



On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the FIRST QUARTER ended June 30, 2016.

Performance Highlights are:

| | 3 Months Ended June 30, 2016 \$'M | 3 Months Ended June 30, 2015 \$'M | Variance |
|--|---|---|----------|
| Gross operating revenue | 3,346.3 | 2,620.7 | 28% |
| Total operating revenue | 3,398.1 | 2,638.1 | 29% |
| Interest and other investment income | 29.1 | 42.2 | -31% |
| Net income | 860.9 | 622.9 | 38% |
| Earnings per ordinary stock unit (cents) | 177.3 | 128.3 | 38% |

Carreras Limited earned total operating revenue of \$3,398.1 million and delivered net income of \$860.9 million for the three months ended June 30, 2016. These results which show increases in total operating revenue and net income of 29% and 38%, respectively, compare favourably with the corresponding period in the prior year.

Overall, there was a higher trade demand for cigarettes in the first quarter of the 2016/17 financial year resulting from the excise lead price increase which was implemented on May 13, 2016. The resulting higher sales earned the Company a net income increase of 38%.

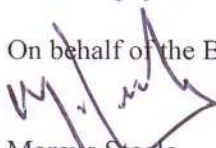
The Company anticipates that consumption will be impacted by the price increase and future trade demand will be tempered as the trade depletes the excess inventory over the next couple of months. Notwithstanding, it is expected that the anticipated volume decline will be somewhat mitigated, provided that the domestic market continues to benefit from the authorities' success in containing the influx of illicit cigarettes into the domestic market. We reiterate the point that there is a direct relationship between high taxes and its impact on legal volumes, the Government's revenues and the rise of the illicit trade.

The Company has begun to reap the benefits of efficiencies gained through the supply chain; the result of a successful implementation of a new route to market structure on February 1, 2016. This along with other cost reduction and containment initiatives, continue to be focal points for management. Excluding one off redundancy costs reflected in the June 2016 quarter, operating costs are on par with the corresponding period in the prior year despite a 2.5% inflationary increase on the cost base.

Interest and other investment income decreased by 31% to \$29.1 million for the quarter as the Company was impacted by the decline in market interest rates compared to the prior year.

Shareholders, I am also pleased to report that the Board of Directors has approved an interim dividend payment of \$1.50 per stock unit to be paid on 30 August 2016 out of accumulated profits.

On behalf of the Board




Marcus Steele
Managing Director

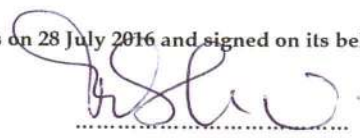
CARRERAS LIMITED

Group Statement of Financial Position As at June 30, 2016

| | | | | Group Statement of Financial Position | | |
|---|--|--|-------|---------------------------------------|------------------|------------------|
| | | | | Unaudited | Unaudited | Audited |
| | | | | 30-Jun-16 | 30-Jun-15 | 31-Mar-16 |
| | | | | \$000 | \$000 | \$000 |
| Assets | | | Notes | | | |
| Employee benefit asset | | | | 168,200 | 260,600 | 168,200 |
| Property, plant and equipment | | | | 218,868 | 244,883 | 236,485 |
| Non-current assets | | | | 387,068 | 505,483 | 404,685 |
| Cash and cash equivalents | | | | 2,627,235 | 3,132,822 | 2,622,147 |
| Accounts receivable | | | | 500,959 | 459,632 | 448,005 |
| Income tax recoverable | | | | 21,329 | 651,321 | 16,473 |
| Inventories | | | | 328,866 | 261,813 | 220,879 |
| Current assets | | | | 3,478,389 | 4,505,588 | 3,307,504 |
| Total assets | | | | 3,865,457 | 5,011,071 | 3,712,189 |
| Equity | | | | | | |
| Share capital | | | 8 | 121,360 | 121,360 | 121,360 |
| Reserves: | | | | | | |
| Unappropriated profits | | | | 1,667,109 | 2,679,640 | 1,631,980 |
| Other | | | | 22,322 | 22,322 | 22,322 |
| | | | | 1,689,431 | 2,701,962 | 1,654,302 |
| Total attributable to stockholders of parent | | | | 1,810,791 | 2,823,322 | 1,775,662 |
| Non-controlling interest | | | | 1,182 | 3,306 | 1,152 |
| Total equity | | | | 1,811,973 | 2,826,628 | 1,776,814 |
| Liabilities | | | | | | |
| Deferred tax liability | | | 9 | 7,304 | 69,738 | 12,056 |
| Employee benefits obligation | | | | 218,700 | 227,500 | 218,700 |
| Non-current liabilities | | | | 226,004 | 297,238 | 230,756 |
| Current Liabilities | | | | | | |
| Accounts payable | | | | 1,033,938 | 904,162 | 1,135,063 |
| Income tax payable | | | | 793,542 | 983,043 | 569,556 |
| Current Liabilities | | | | 1,827,480 | 1,887,205 | 1,704,619 |
| Total Liabilities | | | | 2,053,484 | 2,184,443 | 1,935,375 |
| Total equity and liabilities | | | | 3,865,457 | 5,011,071 | 3,712,189 |

