



CARRERAS LIMITED

CARRERAS LIMITED AND SUBSIDIARIES

Statement of Group Revenue and Expenses
Year ended MARCH 31, 2008

	AUDITED	
	12 months	
	March-08	March-07
	\$'000	\$'000
Operating revenue	9,037,241	7,005,159
Cost of operating revenue	(3,103,185)	(2,696,393)
Gross operating profit	5,934,056	4,308,766
Other operating income	1,071,568	865,103
	7,005,624	5,173,869
Distribution and marketing expenses	(598,563)	(620,511)
Administrative expenses	(579,326)	(515,475)
	(1,177,889)	(1,135,986)
Profit before income tax	5,827,735	4,037,883
Income tax	(1,827,715)	(1,270,968)
Profit for the year	4,000,020	2,766,915
Profit after tax from continuing operations	4,000,020	2,768,612
Loss after tax from discontinued operations	-	(1,697)
Profit for the year	4,000,020	2,766,915
Attributable to:		
Minority interests	1,002	968
Stockholders in parent	3,999,018	2,765,947
	4,000,020	2,766,915
Earnings per ordinary stock unit	823.8¢	569.8¢

CARRERAS LIMITED

Statement of Company Revenue and Expenses Year ended MARCH 31, 2008

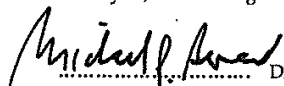
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	12 months	
	March-08	March-07
	\$'000	\$'000
Operating revenue	9,037,241	7,005,159
Cost of operating revenue	(3,103,185)	(2,696,393)
Gross operating profit	5,934,056	4,308,766
Other operating income	474,647	254,980
Distribution/dividends from subsidiaries	-	399,067
	6,408,703	4,962,813
Expenses:		
Administrative, distribution and marketing	(1,150,012)	(1,087,043)
Restructuring	-	(21,110)
	(1,150,012)	(1,108,153)
Profit before income tax	5,258,691	3,854,660
Income tax	(1,690,436)	(1,146,572)
Profit for the year	3,568,255	2,708,088

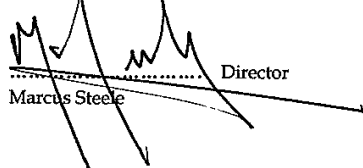
CARRERAS LIMITED AND SUBSIDIARIES

GROUP BALANCE SHEET
MARCH 31, 2008

	Audited 31-Mar-08 \$000	Audited 31-Mar-07 \$000
Current Assets		
Cash and cash equivalents	3,294,224	3,720,014
Resale Agreements	4,961,715	4,233,379
Short-Term investments	-	213,231
Accounts receivable	219,966	180,473
Income tax recoverable	254,807	280,411
Inventories	105,916	233,955
	<u>8,836,628</u>	<u>8,861,463</u>
Current Liabilities		
Accounts payable	744,018	613,273
Income tax payable	1,629,400	1,176,235
	<u>2,373,418</u>	<u>1,789,508</u>
Net Current Assets	6,463,210	7,071,955
Non-current assets:		
Retirement benefit asset	230,300	159,500
Income tax recoverable	1,733,137	
Property, plant and equipment	79,945	83,560
	<u>8,506,592</u>	<u>7,315,015</u>
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	4,378,023	2,632,770
Capital	49,358	470,754
Investments revaluation	-	197,936
Other	3,341,286	3,341,286
	<u>7,768,667</u>	<u>6,642,746</u>
Total attributable to stockholders of the parent	7,890,027	6,764,106
Minority interests	14,601	13,599
Total equity	7,904,628	6,777,705
Non-current liabilities:		
Deferred tax liability	527,464	474,210
Retirement benefit obligation	74,500	63,100
	<u>8,506,592</u>	<u>7,315,015</u>

The financial statements were approved for issue by the Board of Directors on May 20, 2008 and signed on its behalf by:


