



CARRERAS LIMITED

On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the THIRD QUARTER ended December 31, 2011.

Third Quarter ended December 31, 2011 Performance Highlights are:

	Unaudited			Unaudited		
	Discrete			Cumulative		
	Oct - Dec Q3 11/12	Oct - Dec Q3 10/11	% Change	Oct - Dec Q3 11/12	Oct - Dec Q3 10/11	% Change
	\$M	\$M		\$M	\$M	
Gross Operating Revenue	3,086.7	3,472.0	-11%	8,305.9	9,549.1	-13%
Total Operating Income	3,089.9	3,477.1	-11%	8,313.1	9,584.7	-13%
Interest and other Investment Income	27.0	34.3	-21%	93.1	92.1	1%
Net Income	613.6	713.7	-14%	1,730.6	2,134.8	-19%
EPS	126.4	147.0	-14%	356.5	439.8	-19%

Carreras Limited achieved total operating income of \$3,089.9 million for the third quarter ended December 31, 2011 and \$8,313.1 million for the fiscal year to date, representing a decrease of 11% and 13%, respectively, when compared to the same periods last year.

The Company also delivered \$613.6 million in net income for the third quarter representing a decrease of 14% versus the same period last year. Interest and other investment income were \$27 million for the quarter representing a 21% decrease when compared to the same period in 2010 contingent with the lower interest rates experienced in 2011 and the company's dividend policy which seeks to distribute excess cash as dividends to the shareholders with resultant lower cash invested.

Our volume base for the quarter and year to date is significantly lower than the underlying base compared to the same period in the prior year. Cigarette sales continue to be negatively impacted by the effect of previous excise led price increases, along with a significant increase in illicit trade.

As a consequence, it is expected that the volume base will continue to be challenged going forward, particularly, in the current economic environment as our consumers' disposal incomes become further stretched.

During the third quarter, the Company continued its robust engagement programme as part of our preparatory activities in anticipation of the enactment of tobacco control legislation. On our invite, representatives of the British American Tobacco

Corporate and Regulatory Affairs team undertook a visit to Jamaica to analyze, review and make recommendations, where necessary, of all the preparatory plans put in place to prepare the market for the imminent regulation.

Additionally, several consultations were held with key stakeholders including our trade partners on key aspects of tobacco control regulation including public place smoking bans and youth smoking prevention. The company re-launched its Courtesy of Choice programme, which will play a critical role in ensuring that outlets are prepared to accommodate the preferences of both smokers and non-smokers by designating smoking and non-smoking areas in public places such as bars and restaurants when the legislation is enacted.

An island-wide Youth Smoking Prevention (YSP) programme survey was executed during the third quarter as well to assess the visibility of the programme in retail outlets which sell tobacco products. Thereafter, an island-wide YSP communication drive was carried out to ensure full coverage and visibility and to promote both retailer and consumer awareness of the company's policy and the law prohibiting cigarette sales to persons under eighteen years.

In December, the authorities uncovered another find of counterfeit Craven 'A' in the market. The Company responded through the execution of a vigorous media campaign to alert the public of the find and of the specifications to distinguish counterfeit packs. The company in its press release, once again emphasized the implications of illicit trading in cigarettes and its consequential negative impact on Government's revenues.

As part of the Company's responsibility agenda, during the third quarter the company held its Annual Scholarship Awards Banquet to award forty scholarships for the 2011-2012 academic year including the bi-annual Postgraduate Scholarship. The Company also continued to provide funding to several needy civic organizations and institutions as part of its ongoing commitment to enriching the communities in which it operates.

I am also pleased to report that the Board of Directors have approved a third interim payment of \$1.30 per stock unit to be paid out of accumulated profits on March 15, 2012.

