



CARRERAS LIMITED

On behalf of the Board of Directors, I am pleased to report the following un-audited financial results for the Third quarter ended December 31, 2008.

Third Quarter 2008 Performance Highlights are:

	Unaudited			Unaudited		
	Discrete			Cumulative		
	Q3 2008	Q3 2007		Q3 2008	Q3 2007	
	\$000	\$000		\$000	\$000	
Gross operating revenue	2,778,265	2,399,336	15.8%	7,447,562	6,544,936	13.8%
Total operating income	2,863,202	2,410,042	18.8%	7,571,832	6,702,882	13.0%
Interest and other investment income	135,126	173,474	-22.1%	424,493	715,131	-40.6%
Net income	803,660	859,449	-6.5%	2,342,266	2,847,498	-17.7%
EPS	165.5	177.0	-6.5%	482.5	586.4	-17.7%

Carreras Limited achieved total operating income of \$2,863.2 million for the third quarter and \$7,571.8 million for the nine month period ended December 31, 2008. This represents an increase of 18.8% and 13.0 %, respectively, above the same periods last year.

The Company, however, delivered \$803.7 million and \$2,342.3 million in net income, for the third quarter and for the nine month period ended December 31, 2008, respectively. This represents a decline of 6.5% and 17.7 %, respectively, over the same periods of 2007.

As reported in the previous quarter, April to September 2008, cigarette sales volume was below April to September 2007 and for the third quarter, October to December, volume also declined relative to the nine month period of 2007, bringing the total volume decline to 13.4% for the period.

The unprecedented level of increase of over 100% in Special Consumption Tax implemented in April 2008 led to a significant price increase in our cigarettes within a very challenging macro-economic environment. This is responsible for the decline in sales volume and its consequential impact on the financial performance. Also this increase, in addition to the significant reduction in interest income, has resulted in a 17.7% reduction in net income for the period.

Going forward, the company's performance will continue to be exposed to increased tobacco taxes and the competition for disposable income of our

consumers, as well as to the effect of other tobacco brands that evade taxes and regulatory requirements.

During the nine month period, the company's sales volumes were also negatively impacted by tropical storm 'Gustav' in September 2008 and by the real decline in consumer purchasing power caused by the current global challenges and the impact on the local macro-economic environment.

Also, having made another significant capital distribution in June 2008 to shareholders, cash available for investment has declined. Interest and other investment income reported were \$135.1 million and \$424.5 million for the third quarter and for the period ended December 31, 2008 respectively. These represent declines of 22.1% and 40.6 %, respectively, over the same periods of 2007.

As a result of a reduction in cash holdings, the Company expects that there will be reduced interest and other investment income in future periods.

During the first two quarters of our financial year, the Board of Directors approved two interim dividend payments totalling \$2.00 per stock unit. I am pleased to report that the Board of Directors, in our meeting held on February 10, 2009, approved a third interim dividend of \$4.00 per stock unit. This will take the total interim dividend for the period, which will be paid from accumulated retained profit, to \$6.00 per stock unit.

As the company faces the sharp economic downturn, we will continue to place emphasis on improving our marketing and distribution capabilities and opportunities, in order to continue delivering superior customer service and ensuring the availability of high quality brands for our consumers. We will also continue to support the local authorities in addressing the matter of illicit trade in cigarettes in Jamaica in an effort to limit its impact on the legal tax paying industry.

Carreras remained committed to maintaining a high standard of Corporate Social Responsibility. The company continued its support for various activities aimed at empowering individuals and communities.

We are pleased to note that in December 2008, the Company received the Jamaica Stock Exchange's Best Performing Company Award for 2007 from a field of over 50 listed companies.