..... Director
Michael Bernard

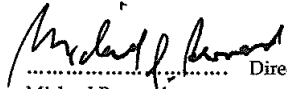

..... Director
Marcus Steele

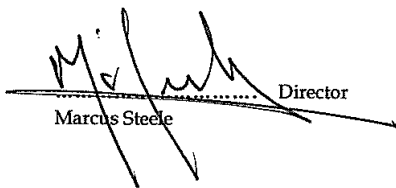
CARRERAS LIMITED

**Company Balance Sheet
MARCH 31, 2008**

	Audited 31-Mar-08 \$000	Audited 31-Mar-07 \$000
Current Assets		
Cash and cash equivalents	1,317,938	1,036,593
Resale Agreements	2,233,206	924,721
Short-term investments	-	213,231
Accounts receivable	200,517	141,782
Income tax recoverable	60,101	74,057
Due from subsidiary companies	994	-
Inventories	105,916	233,955
	3,918,672	2,624,339
Current Liabilities		
Accounts payable	730,940	600,732
Income tax payable	1,393,691	926,432
	2,124,631	1,527,164
Net Current Assets	1,794,041	1,097,175
Non-current assets:		
Investment in subsidiary companies	206,294	206,294
Retirement benefit asset	230,300	159,500
Property, plant and equipment	86,871	90,259
	2,317,506	1,553,228
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	2,049,591	702,938
Capital	18,903	440,299
Investments revaluation	-	197,936
	2,068,494	1,341,173
Total Equity	2,189,854	1,462,533
Non-current liabilities:		
Deferred tax liability	53,152	27,595
Retirement benefit obligation	74,500	63,100
	2,317,506	1,553,228

The financial statements were approved for issue by the Board of Directors on May 20, 2008 and signed on its behalf by:


..... Director
Michael Bernard


..... Director
Marcus Steele

CARRERAS LIMITED
Statement of Changes in Equity
Year ended March 31, 2008 - AUDITED
The Group

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Investments revaluation reserve \$'000	Other reserve \$'000	Total attributable to equity holders of the parent \$'000	Minority Interest \$'000	Total \$'000
Balance at March 31, 2006	121,360	2,645,288	101,617	227,262	3,341,286	6,436,813	13,569	6,450,382
Change in fair values of Available For Sale Investments being gains not recognised in statement of revenue and expenses	-	-	-	60,537	-	60,537	(5)	60,532
Gains released from reserves on sale of investments	-	-	-	(89,863)	-	(89,863)	-	(89,863)
Profit for the year	-	2,765,947	-	-	-	2,765,947	968	2,766,915
Total recognised gains for the year	-	2,765,947	-	(29,326)	-	2,736,621	963	2,737,584
Dividends paid	-	(2,378,656)	-	-	-	(2,378,656)	(933)	(2,379,589)
Transfer of amount equivalent to intra-group capital distribution	-	(399,067)	399,067	-	-	-	-	-
Transfer tax on capital distribution received	-	-	(29,930)	-	-	(29,930)	-	(29,930)
Deferred tax on reserves of subsidiaries in liquidation	-	(742)	-	-	-	(742)	-	(742)
Net movement for the year	-	(12,518)	369,137	(29,326)	-	327,293	30	327,323
Balance at March 31, 2007	121,360	2,632,770	470,754	197,936	3,341,286	6,764,106	13,599	6,777,705
Gains released from reserves on sale of investments	-	-	-	(197,936)	-	(197,936)	-	(197,936)
Profit for the year	-	3,999,018	-	-	-	3,999,018	1,002	4,000,020
Total recognised gains for the year	-	3,999,018	-	(197,936)	-	3,801,082	1,002	3,802,084
Dividends paid	-	(1,941,760)	(701,238)	-	-	(2,642,998)	-	(2,642,998)
Transfer of amount equivalent to gains on disposal of equity investments	-	(279,842)	279,842	-	-	-	-	-
Deferred tax on reserves of subsidiaries in liquidation	-	(32,163)	-	-	-	(32,163)	-	(32,163)
Net movement for the year	-	1,745,253	(421,396)	(197,936)	-	1,125,921	1,002	1,126,923
Balance at March 31, 2008	121,360	4,378,023	49,358	-	3,341,286	7,990,027	14,601	7,904,628

CARRERAS LIMITED
Statement of Changes in Equity
Year ended March 31, 2008 - AUDITED