On behalf of the Board

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Richard Lewis
Chairman



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS
For 9 months to December 31, 2011


	Group Statement of Comprehensive Income				
	UNAUDITED		UNAUDITED		UNAUDITED
	9 months		3 months to		12 months
	December-11	December-10	December-11	December-10	March-11
	\$'000	\$'000	\$'000	\$'000	
Gross operating revenue	8,305,936	9,549,110	3,086,702	3,472,028	12,935,692
Cost of operating revenue	(4,431,075)	(5,137,076)	(1,654,648)	(1,874,742)	(6,950,221)
Gross operating profit	3,874,861	4,412,034	1,432,055	1,597,286	5,985,471
Employee benefit income	-	-	-	-	550,400
Interest and other investment income	93,089	92,126	26,973	34,307	138,890
Other operating income:					
Exchange gains/(loss)	8,092	(23,381)	2,446	(3,060)	(48,911)
Other income	7,147	35,564	3,244	5,084	36,898
Distribution and marketing expenses	(657,536)	(620,488)	(240,648)	(260,795)	(827,797)
Administrative expenses	(723,884)	(688,825)	(305,124)	(295,944)	(854,457)
Profit before income tax	2,601,769	3,207,030	918,945	1,076,878	4,980,494
Income tax	(871,218)	(1,072,264)	(305,370)	(363,186)	(1,666,418)
Profit for the period	1,730,551	2,134,766	613,574	713,692	3,314,076
Other comprehensive income					
Defined benefit plan actuarial losses	-	-	-	-	(463,400)
Change in unrecognised employee benefit asset	-	-	-	-	(118,300)
Income tax on other comprehensive income	-	-	-	-	193,900
Deferred tax on subsidiaries	-	-	-	-	41,519
Other comprehensive income, net of tax	-	-	-	-	(346,281)
Total comprehensive income for the year	1,730,551	2,134,766	613,574	713,692	2,967,795
Attributable to:					
Minority interests	5	-	12	-	(21)
Stockholders in parent	1,730,546	2,134,766	613,562	713,692	3,314,097
	1,730,551	2,134,766	613,574	713,692	3,314,076
Total comprehensive income attributed to:					
Minority interests	5	-	-	-	(21)
Stockholders in parent	1,730,546	2,134,766	608,406	713,692	2,967,816
	1,730,551	2,134,766	608,406	713,692	2,967,795
Earnings per ordinary stock unit of 25c each	356.49¢	439.76¢	126.39¢	147.02¢	682.70¢

CARRERAS LIMITED & SUBSIDIARIES
UNAUDITED GROUP FINANCIAL STATEMENTS

As at December 31, 2011

	Group Statement of Financial Position		
	Unaudited	Unaudited	Audited
	31-Dec-11	31-Dec-10	31-Mar-11
	\$000	\$000	\$000
Current Assets			
Cash and cash equivalents	1,953,739	2,003,733	1,769,750
Resale Agreements	926,674	987,668	997,318
Accounts receivable	318,604	311,379	422,961
Income tax recoverable	136,397	173,887	111,174
Inventories	91,749	198,412	359,527
	3,427,163	3,675,079	3,660,730
Current Liabilities			
Accounts payable	1,069,383	1,039,776	932,822
Income tax payable	1,248,456	1,236,677	1,268,710
	2,317,839	2,276,453	2,201,532
Net Current Assets	1,109,324	1,398,626	1,459,198
Non-current assets:			
Retirement benefit asset	278,100	257,700	278,100
Taxation Recoverable	1,733,137	1,733,137	1,733,137
Fixed Assets	130,387	149,675	140,190
	3,250,948	3,539,138	3,610,625
Equity:			
Share Capital	121,360	121,360	121,360
Reserves:			
Unappropriated profits	960,397	1,212,444	1,317,333
Capital	22,322	22,322	22,322
Other	1,870,762	1,870,762	1,870,762
	2,853,481	3,105,528	3,210,417
Total attributable to stockholders of parent	2,974,841	3,226,888	3,331,777
Minority interests	4,790	4,806	4,785
Total equity	2,979,631	3,231,694	3,336,562
Non-current liabilities:			
Deferred taxation liability	115,317	162,744	118,063
Retirement benefit obligation	156,000	144,700	156,000
	3,250,948	3,539,138	3,610,625

ON BEHALF OF THE BOARD


 Richard Pandohie
 Managing Director


 Patrice Gray
 Finance Director

CARRERAS LIMITED

**Statement of Changes in Equity
For 9 Months ended December 31, 2011
The Group**

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Audited balance at March 31, 2010	121,360	776,717	22,322	1,870,762	2,791,161	4,806	2,795,967
Profit for the year	-	2,134,767	-	-	2,134,767	-	2,134,767
Dividends paid, being total transactions with owners	-	(1,699,040)	-	-	(1,699,040)	-	(1,699,040)
Net movements for the year	-	435,727	-	-	435,727	-	435,727
Unaudited balance at December 31, 2010	121,360	1,212,444	22,322	1,870,762	3,226,888	4,806	3,231,694