On behalf of the Board

Chairman



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For Nine Months ended DECEMBER 31, 2008

GROUP PROFIT & LOSS ACCOUNT					
	UNAUDITED		UNAUDITED		AUDITED
	9 months to		3 months to		12 months
	December-08 S'000	December-07 S'000	December-08 S'000	December-07 S'000	March-08 S'000
Gross operating revenue	7,447,562	6,544,936	2,778,265	2,399,336	9,037,241
Cost of operating revenue	(3,403,213)	(2,243,294)	(1,325,925)	(827,325)	(3,103,185)
Gross operating profit	4,044,349	4,301,642	1,452,340	1,572,011	5,934,056
Interest and other investment income	424,493	715,131	135,126	173,474	886,739
Other operating income:					
Exchange gains	112,378	138,020	82,778	9,193	167,855
Other income	11,892	19,926	2,159	1,513	16,974
Distribution and marketing expenses	(515,849)	(479,866)	(209,799)	(235,969)	(598,563)
Administrative expenses	(609,403)	(523,387)	(293,132)	(235,051)	(579,326)
Profit before income tax	3,467,861	4,171,466	1,169,473	1,285,172	5,827,736
Income tax	(1,125,595)	(1,323,968)	(365,813)	(425,723)	(1,827,715)
Profit for the period	2,342,266	2,847,498	803,660	859,449	4,000,021
Attributable to:					
Minority interests	173	822	44	180	1,002
Stockholders in parent	2,342,093	2,846,676	803,616	859,269	3,999,019
	2,342,266	2,847,498	803,660	859,449	4,000,021
Earnings per ordinary stock unit of 25c each	482.5¢	586.4¢	165.5¢	177.0¢	823.8¢

CARRERAS LIMITED & SUBSIDIARIES

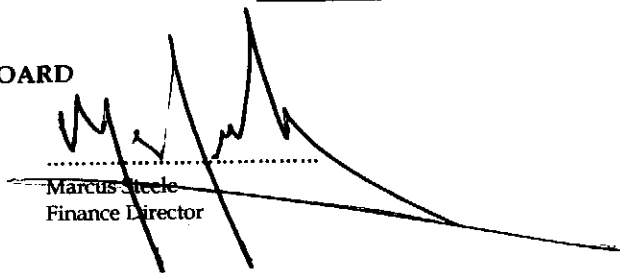
UNAUDITED GROUP FINANCIAL STATEMENTS

For Nine Months ended DECEMBER 31, 2008

	GROUP BALANCE SHEET	
	Unaudited	Audited
	31-Dec-08	31-Mar-08
	\$000	\$000
Current Assets		
Cash and cash equivalents	1,699,517	3,294,224
Resale Agreements	2,727,513	4,961,715
Short Term Investments	370,000	-
Accounts receivable	299,206	219,966
Income tax recoverable	362,120	254,807
Inventories	240,614	105,916
	5,698,970	8,836,628
Current Liabilities		
Accounts payable	1,070,011	744,018
Income tax payable	1,982,421	1,629,400
	3,052,432	2,373,418
Net Current Assets	2,646,538	6,463,210
Non-current assets:		
Retirement benefit asset	91,000	230,300
Taxation Recoverable	1,733,137	1,733,137
Fixed Assets	102,109	79,945
	4,572,784	8,506,592
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	2,336,032	4,378,023
Capital	22,322	49,358
Other	1,870,762	3,341,286
	4,229,116	7,768,667
Total attributable to stockholders of parent	4,350,476	7,890,027
Minority interests	4,743	14,601
Total equity	4,355,219	7,904,628
Non-current liabilities:		
Deferred taxation liability	127,665	527,464
Retirement benefit obligation	89,900	74,500
	4,572,784	8,506,592

ON BEHALF OF THE BOARD


 Michael Bernard
 Managing Director


 Marcus Steele
 Finance Director

CARRERAS LIMITED

**Statement of Changes in Equity
For Nine Months to December 31, 2008**

The Group

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Balance at March 31, 2008	121,360	4,378,023	49,358	3,341,286	7,890,027	14,601	7,904,628
Net profit for the period attributable to stockholders		2,342,093			2,342,093	173	2,342,266
Total recognised gains for the year		2,342,093			2,342,093	173	2,342,266
Dividends paid		(1,941,760)	(4,029,152)		(5,970,912)	(10,031)	(5,980,943)
Transfer of an amount equivalent to intra-group capital distribution		(2,785,571)	4,256,095	(1,470,524)			
Transfer tax paid on capital distribution received			(257,398)		(257,398)		(257,398)
Transfer to capital reserves		(3,419)	3,419				
Deferred tax on reserves of subsidiaries in liquidation		346,666			346,666		346,666
Net movements for the year		(2,041,991)	(27,036)	(1,470,524)	(3,539,551)	(9,858)	(3,549,409)
Balance at December 31, 2008	121,360	2,336,032	22,322	1,870,762	4,350,476	4,743	4,355,219