Approved for issue by the Board of Directors on 28 July 2016 and signed on its behalf by:


.....
Marcus Steele
Managing Director


.....
Janene Shaw
Finance Director

CARRERAS LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income For the three months ended June 30, 2016

Group Statement of Comprehensive Income

| | Notes | UNAUDITED | | AUDITED |
|--|-------|------------------|------------------|------------------|
| | | 3 months | | 12 months |
| | | Jun-16 \$'000 | Jun-15 \$'000 | Mar-16 \$'000 |
| Operating revenue | 4 | 3,346,265 | 2,620,684 | 11,980,138 |
| Cost of operating revenue | | (1,714,671) | (1,334,474) | (6,243,890) |
| Gross operating profit | | 1,631,594 | 1,286,210 | 5,736,248 |
| Other operating income | 5 | 80,917 | 59,609 | 247,635 |
| | | 1,712,511 | 1,345,819 | 5,983,883 |
| Administrative expenses | | (375,826) | (356,348) | (1,210,613) |
| Distribution and marketing expenses | | (181,102) | (164,265) | (860,608) |
| Employee benefits expense | | - | - | (9,100) |
| Profit before income tax | | 1,155,583 | 825,206 | 3,903,562 |
| Income tax | 6 | (294,671) | (202,312) | (892,229) |
| Profit for the period | | 860,912 | 622,894 | 3,011,333 |
| Other comprehensive income | | | | |
| Items that will never be reclassified to profit or loss: | | | | |
| Remeasurement gain on obligation | | - | - | 127,300 |
| Remeasurement gain on plan assets | | - | - | 247,000 |
| Change in effect of asset ceiling | | - | - | (460,900) |
| Income tax on other comprehensive income | | (505) | (423) | 58,004 |
| Other comprehensive income, net of tax | | (505) | (423) | (28,596) |
| Total comprehensive income for the year | | 860,407 | 622,471 | 2,982,737 |
| Profit attributable to: | | | | |
| Non-controlling interests | | 30 | 25 | 142 |
| Stockholders' interests in parent | | 860,882 | 622,869 | 3,011,191 |
| | | 860,912 | 622,894 | 3,011,333 |
| Total comprehensive income attributed to: | | | | |
| Non-controlling interests | | 30 | 25 | 142 |
| Stockholders' interests in parent | | 860,377 | 622,446 | 2,982,595 |
| | | 860,407 | 622,471 | 2,982,737 |
| Earnings per ordinary stock unit | 7 | 177.34¢ | 128.31¢ | 620.30¢ |

CARRERAS LIMITED

**Group Statement of Changes in Equity
For the three months ended June 30, 2016**

| | Share Capital \$'000 | Unappropriated Profits \$'000 | Capital Reserves \$'000 | Total attributable to stockholders \$'000 | Non-controlling Interests \$'000 | Total \$'000 |
|---|----------------------------|-------------------------------------|-------------------------------|--|--|------------------|
| Balances at March 31, 2015 | 121,360 | 3,028,074 | 22,322 | 3,171,756 | 3,281 | 3,175,037 |
| Profit for the year | - | 622,869 | - | 622,869 | 25 | 622,894 |
| Deferred tax on reserves of subsidiaries in liquidation | - | (423) | - | (423) | | (423) |
| Total comprehensive income for the period | - | 622,446 | - | 622,446 | 25 | 622,471 |
| Transactions with owners | | | | | | |
| Dividends and distributions (note 10) | - | (970,880) | - | (970,880) | - | (970,880) |
| Total transactions with owners | - | (970,880) | - | (970,880) | - | (970,880) |
| Unaudited Balances at June 30, 2015 | 121,360 | 2,679,640 | 22,322 | 2,823,322 | 3,306 | 2,826,628 |

| | | | | | | |
|---|----------------|------------------|---------------|------------------|--------------|------------------|
| Balances at March 31, 2016 | 121,360 | 1,631,980 | 22,322 | 1,775,662 | 1,152 | 1,776,814 |
| Profit for the year | - | 860,882 | - | 860,882 | 30 | 860,912 |
| Deferred tax on reserves of subsidiaries in liquidation | - | (505) | - | (505) | | (505) |
| Total comprehensive income for the period | - | 860,377 | - | 860,377 | 30 | 860,407 |
| Transactions with owners | | | | | | |
| Dividends and distributions (note 10) | - | (825,248) | - | (825,248) | - | (825,248) |
| Total transactions with owners | - | (825,248) | - | (825,248) | - | (825,248) |
| Unaudited Balances at June 30, 2016 | 121,360 | 1,667,109 | 22,322 | 1,810,791 | 1,182 | 1,811,973 |