The Company

	Share Capital \$'000	Unappropriated profits \$'000	Capital Reserves \$'000	Investment revaluation reserves \$'000	Total \$'000
Balance at March 31, 2006	121,360	742,643	71,162	221,746	1,156,911
Change in fair values of available for sale investments	-	-	-	66,053	66,053
Disposal of equity Investments transferred to P&L	-	-	-	(89,863)	(89,863)
Profit for the year	-	2,708,088	-	-	2,708,088
Total recognised gains for the year	-	2,708,088	-	(23,810)	2,684,278
Dividends paid	-	(2,378,656)	-	-	(2,378,656)
Transfer of amount equivalent to intra-group capital distribution	-	(369,137)	369,137	-	-
Net movement for the year	-	(39,705)	369,137	(23,810)	305,622
Balance at March 31, 2007	121,360	702,938	440,299	197,936	1,462,533
Disposal of equity investment transferred to P&L	-	-	-	(197,936)	(197,936)
Profit for the year	-	3,568,255	-	-	3,568,255
Total recognised gains for the year	-	3,568,255	-	(197,936)	3,370,319
Dividends paid	-	(1,941,760)	(701,238)	-	(2,642,998)
Transfer of amount equivalent to gains on disposal of equity investments	-	(279,842)	279,842	-	-
Net movement for the year	-	1,346,653	(421,396)	(197,936)	727,321
Balance at March 31, 2008	121,360	2,049,591	18,903	-	2,189,854

CARRERAS LIMITED

Statement of Group Cash Flows
Year ended March 31, 2008

	AUDITED	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	4,000,020	2,766,915
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	22,555	24,913
Retirement benefits	(59,400)	(61,900)
Impairment	-	13,118
Income tax expense	1,827,715	1,270,968
Unrealised gain on exchange	(167,855)	(124,088)
Minority Interest	-	(5)
(Gain)/loss on disposal of property, plant and and equipment, investments and investment properties	(199,669)	(102,715)
Investment income earned	(690,840)	(657,919)
Operating profit before changes in working capital and provisions	4,732,526	3,129,287
Changes in:		
Accounts receivable	(41,910)	34,163
Inventories	128,039	(99,708)
Accounts payable	130,745	114,431
Provisions	-	(9,273)
Cash generated from operations	4,949,400	3,168,900
Income tax paid	(3,060,992)	(1,089,706)
Net cash provided by operating activities	1,888,408	2,079,194
Cash flows from investing activities		
Investments	(728,336)	(1,365,802)
Investment income received	693,256	655,242
Additions to property, plant and equipment	(19,311)	(28,995)
Proceeds of disposal of property, plant and equipment, investments and investment properties	215,336	127,427
Net cash provided/(used) by investing activities	160,945	(612,128)
Cash flows from financing activities		
Dividends paid	(2,621,376)	(5,098,053)
Transfer tax paid on capital distribution	(21,622)	(29,930)
Net cash used by financing activities	(2,642,998)	(5,127,983)
Net increase/(decrease) in cash and cash equivalents before effect of foreign exchange rate changes	(593,645)	(3,660,917)
Effect of foreign exchange rate changes on cash and cash equivalents	167,855	124,088
Cash and cash equivalents at beginning of year	3,720,014	7,256,843
Cash and cash equivalents at end of year	3,294,224	3,720,014

CARRERAS LIMITED

Statement of company cash flows
Year ended March 31, 2008

	AUDITED	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	3,568,255	2,708,088
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	22,328	32,670
Retirement benefits	(59,400)	(61,900)
Impairment	-	16,673
(Gain)/loss on disposal of property, plant and and equipment, investments and investment properties	(199,669)	(102,715)
Exchange gain	(11,604)	(14,284)
Income tax expense	1,690,436	1,146,572
Investment income earned	(250,171)	(159,611)
	4,760,175	3,565,493
Changes in:		
Accounts receivable	(49,173)	25,046
Inventories	128,038	(99,708)
Accounts payable	130,208	113,261
Income tax paid	(1,183,666)	(957,147)
Net cash provided by operating activities	3,785,582	2,646,945
Cash flows from investing activities		
Decrease in investments	(1,308,485)	(284,899)
Investment income received	239,617	166,353
Additions to property, plant and equipment	(19,311)	(21,427)
Proceeds of disposal of property, plant and equipment, investments and investment properties	215,336	119,859
Net cash provided by investing activities	(872,843)	(20,114)
Cash flows from financing activities		
Dividends paid	(2,621,376)	(5,097,120)
Transfer tax paid on intra-group capital distribution	(21,622)	-
Net cash used by financing activities	(2,642,998)	(5,097,120)
Net increase/(decrease) in cash and cash equivalents before effect of foreign exchange rate changes	269,741	(2,470,289)
Effect of foreign exchange rate changes	11,604	14,284
Cash and cash equivalents at beginning of year	1,036,593	3,492,598
Cash and cash equivalents at end of year	1,317,938	1,036,593

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

March 31, 2008

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.