Audited balance at March 31, 2010

Profit for the year

Dividends paid, being total transactions with owners

Net movements for the year

Unaudited balance at December 31, 2010

	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Audited balance at March 31, 2011	121,360	1,317,333	22,322	1,870,762	3,331,777	4,785	3,336,562
Profit for the year	-	1,730,546	-	-	1,730,546	5	1,730,551
Deferred tax on reserves of subsidiaries in liquidation	-	(90)	-	-	(90)	-	(90)
Dividends paid, being total transactions with owners	-	(2,087,392)	-	-	(2,087,392)	-	(2,087,392)
Net movements for the year	-	(356,936)	-	-	(356,936)	5	(356,931)
Unaudited balance at December 31, 2011	121,360	960,397	22,322	1,870,762	2,974,841	4,790	2,979,631

Audited balance at March 31, 2011

Profit for the year

Deferred tax on reserves of subsidiaries in liquidation

Dividends paid, being total transactions with owners

Net movements for the year

Unaudited balance at December 31, 2011

CARRERAS LIMITED

Statement of Changes in Equity
For 9 Months ended December 31, 2011
The Company

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
Audited balance at March 31, 2010	121,360	773,754	22,322	917,436
Profit for the year	-	2,134,767	-	2,134,767
Dividends paid, being total transactions with owners	-	(1,699,040)	-	(1,699,040)
	-	435,727	-	435,727
Unaudited balance at December 31, 2010	121,360	1,209,481	22,322	1,353,163

Audited balance at March 31, 2011	121,360	1,296,485	22,322	1,440,167
Profit for the year	-	1,728,291	-	1,728,291
Dividends paid, being total transactions with owners	-	(2,087,392)	-	(2,087,392)
	-	(359,101)	-	(359,101)
Unaudited balance at December 31, 2011	121,360	937,384	22,322	1,081,066

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For 9 Months ended December 31, 2011

	Group Statement of Cash Flows		
	9 Months		12 months
	31-Dec-11	31-Dec-10	31-Mar-11
	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Net profit for the period	1,730,551	2,134,767	3,314,076
Items not affecting cash	903,428	1,062,057	1,052,888
	2,633,980	3,196,824	4,366,964
Changes in working capital	(419,347)	(703,663)	(1,387,714)
Cash provided by operating activities	2,214,632	2,493,161	2,979,250
Cash (used)/provided by investing activities	48,657	(231,352)	(197,734)
Cash used by financing activities	(2,087,392)	(1,699,040)	(2,427,200)
Increase/(Decrease) in cash and cash equivalents	175,897	562,769	354,316
Effect of exchange rate changes on cash and cash equivalents	8,092	(23,381)	(48,911)
Cash and cash equivalents, at beginning of period	1,769,750	1,464,345	1,464,345
Cash and cash equivalents, at end of period	1,953,739	2,003,733	1,769,750

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements December 31, 2011

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 judgments:

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

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 \$1,733.1 million is reflected in the financial statement as taxation recoverable, and interest, as determined by the Court will be payable thereon.

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.

Final leave to Appeal to the Privy Council was granted on February 28, 2011. CCJ had filed its Notice of Objection.

The Privy Council has set the procedural timetable for the appeal and the date for the appeal hearing. The hearing will take place in Q4 of the 2011/12 fiscal year.

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.

That application was dismissed on June 19, 2009 with leave to appeal. Sans Souci appealed and that matter was heard on July 13th & 14th, September 25th and November 25th 2009 but the appeal was also dismissed

SSL appealed to the Privy Council. The Record of Appeal has been finalized and the Notice and Grounds of Appeal was prepared and filed at the Privy Council.

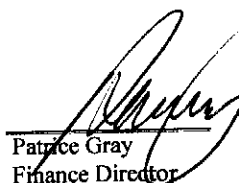
VRL applied directly to the Privy Council for permission to cross-appeal in relation to costs that were awarded in SSL's favour in the appeal which resulted in the remission of the arbitral award. Leave to cross-appeal was granted and VRL is taking steps to have certain documents included in the Record of Appeal. The hearing is scheduled for February, 2012 at the Privy Council.

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

ON BEHALF OF THE BOARD



Richard Pandohie
Managing Director



Patrice Gray
Finance Director