



CARRERAS LIMITED

On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the FIRST QUARTER ended June 30, 2012.

Performance Highlights are:

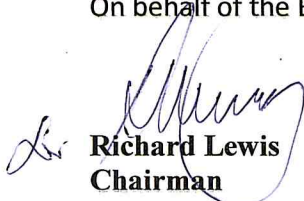
	Unaudited		
	Discrete & Cumulative		
	Apr - Jun Q4 11/12 \$M	Apr - Jun Q4 10/11 \$M	% Change
Gross Operating Revenue	3,087.8	2,579.0	19.7%
Total Operating Income	3,090.5	2,582.1	19.7%
Interest and other Investment Income	23.8	35.2	-32.5%
Net Income	805.7	523.4	53.9%
EPS	166.0	107.8	53.9%

Carreras Limited achieved total operating income of \$3,090.5 million for the first quarter ended June 30, 2012, representing an increase of 19.7% over the same period in the prior fiscal year.

The business recorded net income of \$805.7 million; with the 53.9% increase over the same period in the prior year as a result of improved sales volumes and exchange gains coupled with lower overheads. Interest and other investment income were \$23.8 million for the quarter representing a 32.5% decrease when compared to the same period in 2011 contingent with the stagnant interest rates being experienced along with the continuance of the company's dividend policy which prudently distributes all excess cash as dividends to the shareholders.

I am also pleased to report that the Board of Directors has approved an interim payment of \$1.50 per stock unit to be paid out of accumulated profits on August 23, 2012.

On behalf of the Board


Richard Lewis
Chairman



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES

Group Statement of Comprehensive Income
Period Ended June 30, 2012

	Group Statement of Comprehensive Income		
	UNAUDITED		AUDITED
	3 months to		12 months
	June-12	June-11	March-12
	S'000	S'000	S'000
Gross operating revenue	3,087,822	2,579,001	11,022,746
Cost of operating revenue	(1,629,276)	(1,375,931)	(5,847,357)
Gross operating profit	1,458,546	1,203,070	5,175,389
Employee benefit income	-	-	363,400
Interest and other investment income	23,802	35,249	125,672
Other operating income:			
Exchange gains/(Loss)	14,874	1,132	19,369
Other income	2,640	3,147	11,410
Distribution and marketing expenses	(151,768)	(231,140)	(812,198)
Administrative expenses	(278,359)	(222,249)	(956,812)
Profit before income tax	1,069,735	789,209	3,926,230
Income tax	(264,025)	(265,777)	(1,329,010)
Profit for the period	805,710	523,432	2,597,220
Other comprehensive income			
Defined benefit plan actuarial losses	-	-	(163,200)
Change in unrecognised employee benefit asset	-	-	(243,500)
Income tax on other comprehensive income	-	-	135,567
Deferred tax on subsidiaries	-	-	146
Other comprehensive income, net of tax	-	-	(270,987)
Total comprehensive income for the year	805,710	523,432	2,326,233
Attributable to:			
Minority interests	11	(7)	(9)
Stockholders in parent	805,699	523,439	2,597,229
	805,710	523,432	2,597,220
Total comprehensive income attributed to:			
Minority interests	11	(7)	(9)
Stockholders in parent	805,699	523,439	2,326,242
	805,710	523,432	2,326,233
Earnings per ordinary stock unit of 25c each	165.97¢	107.83¢	535.03¢

CARRERAS LIMITED & SUBSIDIARIES

As at June 30, 2012

Group Statement of Financial Position		
	Unaudited	Audited
	30-Jun-12	31-Mar-12
	\$000	\$000
Current Assets		
Cash and cash equivalents	1,467,340	1,454,575
Resale Agreements	827,707	832,609
Accounts receivable	360,645	334,013
Income tax recoverable	118,301	112,523
Inventories	322,245	227,846
	3,096,238	2,961,566
Current Liabilities		
Accounts payable	986,511	978,401
Income tax payable	801,433	904,318
	1,787,944	1,882,719
Net Current Assets	1,308,294	1,078,847
Non-current assets:		
Retirement benefit asset	268,200	268,200
Taxation Recoverable	1,733,137	1,733,137
Fixed Assets	140,856	145,150
	3,450,487	3,225,334
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	1,148,098	925,111
Capital	22,322	22,322
Other	1,870,762	1,870,762
	3,041,182	2,818,195
Total attributable to stockholders of parent	3,162,542	2,939,555
Minority interests	4,787	4,776
Total equity	3,167,329	2,944,331
Non-current liabilities:		
Deferred taxation liability	108,658	108,303
Retirement benefit obligation	174,500	172,700
	3,450,487	3,225,334

