

# Financial Results

For the Three Months Ended

June 30, 2020



CARRERAS LIMITED

# Key Results



**\$1.3B**

Net Operating  
Revenue



**\$651M**

Net Profit



**20.0¢**

Distribution per stock unit



**\$3.8B**

Total Assets



**\$1.5B**

Equity



**13.4¢**

EPS



# Group Statement of Comprehensive Income

## For the three months ended June 30, 2020



CARRERAS LIMITED

		Unaudited	
		3 months	
	Notes	Jun-20	Jun-19
		\$'000	\$'000
Operating revenue	4	2,697,701	3,458,024
Cost of operating revenue		(1,371,223)	(1,731,240)
<b>Gross operating profit</b>		<b>1,326,478</b>	<b>1,726,784</b>
Other operating income		40,562	29,231
		1,367,040	1,756,015
Administrative, distribution and marketing expenses		(508,920)	(537,575)
Impairment loss on trade receivables		3,460	1,951
<b>Profit from operations</b>		<b>861,580</b>	<b>1,220,391</b>
Interest income		16,794	17,136
Interest expense		(4,635)	(2,820)
<b>Net finance income</b>		<b>12,159</b>	<b>14,316</b>
<b>Profit before tax</b>		<b>873,740</b>	<b>1,234,707</b>
Taxation	5	(222,263)	(311,413)
<b>Profit for the period</b>		<b>651,475</b>	<b>923,294</b>
<b>Earnings per ordinary stock unit</b>	6	<b>13.4¢</b>	<b>19.0¢</b>

# Group Statement of Financial Position

## As at June 30, 2020



**CARRERAS LIMITED**

	Notes	Unaudited Jun-20 \$000	Unaudited Jun-19 \$000
<b>Assets</b>			
Deferred tax asset		57,680	35,674
Retirement benefit asset		86,800	138,300
Property, plant and equipment		582,904	516,545
<b>Non- current assets</b>		<b>727,384</b>	<b>690,519</b>
Cash and cash equivalents		1,490,396	2,018,953
Accounts receivable		1,189,351	1,020,567
Income tax recoverable		56,359	41,097
Inventories		385,741	347,001
<b>Current Assets</b>		<b>3,121,847</b>	<b>3,427,618</b>
<b>Total Assets</b>		<b>3,849,231</b>	<b>4,118,137</b>
<b>Equity</b>			
Share capital	7	121,360	121,360
Unappropriated profits		1,331,730	1,457,821
<b>Total attributable to stockholders of parent</b>		<b>1,453,090</b>	<b>1,579,181</b>
<b>Liabilities</b>			
Lease liability		200,892	119,034
Retirement benefit obligation		257,700	223,000
<b>Non-current liabilities</b>		<b>458,592</b>	<b>342,034</b>
<b>Current Liabilities</b>			
Accounts payable		1,072,363	1,312,188
Income tax payable		826,140	855,798
Current portion of lease liability		39,045	28,936
		<b>1,937,548</b>	<b>2,196,922</b>
<b>Total Liabilities</b>		<b>2,396,140</b>	<b>2,538,956</b>
<b>Total equity and liabilities</b>		<b>3,849,231</b>	<b>4,118,137</b>

Approved for issue by the Board of Directors on 29 July 2020 and signed on its behalf by:

  
Michael Bernard  
Director

  
Raoul Glynn  
Managing Director



# Group Statement of Changes in Equity

## For the three months ended June 30, 2020



**CARRERAS LIMITED**

	Share Capital	Unappropriated Profits	Total
	\$000	\$000	\$000
<b>Balances at March 31, 2019</b>	<b>121,360</b>	<b>1,214,144</b>	<b>1,335,504</b>
Profit for the period	-	923,294	923,294
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>923,294</b>	<b>923,294</b>
<b>Transactions with owners</b>			
Dividends paid, being total transactions with owners (note 8)	-	(679,617)	(679,617)
<b>Total transactions with owners</b>	<b>-</b>	<b>(679,617)</b>	<b>(679,617)</b>
<b>Unaudited Balances at June 30, 2019</b>	<b>121,360</b>	<b>1,457,821</b>	<b>1,579,181</b>

<b>Balances at March 31, 2020</b>	<b>121,360</b>	<b>1,651,136</b>	<b>1,772,496</b>
Profit for the period	-	651,475	651,475
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>651,475</b>	<b>651,475</b>
<b>Transactions with owners</b>			
Dividends paid, being total transactions with owners (note 8)	-	(970,880)	(970,880)
<b>Total transactions with owners</b>	<b>-</b>	<b>(970,880)</b>	<b>(970,880)</b>
<b>Unaudited Balances at June 30, 2020</b>	<b>121,360</b>	<b>1,331,731</b>	<b>1,453,091</b>

# Company Statement of Changes in Equity

## For the three months ended June 30, 2020



**CARRERAS LIMITED**

**Balances at March 31, 2019**

Profit for the period

**Total comprehensive income for the period**

Dividends paid, being total transactions with owners (note 8)