CARRERAS LIMITED

**Company Statement of Changes in Equity
For the three months ended June 30, 2016**

| | Share Capital \$'000 | Unappropriated Profits \$'000 | Capital Reserves \$'000 | Total \$'000 |
|--|----------------------------|-------------------------------------|-------------------------------|-----------------|
| Balances at March 31, 2015 | 121,360 | 1,760,455 | 22,322 | 1,904,137 |
| Profit for the year | - | 610,379 | - | 610,379 |
| Total comprehensive income for the period | - | 610,379 | - | 610,379 |
| Dividends paid (note 10), being total transactions with owners | - | (970,880) | - | (970,880) |
| Unaudited Balances at June 30, 2015 | 121,360 | 1,399,954 | 22,322 | 1,543,636 |

| | | | | |
|--|---------|-----------|--------|-----------|
| Balances at March 31, 2016 | 121,360 | 1,231,362 | 22,322 | 1,375,044 |
| Profit for the period | - | 845,393 | - | 845,393 |
| Total comprehensive income for the period | - | 845,393 | - | 845,393 |
| Dividends paid (note 10), being total transactions with owners | - | (825,248) | - | (825,248) |
| Unaudited Balances at June 30, 2016 | 121,360 | 1,251,507 | 22,322 | 1,395,189 |

CARRERAS LIMITED

Group Statement of Cash Flows
For the three months ended 30 June 2016

| | UNAUDITED | | AUDITED |
|--|-----------|-----------|-------------|
| | 3 months | | 12 months |
| | 30-Jun-16 | 30-Jun-15 | 31-Mar-16 |
| | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities: | | | |
| Profit for the period | 860,912 | 622,894 | 3,011,333 |
| Adjustments for: | | | |
| Depreciation | 18,774 | 16,218 | 62,506 |
| Employee benefits | - | - | (3,000) |
| (Gain)/loss on disposal of property, plant and and equipment | (6,957) | - | 2,943 |
| Foreign exchange gain | (32,368) | (10,881) | (30,692) |
| Income tax provision | 294,671 | 202,312 | 892,229 |
| Investment income earned | (29,076) | (42,199) | (176,612) |
| Items not affecting cash | | | |
| | 1,105,956 | 788,344 | 3,758,707 |
| Changes in: | | | |
| Accounts receivable | (58,040) | 887,445 | 894,677 |
| Income Tax Recoverable | (4,855) | (229,032) | 405,816 |
| Inventories | (107,987) | (73,241) | (32,307) |
| Accounts payable | (101,123) | (376,407) | (145,506) |
| Cash generated from operations | 833,951 | 997,109 | 4,881,387 |
| Income tax paid | (75,942) | (656,667) | (1,798,182) |
| Net cash provided by operating activities | 758,009 | 340,442 | 3,083,205 |
| Cash provided by investing activities | | | |
| Investment income received | 34,159 | 40,475 | 179,283 |
| Additions to property, plant and equipment | - | (12,845) | (56,763) |
| Proceeds of disposal of property, plant and equipment | 5,800 | - | 3,085 |
| Net cash provided by investing activities | 39,959 | 27,630 | 125,605 |
| Cash used by financing activities | | | |
| Dividends paid, being net cash used by financing activities | (825,248) | (970,880) | (4,342,104) |
| Net (decrease)/increase in cash and cash equivalents before effect of foreign exchange rate changes | (27,280) | (602,808) | (1,133,294) |
| Effect of exchange rate changes on cash and cash equivalents | 32,368 | 10,881 | 30,692 |
| Cash and cash equivalents, at beginning of period | 2,622,147 | 3,724,749 | 3,724,749 |
| Cash and cash equivalents, at end of period | 2,627,235 | 3,132,822 | 2,622,147 |

CARRERAS LIMITED

Notes to the Unaudited Financial Statements **Three months ended June 30, 2016**

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 and the registered office of the company is 13A Ripon Road, Kingston 5, 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 Company’s 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 unaudited financial results for the three month period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

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 recognized insofar as the defined benefit section of the fund 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 audited financial statements.

4. Operating Revenue

Operating revenue for the group and the company represents the invoiced value of products and services sold and includes special consumption tax aggregating \$1,433,261,000 (2015: \$1,113,731,000).

CARRERAS LIMITED

Notes to the Unaudited Financial Statements (continued) Three months ended June 30, 2016

5. Other operating income

| | <u>2016</u> \$'000 | <u>2015</u> \$'000 |
|---|-----------------------|-----------------------|
| Interest Income | 29,076 | 42,199 |
| Exchange gains | 32,368 | 10,881 |
| Gain on disposal of property, plant and equipment | 6,957 | - |
| Miscellaneous Income | 12,516 | 6,529 |
| | <u>80,917</u> | <u>59,609</u> |

6. 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.

7. 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.

8. Share capital

| | <u>2016</u> \$'000 | <u>2015</u> \$'000 |
|--|-----------------------|-----------------------|
| Authorised: 485,440,000 (2015: 485,440,000) ordinary shares of no par value | | |
| Stated: Issued and fully paid: 485,440,000 (2015: 485,440,000) stock units of no par value | <u>121,360</u> | <u>121,360</u> |

9. Deferred Tax

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

10. Dividends and Distributions

| | <u>2016</u> \$'000 | <u>2015</u> \$'000 |
|---|-----------------------|-----------------------|
| Declared and paid: First quarter ended June 30, 2016 Ordinary - 170€ (2015: 200€) | <u>825,248</u> | <u>970,880</u> |