

Financial Results

For the Six Months Ended

September 30, 2020



Key Results



\$3.0B

Net Operating
Revenue



\$1,562M

Net Profit



32.0¢

Distribution per stock unit



\$4.3B

Total Assets



\$1.8B

Equity



32.1¢

EPS

Group Statement of Comprehensive Income

For the six months ended September 30, 2020

(expressed in Jamaican dollars unless otherwise indicated)



CARRERAS LIMITED

	Notes	Unaudited		Unaudited	
		6 months		3 months to	
		Sep-20	Sep-19	Sep-20	Sep-19
		\$'000	\$'000	\$'000	\$'000
Operating revenue	4	6,154,026	6,644,673	3,456,325	3,186,649
Cost of operating revenue		(3,127,599)	(3,336,568)	(1,756,375)	(1,605,328)
Gross operating profit		3,026,427	3,308,105	1,699,950	1,581,321
Other operating income		44,509	32,240	3,947	3,009
		3,070,937	3,340,345	1,703,897	1,584,330
Administrative, distribution and marketing expenses		(999,017)	(1,034,479)	(490,097)	(496,903)
Impairment loss on trade receivables		6,635	1,863	3,175	(88)
Profit from operations		2,078,555	2,307,729	1,216,975	1,087,339
Interest income		23,727	34,213	6,933	17,076
Interest expense		(9,663)	(5,640)	(5,028)	(2,820)
Net finance income		14,063	28,573	1,904	14,256
Profit before tax		2,092,618	2,336,302	1,218,879	1,101,595
Taxation	5	(530,518)	(590,603)	(308,254)	(279,190)
Profit for the period		1,562,100	1,745,699	910,625	822,405
Earnings per ordinary stock unit	6	32.18¢	35.96¢	18.76¢	16.94¢

Group Statement of Financial Position

September 30, 2020

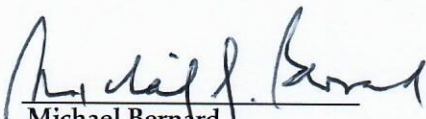
(expressed in Jamaican dollars unless otherwise indicated)

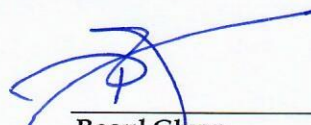


CARRERAS LIMITED

	Notes	Unaudited Sep-20 \$000	Unaudited Sep-19 \$000
Assets			
Deferred tax asset		52,718	31,827
Retirement benefit asset		86,800	138,300
Property, plant and equipment		616,995	530,148
Non- current assets		756,513	700,275
Cash and cash equivalents		1,778,048	1,780,592
Accounts receivable		1,262,871	915,979
Income tax recoverable		2,536	46,312
Inventories		489,610	371,487
Current Assets		3,533,065	3,114,370
Total Assets		4,289,578	3,814,645
Equity			
Share capital	7	121,360	121,360
Unappropriated profits		1,659,827	1,406,434
Total attributable to stockholders of parent		1,781,187	1,527,794
Liabilities			
Lease liability		197,098	111,712
Retirement benefit obligation		257,700	223,000
Non-current liabilities		454,798	334,712
Current Liabilities			
Accounts payable		1,219,687	1,077,908
Income tax payable		798,144	845,610
Current portion of lease liability		35,762	28,621
		2,053,593	1,952,139
Total Liabilities		2,508,390	2,286,851
Total equity and liabilities		4,289,578	3,814,645

Approved for issue by the Board of Directors on 6th November 2020 and signed on its behalf by:


Michael Bernard
Director


Raoul Glynn
Managing Director

Group Statement of Changes in Equity
For the six months ended September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)



	Share Capital \$000	Unappropriated Profits \$000	Total \$000	Minority Interest \$000	Total \$000
Balances at March 31, 2019	121,360	1,214,144	1,335,504	-	1,335,504
Profit for the period	-	1,745,699	1,745,699	-	1,745,699
Total comprehensive income for the period	-	1,745,699	923,294	-	923,294
Transactions with owners					
Dividends paid, being total transactions with owners (note 8)	-	(1,553,409)	(1,553,409)	-	(1,553,409)
Total transactions with owners	-	(1,553,409)	(1,553,409)	-	(1,553,409)
Unaudited Balances at September 30, 2019	121,360	1,406,434	1,527,794	-	1,527,794