**Unaudited Balances at June 30, 2019**

Share Capital	Revenue Reserves	Total
\$000	\$000	\$000
121,360	1,144,810	1,266,170
-	919,067	919,067
121,360	2,063,877	2,185,237
-	(679,617)	(679,617)
121,360	1,384,260	1,505,620

**Balances at March 31, 2020**

Profit for the period

**Total comprehensive income for the period**

Dividends paid, being total transactions with owners (note 8)

**Unaudited Balances at June 30, 2020**

121,360	1,575,875	1,697,235
-	656,462	656,462
121,360	2,232,337	2,353,697
-	(970,880)	(970,880)
121,360	1,261,457	1,382,817



# Group Statement of Cash Flows

## For the three months ended June 30, 2020



**CARRERAS LIMITED**

	Unaudited	
	3 months	3 months
	Jun-20	Jun-19
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profit for the period	651,475	923,294
Adjustments for:		
Depreciation	28,202	33,537
Gain on disposal of property, plant and	1,182	-
Foreign exchange gain/(loss)	(30,704)	25,999
Taxation	222,263	311,413
Interest expense	4,635	2,820
Investment income earned	(16,794)	(17,136)
Items not affecting cash	860,259	1,279,927
Changes in:		
Accounts receivable	(197,756)	(247,464)
Inventories	78,715	14,462
Accounts payable	(62,742)	175,694
Cash generated from operations	678,477	1,222,619
Taxation paid	(281,402)	(288,970)
Net cash provided by operating activities	397,075	933,649
<b>Cash provided by investing activities</b>		
Investment income received	20,504	23,104
Additions to property, plant and equipment	(86)	(11,486)
Proceeds of disposal of property, plant and equipment	3,586	-
Net cash provided by investing activities	24,004	11,618
<b>Cash used by financing activities</b>		
Payment of lease liabilities	(14,975)	(10,428)
Dividends paid, being net cash used by financing activities	(970,880)	(679,617)
Net cash utilised by financing activities	(985,855)	(690,045)
<b>Net increase/(decrease) in cash and cash equivalents</b>		
<b>    before effect of foreign exchange rate changes</b>	(564,776)	255,222
<b>Effect of exchange rate changes on cash and cash equivalents</b>	30,704	(25,999)
<b>Cash and cash equivalents, at beginning of period</b>	2,024,468	1,789,730
<b>Cash and cash equivalents, at end of period</b>	1,490,396	2,018,953

# Notes to the Unaudited Financial Statements

## June 30, 2020



### 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. Statement of compliance and basis of preparation

#### (a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended June 30, 2020 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

The accounting policies followed in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standard, being IFRS 16 'Leases.' Changes to significant accounting policies are described below.

#### (b) Current year disclosures

The recognised right-of-use assets relate to the following asset:

Details	1 April 2020	30 June 2020
	\$'000	\$'000
Freehold land, buildings and leaseholds	<u>222,423</u>	<u>237,800</u>

The group incurred depreciation charges of \$1,516,000 on the right-of-use assets and interest expense of \$4,635,000 on the lease liability during the period.



# Notes to the Unaudited Financial Statements

## June 30, 2020



### 2. Statement of compliance and basis of preparation (cont'd)

#### (c) Accounting estimates and judgments:

The preparation of financial statements in conformity with IFRS and the Companies' 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, except for the impact of the application of IFRS 16 which is described under note 2 (b), 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 period 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 period 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.



# Notes to the Unaudited Financial Statements

## June 30, 2020



### 3. Significant Accounting Policies

Except as highlighted in note 2, 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 \$1,175,360,000 (2019: \$1,495,979,000).

### 5. Taxation

Taxation on profit for the period is made up as follows:

	<u>2020</u> \$'000	<u>2019</u> \$'000
Current:		
Provision for charge on current period's profit at 25%	220,934	308,543
Deferred:		
Origination and reversal of temporary differences	<u>1,329</u>	<u>2,870</u>
Taxation expense for the period	<u>222,263</u>	<u>311,413</u>

### 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 4,854,400,000 issued and fully paid ordinary stock units.



# Notes to the Unaudited Financial Statements

## June 30, 2020



### 7. Share Capital

	<u>2020</u> \$'000	<u>2019</u> \$'000
Authorised:		
4,854,400,000 (2018: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (2018: 4,854,400,000) stock units of no par value	<u>121,360</u>	<u>121,360</u>

### 8. Dividends and Distributions

	<u>2020</u> \$'000	<u>2019</u> \$'000
Declared and paid:		
First quarter ended June 30, 2020		
Ordinary – 20¢ (2019: 14¢)	<u>970,880</u>	<u>679,617</u>

### 9. Impact of COVID -19

In March 2020, the World Health Organisation declared COVID-19 a global pandemic. As the virus spread rapidly worldwide, the impact on the global markets has been significant with concerns about the escalating economic costs of the outbreak.

The impact of COVID-19 has been far reaching as it has caused significant impact on the major economies in which we operate, which are highly reliant on imports and exports for growth and development. The dislocation in sectors of the economy, such as the tourism, entertainment, retail trading and other areas is constantly reassessed for potential impact on the Company's growth.