



CARRERAS LIMITED

On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the **SECOND QUARTER** ended September 30, 2010.

Second Quarter ended September 30, 2010 Performance Highlights are:

	Unaudited			Unaudited		
	Discrete		%	Cumulative		%
	Jul_Sept Q2 10 11	Jul_Sept Q2 09 10		Apr_Sept Q2 10 11	Apr_Sept Q2 09 10	
	\$000	\$000	Change	\$000	\$000	Change
Gross operating revenue	3,103,674	2,554,539	21.5%	6,077,082	4,435,271	37.0%
Total operating income	3,120,299	2,555,046	22.1%	6,107,562	4,437,270	37.6%
Interest and other investment income	29,667	53,612	-44.7%	57,819	169,338	-65.9%
Net income	747,175	570,743	30.9%	1,421,074	1,087,795	30.6%
EPS	153.9	117.6	30.8%	292.7	224.1	30.6%

Carreras Limited achieved total operating income of \$3,120.3 million and \$6,107.6 million for the second quarter and for the period ended September 30, 2010 respectively, representing an increase of 22.1% and 37.6% when compared to the same periods last year.

The Company delivered \$747.2 million in net income for the second quarter and \$1,421.1 million for the period ending September 30, 2010 respectively, representing an increase of 30.9% and 30.6% versus the same periods last year.

Despite the improvement in operating income, cigarette sales volume continues to be negatively impacted by high levels of price increases resulting from excessive increases in Special Consumption Tax (SCT). The Company remains concerned about the long term sustainability of the business in the face of these frequent and excessive SCT increases. Our volumes will continue to be challenged going forward if excise increases continue and at such high levels especially within an environment where consumers' disposable income is already being stretched to meet basic needs.

Sales volume performance reflects the effect of a 42% increase in excise tax on cigarettes in May, 2009 and another 31.2% levied in January, 2010. These two increases in excise taxes resulted in two cigarette price increases impacting our consumers.

Interest and other investment income reported were \$29.7 million and \$57.8 million for the second quarter and for the period ended September 30, 2010 respectively, representing a decline of 44.7% and 65.9% when compared to the same periods last year.

This performance is as expected following on the Government's very successful debt management initiative (JDX), which involves the voluntary exchange of existing Jamaican dollar and US\$ bonds issued by the Government of Jamaica (GOJ) in the domestic market with high interest rates for new bonds of the same principal value, but which have lower interest rates and longer maturities. We applaud the Government on the success of this initiative and the commensurate positive long term impact this should have on our economy, however, the consequential result is that the company's interest income earned for the period has declined dramatically which impacted the company's earnings per share (EPS).

In addition, as the company continues to distribute excess cash as dividend to the shareholders, less cash will be available to invest and consequently, interest income will continue to be adversely impacted.

With our volume base being significantly lower than the underlying base prior to the May 2009 and January 2010 excise led price increases, the financial results were as a result of the positive impact on variable cost caused by the revaluation of the local currency, the company's efficient management of expenses below inflation, offset by the decline in interest income, and the net effect of the price increase. Consequently, the company experienced a 30.9% increase in net income for the second quarter and an increase of 30.6% for the period ending September 30, 2010.

Despite the challenging environment, your Board of Directors approved interim dividend payments during the period amounting to \$1.00 per stock unit. I am pleased to report that your Board of Directors in our meeting held on November 9, 2010, approved a second interim dividend of \$1.50 per stock unit for payment paid out of accumulated profits on December 9, 2010.

Despite the various challenges, the company continued to demonstrate through its corporate social investments, its strong commitment to supporting the critical pillars of nation-building. Specifically, during the quarter, the company made significant strides in enhancing our contribution to adult education empowerment, by significantly increasing our scholarship offerings at the tertiary level - a total of 18 scholarships and 22 bursaries.

Indeed, I am pleased to report, that for the first time, our tertiary scholarship offerings included 6 scholarships at the Teachers' colleges' level, a total of 22 bursaries at all major universities across the island, and we increased our scholarship offerings to the various community colleges across the country. Additionally, we maintained our support for the Arts, by continuing the scholarship offerings at the Edna Manley College for the Visual and Performing Arts.

I am also pleased to report, that our relationship with the Jamaica Constabulary Force (JCF) continues to be strengthened by our consistent contributions towards enhancing their crime fighting capabilities. For the period under review, we donated equipment including computers, printers and motor bikes, to enhance the quick response capabilities of the JCF.

In the face of the challenges we will continue to place greater emphasis on improving our marketing and distribution capabilities, to stay closer to our consumers and to manage the main risks to the business to ensure sustainability.

A major focus of the Company over the next several months is to continue to work with the Government to manage both illicit trade in cigarettes, implementing strategies to stem the volume decline on the industry and to ensure long term sustainability of the business for all stakeholders.

Regarding the status of the winding up of the Carreras Superannuation Scheme, we still await the final approval from the FSC of the proposed scheme of distribution.