Balances at March 31, 2020	121,360	1,651,136	1,772,496	-	1,772,496
Profit for the period	-	1,562,100	1,562,100	-	1,562,100
Total comprehensive income for the period	-	1,562,100	1,562,100	-	1,562,100
Transactions with owners					
Dividends paid, being total transactions with owners (note 8)	-	(1,553,408)	(1,553,408)	-	(1,553,408)
Total transactions with owners	-	(1,553,408)	(1,553,408)	-	(1,553,408)
Unaudited Balances at September 30, 2020	121,360	1,659,828	1,781,188	-	1,781,188

Company Statement of Changes in Equity

For the six months ended September 30, 2020

(expressed in Jamaican dollars unless otherwise indicated)



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 September 30, 2019

Share Capital	Revenue Reserves	Total
\$000	\$000	\$000
121,360	1,144,810	1,266,170
-	1,741,472	1,741,472
121,360	1,741,472	1,741,472
-	(1,552,409)	(1,552,409)
121,360	1,333,873	1,455,233

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 September 30, 2020

121,360	1,575,875	1,697,235
-	1,555,743	1,555,743
121,360	3,131,618	3,252,978
-	(1,553,408)	(1,553,408)
121,360	1,578,210	1,699,570

Group Statement of Cash Flows

For the six months ended September 30, 2020

(expressed in Jamaican dollars unless otherwise indicated)



CARRERAS LIMITED

Cash flows from operating activities:

Profit for the period
Adjustments for:
Depreciation
Gain on disposal of property, plant and
Foreign exchange gain/ (loss)
Taxation
Interest expense
Investment income earned

Items not affecting cash

Changes in:

Accounts receivable

Inventories

Accounts payable

Cash generated from operations

Taxation paid

Net cash provided by operating activities

Cash provided by investing activities

Investment income received
Additions to property, plant and equipment
Proceeds of disposal of property, plant and equipment

Net cash provided by investing activities

Cash used by financing activities

Payment of lease liabilities
Dividends paid, being net cash used by financing activities

Net cash utilised by financing activities

Net increase/(decrease) in cash and cash equivalents
before effect of foreign exchange rate changes

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

Unaudited	
6 months	6 months
Sep-20	Sep-19
\$'000	\$'000
1,562,100	1,745,699
71,557	67,066
1,182	-
32,053	(27,910)
530,518	590,603
9,663	5,640
(23,727)	(34,212)
2,183,346	2,346,886
(274,785)	(136,909)
(25,154)	(10,023)
84,582	(58,583)
1,967,990	2,141,371
(558,868)	(579,717)
1,409,122	1,561,654
30,946	34,212
(72,204)	(58,619)
3,586	-
(37,672)	(24,407)
(32,410)	(20,886)
(1,553,408)	(1,553,409)
(1,585,818)	(1,574,295)
(214,368)	(37,048)
(32,052)	27,910
2,024,468	1,789,730
1,778,048	1,780,592

Notes to the Unaudited Financial Statements

September 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 September 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 Sept 2020
	\$'000	\$'000
Freehold land, buildings and leaseholds	<u>222,423</u>	<u>225,941</u>

The group incurred depreciation charges of \$19,134,000 on the right-of-use assets and interest expense of \$9,663,000 on the lease liability during the period.

Notes to the Unaudited Financial Statements

September 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

September 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 \$2,674,221,000 (2019: \$2,728,334,000).

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%	873,370	308,543
Deferred:		
Origination and reversal of temporary differences	(8,450)	2,870
Taxation expense for the period	<u>864,920</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

September 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¢)	970,880	679,617
Second quarter ended September 30, 2020		
Ordinary -12¢ (2019: 18¢)	<u>582,528</u>	<u>873,792</u>
Total dividends to shareholders	<u>1,553,408</u>	<u>1,553,409</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.