CARRERAS LIMITED
Statement of Changes in Equity
For Nine Months to December 31, 2008

The Company

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
Balance at March 31, 2008	121,360	2,049,591	18,903	2,189,854
Net profit for the period attributable to stockholders		6,300,628		6,300,628
Total recognised gains for the year		6,300,628		6,300,628
Dividends paid		(1,941,760)	(4,029,152)	(5,970,912)
Transfer of an amount equivalent to intra-group capital distribution		(4,032,571)	4,032,571	
Net movements for the year	-	326,298	3,419	329,716
Balance at December 31, 2008	121,360	2,375,889	22,322	2,519,570

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For Nine Months to December 31, 2008

	Group Statement of Cash Flows	
	9 months	12 months
	31-Dec-08	31-Mar-08
	\$'000	\$'000
Cash flows from operating activities:		
Net profit for the period	2,342,266	4,000,020
Items not affecting cash	761,286	732,506
	3,103,552	4,732,526
Changes in working capital	(821,629)	(2,844,118)
Cash provided by operating activities	2,281,923	1,888,408
Cash (used)/provided by investing activities	2,249,332	160,945
Cash used by financing activities	(6,238,341)	(2,642,998)
Increase/(Decrease) in cash and cash equivalents	(1,707,086)	(593,645)
Effect of exchange rate changes on cash and cash equivalents	112,378	167,855
Cash and cash equivalents, at beginning of period	3,294,224	3,720,014
Cash and cash equivalents, at end of period	1,699,517	3,294,224

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements Period ending December 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. 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.

3. (a) Basis of Consolidation:

The consolidated financial statements combine the financial position of the company and its subsidiaries and the results of their operations and cash flows for the period then ended after eliminating all significant intra-group amounts. The company and its subsidiaries are collectively referred to in the financial statements as "the Group".

(b) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS and the Companies 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 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 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 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.

4. 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.

5. Income Tax

Income tax for the period comprises current and deferred tax based upon taxable profits. Capital gains, which are not subject to taxation, are excluded.

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. Deferred Tax

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

8. 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.

9. Contingency

On July 16, 2004 an award was made against Sans Souci Limited, a subsidiary company in arbitration proceedings between it and VRL Services Limited whereby Sans Souci Limited was ordered to pay VRL Services Limited the sum of J\$370,705,264.40 together with interest of 21% per annum and costs. An application was made to the Supreme Court pursuant to Section 12 of the Arbitration Act and the inherent Jurisdiction of the Court to set aside the award or alternatively to reduce the amount of the said award. Under a Consent Order for stay of execution, Sans Souci Limited paid VRL Services the said sum of \$370,705,264.40 together with interest of J\$68,037,111.40 and \$10,000,000.00 on account of costs, secured by Bank Guarantees to be repaid to Sans Souci Limited with simple interest thereon, should it succeed in setting aside or varying the Award.

Since then there have been other proceedings, namely the Appeal in the execution of the Award Proceedings, the hearing to set aside the Award and the Appeal against the Judgment.

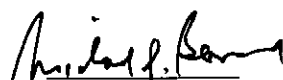
On 12th December, 2008 the following Order were made by the Court of Appeal:

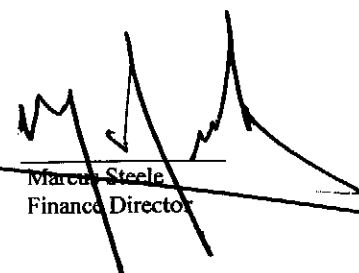
- "1. The Appeal against the order of Mrs. Harris, J., refusing to set aside the award is dismissed in part.
2. The appeal against the award of damages is allowed and the matter is remitted to the Arbitrators to determine the issue of damages only.
3. Half the costs of this appeal and of the costs below are to be paid by the respondent, such costs to be agreed or taxed."

The matter has since been remitted to the Arbitrators in accordance with item 2 of the Order.

No provision is made in the accounts with respect to any positive outcome which may arise.

ON BEHALF OF THE BOARD


Michael Bernard
Managing Director


Marcus Steele
Finance Director