60 YEARS

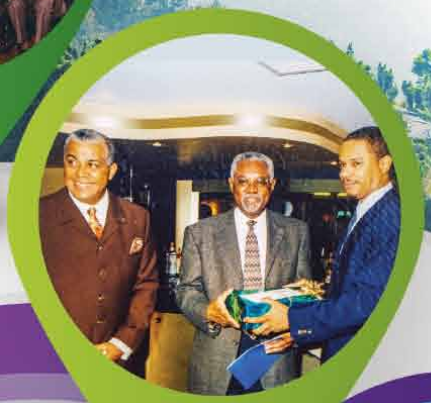
1962 – 2022

CARRERAS

A BETTER TOMORROW

1980

1998

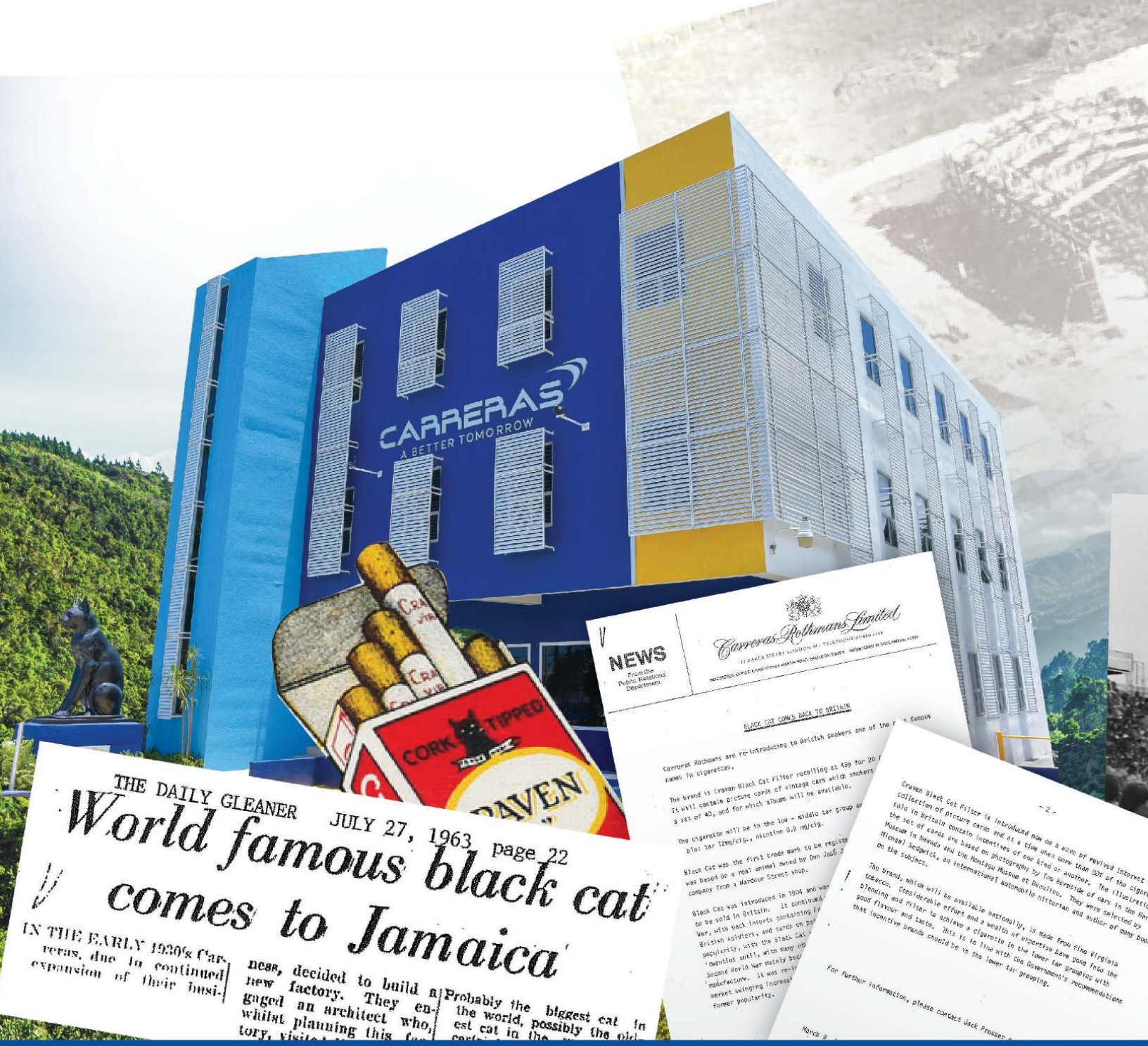


2000

2020

2022

2022 ANNUAL REPORT


CARRERAS
A BETTER TOMORROW
CORK TIPPED
CRAVEN
NEWS
From the Public Relations Department
Carreras Rothmans Limited
BLACK CAT COMES BACK TO BRITAIN
THE DAILY GLEANER
JULY 27, 1963
page 22
World famous black cat comes to Jamaica
IN THE EARLY 1920's Carreras, due to continued expansion of their business, decided to build a new factory. They engaged an architect who, whilst planning this factory, visited
Probably the biggest cat in the world, possibly the oldest cat in the

60 YEARS

1962 – 2022

CARRERAS

A BETTER TOMORROW

60 YEARS

1962 – 2022

CARRERAS

A BETTER TOMORROW

CONTENTS


"HANDLE WITH CARE"
THIS SIDE UP
WITCO
A BETTER TOMORROW