ON BEHALF OF THE BOARD

.....
Richard Pandohie
Managing Director

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Patrice Gray
Finance Director

CARRERAS LIMITED
Statement of Changes in Equity
For 3 Months ended June 30, 2012
The Group

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									
Unaudited balance at June 30, 2011									
	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000		
	121,360	1,317,333	22,322	1,870,762	3,331,777	4,785	3,336,562		
	-	523,440	-	-	523,440	(7)	523,433		
	-	124	-	-	124	-	124		
	-	(728,160)	-	-	(728,160)	-	(728,160)		
	121,360	1,112,737	22,322	1,870,762	3,127,181	4,778	3,131,959		

Audited balance at March 31, 2012									
Profit for the year									
Deferred tax on reserves of subsidiaries in liquidation									
Dividends paid, being total transactions with owners									
Unaudited balance at June 30, 2012									
	Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000		
	121,360	925,111	22,322	1,870,762	2,939,555	4,776	2,944,331		
	-	805,699	-	-	805,699	11	805,710		
	-	(184)	-	-	(184)	-	(184)		
	-	(582,528)	-	-	(582,528)	-	(582,528)		
	121,360	1,148,098	22,322	1,870,762	3,162,542	4,787	3,167,329		

CARRERAS LIMITED
Statement of Changes in Equity
For 3 Months ended June 30, 2012

The Company

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
Audited balance at March 31, 2011	121,360	1,296,485	22,322	1,440,167
Profit for the year	-	526,539	-	526,539
Dividends paid, being total transactions with owners		(728,160)		(728,160)
Unaudited balance at June 30, 2011	121,360	1,094,864	22,322	1,238,546

Audited balance at March 31, 2012	121,360	907,688	22,322	1,051,370
Profit for the year	-	801,088	-	801,088
Dividends paid, being total transactions with owners	-	(582,528)	-	(582,528)
Unaudited balance at June 30, 2012	121,360	1,126,248	22,322	1,269,930

CARRERAS LIMITED & SUBSIDIARIES

UNAUDITED GROUP FINANCIAL STATEMENTS

For 3 Months ended June 30, 2012

Cash flows from operating activities:

Net profit for the period

Items not affecting cash

Changes in working capital

Cash provided by operating activities

Cash (used)/provided by investing activities

Cash used by financing activities

Increase/(Decrease) in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents, at beginning of period

Cash and cash equivalents, at end of period

Group Statement of Cash Flows		
3 Months		12 months
30-Jun-12	30-Jun-11	31-Mar-12
\$'000	\$'000	\$'000
805,710	523,432	2,597,220
236,969	243,345	853,034
1,042,679	766,777	3,450,254
(482,941)	(172,207)	(1,309,933)
559,738	594,570	2,140,321
20,681	18,177	243,599
(582,528)	(728,160)	(2,718,464)
(2,109)	(115,413)	(334,544)
14,874	1,132	19,369
1,454,575	1,769,751	1,769,750
1,467,340	1,655,470	1,454,575

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2012

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

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, with interest, as determined by the Court to 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. On March 13, 2012 the Privy Council handed down its decision dismissing the Appeal of the Commissioner Taxpayer Audit and Assessment with costs to CCJ. No notice of dispute has been given with respect to the bill of costs delivered to the solicitors for Commissioner TAAD and it is proposed to request the Registrar to set the matter down for taxation which it is expected will take place in about November of this year.

Payment remains outstanding in respect of taxation recoverable in the amount of \$1,733,137,000 and interest payable thereon, and in respect of costs awarded to CCJ to be taxed.

Interest and costs awarded in relation to the judgment have not been recognised in these financial statements.

Other contingencies

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.

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 the hearing took place between February 1 - 3, 2012 at the Privy Council. The appeal was dismissed. The parties have filed submission on costs.

There is a separate action in the Supreme Court to challenge the 2009 Arbitral Award on the basis, among other things, that the Arbitrators did not have the power to award interest in the manner they did. That matter was heard on May 30, 2012. The Judge reserved opinion and no ruling has yet been issued.

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