On February 12, 2010, the Court of Appeal gave judgment in favour of a wholly-owned subsidiary, Cigarette Company of Jamaica Limited (CCJ) (in voluntary liquidation) in the case brought in the Supreme Court by the Commissioner of Tax Payer Audit & Assessment. The Court also awarded CCJ its legal costs (both in the Supreme Court and the Court of Appeal), such costs to be taxed if not agreed.

The result of the judgment was that the tax paid by CCJ, based on the judgment of the Supreme Court, was repayable to CCJ and the Commissioner applied to the court of Appeal to stay execution of the judgment (i.e. to postpone refund of the tax paid by CCJ) pending the outcome of final appeal by the Commissioner to the Privy Council. The Commissioner's application was rejected and the tax refund is now due and payable.

CCJ has made a claim for the refund together with interest. However, to date, the Company has received no response to its claim.

Based on the judgment of the Court of Appeal, the amount paid of J\$1,733.1 million is reflected in the financial statements as taxation recoverable.

On behalf of the Board



**Chris Burton
Chairman**



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For Six months to September 30, 2010

	GROUP PROFIT & LOSS ACCOUNT				
	UNAUDITED		UNAUDITED		AUDITED
	6 months to		3 months to		12 months
	September-10	September-09	September-10	September-09	March-10
\$'000	\$'000	\$'000	\$'000	\$'000	
Gross operating revenue	6,077,082	4,435,271	3,103,674	2,554,539	10,410,178
Cost of operating revenue	(3,262,334)	(2,270,025)	(1,668,129)	(1,394,527)	(5,327,592)
Gross operating profit	2,814,748	2,165,246	1,435,545	1,160,012	5,082,586
Employee benefit income	-	-	-	-	711,200
Interest and other investment income	57,819	169,338	29,967	53,612	269,142
Other operating income:					
Exchange gains/(Loss)	(20,321)	9,413	5,702	518	4,945
Other income	30,480	1,999	16,625	507	11,507
Distribution and marketing expenses	(359,693)	(356,395)	(177,366)	(180,643)	(816,613)
Administrative expenses	(392,881)	(355,706)	(191,203)	(179,371)	(768,282)
Profit before income tax	2,130,152	1,633,895	1,119,270	854,635	4,494,485
Income tax	(709,078)	(546,100)	(372,095)	(283,892)	(1,492,610)
Profit for the period	1,421,074	1,087,795	747,175	570,743	3,001,875
Other comprehensive income					
Defined benefit plan actuarial losses	-	-	-	-	(570,000)
asset	-	-	-	-	(38,800)
Income tax on other comprehensive income	-	-	-	-	202,933
Deferred tax on subsidiaries	-	-	-	-	(155)
Other comprehensive income, net of tax	-	-	-	-	(406,022)
Total comprehensive income for the year	1,421,074	1,087,795	747,175	570,743	2,595,853
Attributable to:					
Minority interests	-	(14)	-	7	6
Stockholders in parent	1,421,074	1,087,809	747,175	570,736	3,001,869
	1,421,074	1,087,795	747,175	570,743	3,001,875
Total comprehensive income attributed to:					
Minority interests	-	-	-	-	6
Stockholders in parent	-	-	-	-	2,595,847
	-	-	-	-	2,595,853
Earnings per ordinary stock unit of 25c each	292.7¢	224.1¢	153.9¢	117.6¢	618.38¢

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

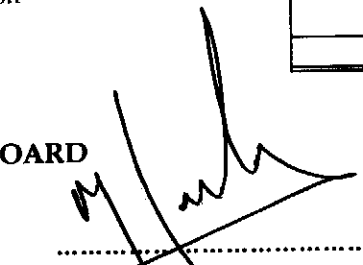
As at September 30, 2010

GROUP BALANCE SHEET		
	Unaudited	Audited
	30-Sep-10	31-Mar-10
	\$000	\$000
Current Assets		
Cash and cash equivalents	1,956,236	1,464,345
Resale Agreements	744,518	741,029
Accounts receivable	459,291	312,259
Income tax recoverable	166,778	152,172
Inventories	203,223	211,098
	3,530,046	2,880,903
Current Liabilities		
Accounts payable	1,049,128	965,468
Income tax payable	1,055,846	932,256
	2,104,974	1,897,724
Net Current Assets	1,425,072	983,179
Non-current assets:		
Retirement benefit asset	259,200	259,200
Taxation Recoverable	1,733,137	1,733,137
Fixed Assets	122,823	114,724
	3,540,232	3,090,240
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	1,226,911	776,717
Capital	22,322	22,322
Other	1,870,762	1,870,762
	3,119,995	2,669,801
Total attributable to stockholders of parent	3,241,355	2,791,161
Minority interests	4,806	4,806
Total equity	3,246,161	2,795,967
Non-current liabilities:		
Deferred taxation liability	169,771	169,973
Retirement benefit obligation	124,300	124,300
	3,540,232	3,090,240

ON BEHALF OF THE BOARD



 Michael Bernard
 Managing Director



 Marcus Steele
 Finance Director

CARRERAS LIMITED
Statement of Changes in Equity
For 6 Months ended September 30, 2010