CIGARETTES
/200/20'S

Chapter 1

Our Strategy

We hold steadfast to the strategy of creating shareholder value, delivering profit growth and long-term business sustainability. The four pillars of this strategy are Growth, Productivity, Sustainability and developing a Winning Organisation.

Growth

CARRERAS Limited continues to focus on key strategic segments of the market that offer the best prospects for long term-growth, including driving our premium segment. We also believe that it is important to continue to develop and utilise innovative, differentiated products and offer our consumers added value from our brands.

Productivity

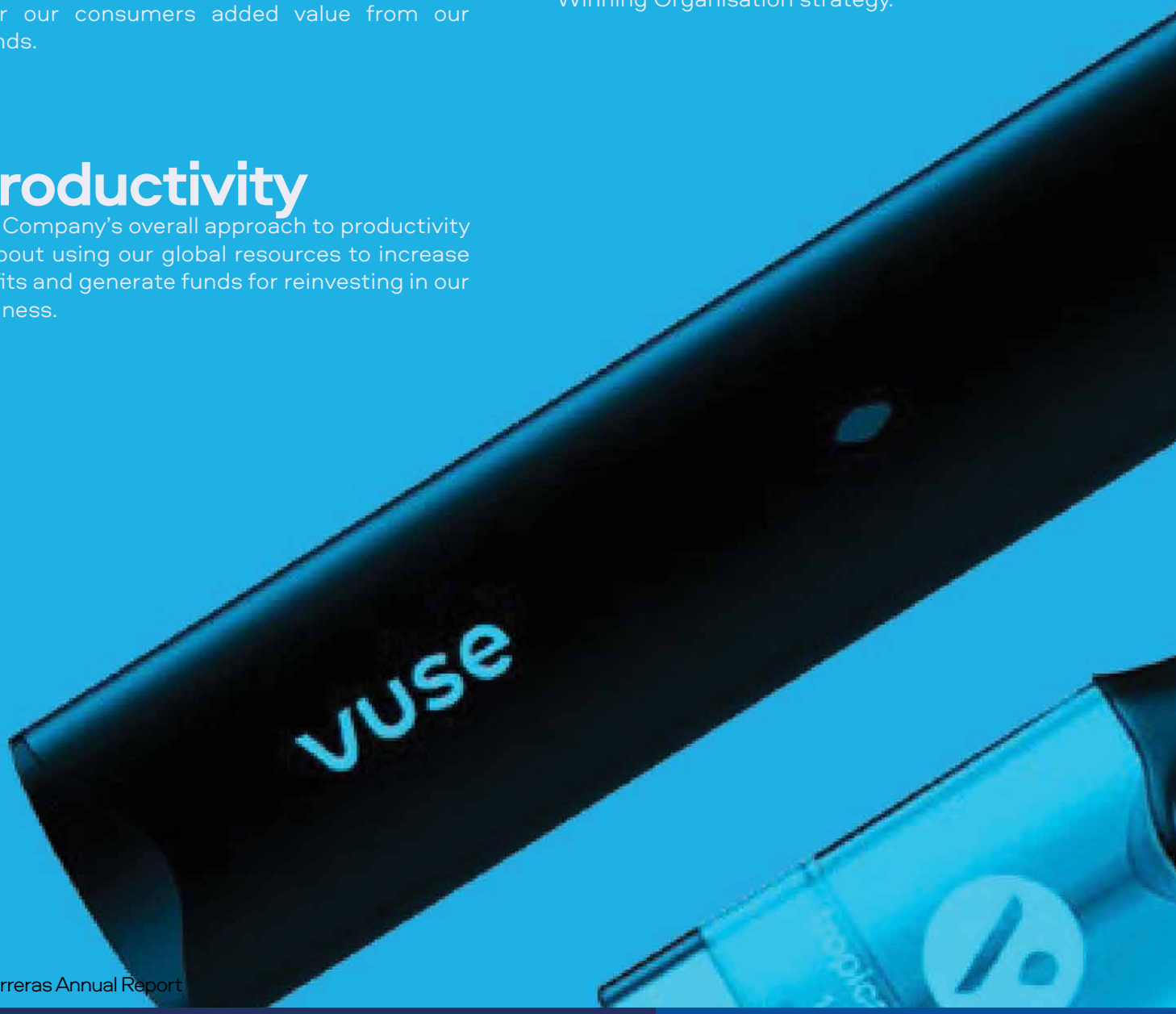
The Company's overall approach to productivity is about using our global resources to increase profits and generate funds for reinvesting in our business.