The company changed its name from Carreras Group Limited to Carreras Limited on September 12, 2006.

2. (a) Basis of Preparation

The financial statements are presented on the historical cost basis except for the inclusion of available-for-sale financial assets at fair value. 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 judgements:

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, 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 year 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates.

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 judgements 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 judgements in applying the group's and the company's accounting policies.

3. Revenue Recognition

Revenue from the sale of goods is recognised in the Group Profit and Loss when the significant risks and rewards of ownership have been transferred to the buyer. Operating revenue represents the invoiced value of products and services sold by the Group. The results for the year ended March 31, 2008 include a one-off capital gain on the disposal of equity investments in the amount of J\$ 195.9 million.

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

A subsidiary, Cigarette Company of Jamaica Limited (in voluntary liquidation) (CCJ), received income tax assessments in respect of the years 1997 to 2002 from the Commissioner, Taxpayer Audit & Assessment totalling \$5,716 million, being income tax of \$2,172 million and penalties of \$3,544 million.

CCJ, after due consultation with its legal representatives, appealed the assessment on the basis that the facts showed that loans, and not distributions, were made to CGL over the period and that there were no facts to support the basis of the assessments and the penalties imposed.

In the judgment which was handed down on Wednesday, 31 October 2007, CCJ's appeal was dismissed but the matter of the penalty of J\$3,544 million was remitted to the Commissioner with a recommendation that the Commissioner impose either a nil penalty or a nominal one in an amount not exceeding 5% of the total tax payable.

The Commissioner acting on the recommendation of the Revenue Court, imposed a penalty of 5% of total tax payable amounting to \$108.6 million. The total amount paid to the Commissioner was \$1,733.1 million being the tax and penalty amounting to \$2,280.6 million less the transfer tax of \$547.5 million paid on the capital distribution made by CCJ.

The legal representatives of CCJ have advised that the judgment of the Revenue Court as it relates to the tax assessment ought to be appealed as they remain of the view that there is no proper basis in law for the assessment and it ought to be discharged. Based on this advice, CCJ filed an appeal with the Court of Appeal in December 2007.

The amount paid of J\$1,733.1 million has been reflected in the financial statements as taxation recoverable.

8. Contingency

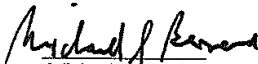
A dispute arose from a subsidiary's termination of a management agreement, effective March 4, 2003, and this dispute was submitted to arbitration.

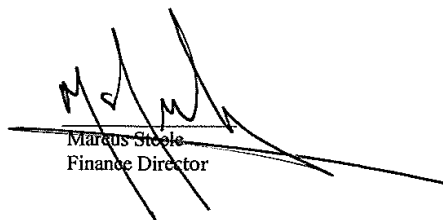
On July 16, 2004, the arbitrator ordered the company to pay the other party the amount of \$370.7 million together with interest and costs. The company complied and, on May 31, 2005, made the required payment of \$448.7 million.

An appeal to the Supreme Court was heard and the arbitration ruling was upheld. The company has now appealed to the Court of Appeal to set aside this award or alternatively to reduce the amount of the award.

By agreement between the parties, bank guarantees have been issued securing the repayment to the company of the monies paid, in the event of a positive outcome on appeal.

ON BEHALF OF THE BOARD


Michael Bernard
Managing Director


Marcus Steele
Finance Director

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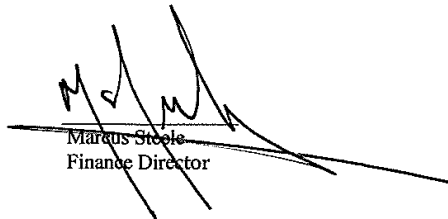
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ON BEHALF OF THE BOARD


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Managing Director


Marcus Steele
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