Total comprehensive income for the period</b>	-	1,424,046	-	1,424,046	23	1,424,069
<b>Transactions with owners</b>						
Transfer tax paid on intra-group distributions	-	(38,856)	-	(38,856)	-	(38,856)
Dividends paid, being total transactions with owners	-	(1,844,672)	-	(1,844,672)	(2,271)	(1,846,943)
Total transactions with owners	-	(1,883,528)	-	(1,883,528)	(2,271)	(1,885,799)
<b>Unaudited Balances at September 30, 2015</b>	121,360	2,568,592	22,322	2,712,274	1,033	2,713,307

**CARRERAS LIMITED**  
**Company Statement of Changes in Equity**  
**For the Six Months ended September 30, 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	-	2,013,043	-	2,013,043
Total comprehensive income for the period	-	2,013,043	-	2,013,043
Dividends paid, being total transactions with owners	-	(849,520)	-	(849,520)
Unaudited Balances at September 30, 2014	121,360	2,535,335	22,322	2,679,018

Balances at March 31, 2015	121,360	1,760,455	22,322	1,904,137
Profit for the period	-	2,306,840	-	2,306,840
Total comprehensive income for the period	-	2,306,840	-	2,306,840
Dividends paid, being total transactions with owners	-	(1,844,672)	-	(1,844,672)
Unaudited Balances at September 30, 2015	121,360	2,222,623	22,322	2,366,305

CARRERAS LIMITED & SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

For the Six Months ended September 30, 2015

<b>Group Statement of Cash Flows</b>			
	<b>UNAUDITED</b>		<b>AUDITED</b>
	<b>6 months</b>		<b>12 months</b>
	<b>30-Sep-15</b>	<b>30-Sep-14</b>	<b>31-Mar-15</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>			
Net profit for the period	1,385,606	1,165,463	2,942,960
Items not affecting cash	403,826	333,871	583,809
	1,789,432	1,499,334	3,526,769
Changes in working capital	(262,462)	209,472	462,351
Cash provided by operating activities	1,526,970	1,708,806	3,989,120
Cash provided by investing activities	39,104	71,878	398,712
Cash used by financing activities	(1,846,943)	(2,086,036)	(3,930,709)
(Decrease)/Increase in cash and cash equivalents	(280,869)	(305,352)	457,123
Effect of exchange rate changes on cash and cash equivalents	11,350	14,368	45,591
Cash and cash equivalents, at beginning of period	3,724,749	3,222,035	3,222,035
<b>Cash and cash equivalents, at end of period</b>	<b>3,455,230</b>	<b>2,931,051</b>	<b>3,724,749</b>

## CARRERAS LIMITED AND SUBSIDIARIES

### Notes to the Unaudited Financial Statements Six Months ended September 30, 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 \$2,416,237,000 (2014: \$2,237,694,000).

## 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>	<u>2014</u>
	\$'000	\$'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>	<u>2014</u>
	\$'000	\$'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
Distribution to non-controlling interests, net	2,271	3,499
	<u>1,846,943</u>	<u>2,086,037</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 31 March 2015, a balance of \$0.87 billion was due from the agreement.

During the quarter ended 30 June 2015, TAJ refunded to CCJ by issuing offsets against the estimated tax liability of Carreras Limited the full amount of \$0.87 billion.



## CARRERAS LIMITED

Quarter ended September 30, 2015

### SHARE CAPITAL:

Authorised	485,440,000 Shares
Issued:	485,440,000 Shares

### CONTROLLING PERSONS

Rothmans Holdings (Caricom) Limited	244,650,826
Sagicor PIF Equity Fund	31,708,975
National Insurance Fund	21,966,721
L.B.J. Overseas Ltd.	10,053,450
SJIML A/C 3119	9,279,436
JCSD Trustee Services Ltd. – SIGMA OPTIMA	6,485,000
Grace Kennedy Limited Pension Scheme	5,850,062
NCB Insurance Co. Ltd. A/c WT109	4,750,000
ATL Group Pension Fund Trustees Nominees Limited	4,300,000
Khrone Fund LP	<u>4,227,576</u>
Total	<u>343,272,046</u>

### DIRECTORS & CONNECTED PERSONS

	<u>Stock Units Held</u>
Mr. Michael Bernard	Nil
Mrs. Amanda Cavill de Zavaley	Nil
Mr. Eduardo Castaneda	Nil
Mr. Oliver Holmes	Nil
Hon. William McConnell, O.J.	Nil
Mrs. Janene Shaw	Nil
Mr. Marcus Steele	Nil

### Executive & Senior Management:

Mr. Marcus Steele	Nil
Mrs. Janene Shaw	Nil
Mr. Christopher Brown	Nil
Mrs. Monique Blake	Nil
Mrs. Heather Bulgin-Williams	Nil