The Group

Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
121,360	1,578,950	22,322	1,870,762	3,593,394	4,800	3,598,194
-	1,087,809	-	-	1,087,809	(14)	1,087,795
-	1,087,809	-	-	1,087,809	(14)	1,087,795
-	(1,941,760)	-	-	(1,941,760)	-	(1,941,760)
-	591	-	-	591	-	591
-	(853,360)	-	-	(853,360)	(14)	(853,374)
121,360	725,590	22,322	1,870,762	2,740,034	4,786	2,744,820

Audited balance at March 31, 2009

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Deferred tax on reserves of subsidiaries in liquidation

Net movements for the year

Unaudited balance at September 30, 2009

Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
121,360	776,717	22,322	1,870,762	2,791,161	4,806	2,795,967
-	1,421,074	-	-	1,421,074	-	1,421,074
-	1,421,074	-	-	1,421,074	-	1,421,074
-	(970,880)	-	-	(970,880)	-	(970,880)
-	450,194	-	-	450,194	-	450,194
121,360	1,226,911	22,322	1,870,762	3,241,355	4,806	3,246,161

Audited balance at March 31, 2010

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Net movements for the year

Unaudited balance at September 30, 2010

CARRERAS LIMITED

**Statement of Changes in Equity
For 6 Months ended September 30, 2010**

The Company

Audited balance at March 31, 2009

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Net movements for the year

Unaudited balance at September 30, 2009

Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
121,360	1,569,683	22,322	1,713,365
-	1,094,064	-	1,094,064
-	1,094,064	-	1,094,064
-	(1,941,760)	-	(1,941,760)
-	(847,696)	-	(847,696)
121,360	721,987	22,322	865,669

Audited balance at March 31, 2010

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Net movements for the year

Unaudited balance at September 30, 2010

Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
121,360	773,754	22,322	917,436
-	1,421,074	-	1,421,074
-	1,421,074	-	1,421,074
-	(970,880)	-	(970,880)
-	450,194	-	450,194
121,360	1,223,948	22,322	1,367,630

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For 6 Months ended September 30, 2010

	Group Statement of Cash Flows		
	6 months	6 months	12 months
	30-Sep-10	30-Sep-09	31-Mar-10
	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Net profit for the period	1,421,074	1,087,795	3,001,875
Items not affecting cash	695,878	380,767	530,719
	2,116,952	1,468,562	3,532,594
Changes in working capital	(656,399)	(1,352,149)	(2,065,759)
Cash provided by operating activities	1,460,553	116,413	1,466,834
Cash (used)/provided by investing activities	22,539	1,439,043	1,543,525
Cash used by financing activities	(970,880)	(1,941,760)	(3,398,080)
Increase/(Decrease) in cash and cash equivalents	512,212	(386,304)	(387,720)
Effect of exchange rate changes on cash and cash equivalents	(20,321)	9,413	4,945
Cash and cash equivalents, at beginning of period	1,464,345	1,847,120	1,847,120
Cash and cash equivalents, at end of period	1,956,236	1,470,229	1,464,345

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements September 30, 2010

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 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 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 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.

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

On February 12, 2010, the Court of Appeal handed down its judgment in the appeal by its subsidiary Cigarette Company of Jamaica Limited (in voluntary liquidation) (CCJ) against the assessment by Commissioner Taxpayer Audit and Assessment. The Court allowed the appeal with costs in the Court of Appeal and the Court below to be CCJ's; such costs to be taxed if not agreed. Based on this judgment of the Court of Appeal the amount paid of J\$1,733.1 million is reflected in the financial statements as taxation recoverable. Interest due as determined by the Court has not been accounted for in these financial statements.

On April 26, 2010 the Court of Appeal granted the application by the Commissioner for leave to appeal to the Privy Council, however, the application for a stay of execution was refused.

8. 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 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 J\$370,705,264 together with interest of J\$68,037,111 and J\$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 was 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."

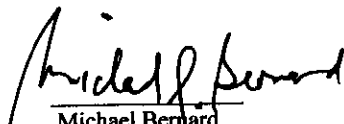
The extent of the jurisdiction of the Arbitrators with respect to Item 2 of the Order is in dispute. The Court of Appeal heard the appeal of Sans Souci Limited against the order that the jurisdiction of the Arbitrators relating to the issue of damages was limited to 'unrecoverable expenses' on July 13 & 14, 2009.

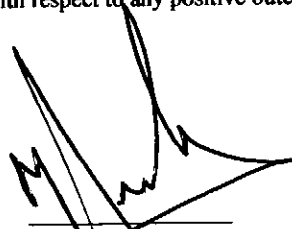
The Court of Appeal handed down its judgment on September 25, 2009 in favour of VRL. SSL applied for Leave to Appeal to the Privy Council.

While the Appeals were in train, the arbitrators re-considered the question of damages but only in respect of the "unrecoverable expenses" and not in the broader context as SSL had asked them to. The arbitrators made a new award confirming the one they made in 2004. SSL has applied to have this new award set aside, primarily on the basis that the arbitrators had no jurisdiction to award interest in the manner they did. This leave to appeal to the Privy Council was granted on July 12, 2010.

No provision has been 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