Sustainability

We will continue to balance our commercial objectives with the expectations of a broad range of stakeholders, thus ensuring a sustainable business.

Winning Organisation

We are confident about our strategies for Growth, Productivity and Sustainability, but to deliver our vision we must also have the right people and the right working environment. That is the essence of the Winning Organisation strategy.



Our Vision

Our vision is to achieve and maintain leadership of the Jamaican Tobacco Industry in order to create long-term shareholder value.

60 YEARS 1962 2022

CARRERAS

A BETTER TOMORROW

OUR ETHOS

In 2020, we transformed the Guiding Principles at CARRERAS to Our ETHOS which forms the core of our culture and guides how we deliver our strategy.

We are
BOLD

We are
FAST

We are
EMPOWERED

We are
DIVERSE

We are
RESPONSIBLE

We dream big and share innovative ideas. We make tough decisions quickly and proudly stand accountable for them. We are resilient & fearless in beating the competition.

Speed matters. We set clear direction and move fast. We keep it simple and focus on outcomes. We learn quickly and share learnings.

We set the context for our teams and trust their expertise. We challenge each other. Once in agreement, we commit collectively. We collaborate and hold each other accountable to deliver.

We value different perspectives. We build on each other's ideas, knowledge and experiences. We challenge ourselves to be open-minded and to recognise unconscious bias.

We take action to reduce the health impact of our business. We ensure the best quality products for our consumers, the best place to work for our people and the best results for our shareholders.

We act with integrity, never compromising our standards and ethics.

Performance Highlights

SHARE PRICE (J$)	
2022	8.94
3%	
2021	8.68

MARKET CAPITALIZATION (J$ BILLIONS)	
2022	43.40
3%	
2021	42.14

DIVIDEND PAID PER STOCK UNIT (¢)	
2022	85
21.4%	
2021	70

EARNINGS PER STOCK UNIT (J¢)	
2022	83.91
9.0%	
2021	77.01

TRADE PROFIT MARGIN (%)	
2022	34.8
0.8pp	
2021	35.6

GROSS OPERATION REVENUE (J$ BILLIONS)	
2022	15.75
12.8%	
2021	13.97

STOCKHOLDERS' RETURN ON EQUITY (%)	
2022	195.2
17.2pp	
2021	178.0

NET PROFIT (J$ BILLIONS)	
2022	4.07
8.8%	
2021	3.74

TOTAL ASSETS (J$ BILLIONS)	
2022	5.23
3.2%	
2021	5.07

Carreras in Review | The Last 20

Share Price

J$2.81 — 2002

2022 — J$8.94

Market Capitalization (Billions)

J$1.36 — 2002

2022 — J$43.40

Total Profit (Billions)

J$2.36 — 2002

2022 — J$4.07

Gross Operating Revenue (Billions)

J$4.46 — 2002

2022 — J$15.75

Notice Of Annual General Meeting

Notice is hereby given that the Sixtieth Annual General Meeting of the Stockholders of CARRERAS LIMITED will be held at the AC Hotel on Friday, September 9, 2022, at 2:00 p.m. for the following purposes:

1. **To receive the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended March 31, 2022.**

To consider and (if thought fit) pass the following Resolution: "THAT the audited Financial Statements and the Reports of the Directors and Auditors for the year ended March 31, 2022, be and are hereby adopted."

2. **To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.**

To consider and (if thought fit) pass the following Resolution: "THAT KPMG, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. **To elect Directors**

(a) Mr. Laurent Meffre and Mrs. Nirala Singh are due to retire in accordance with the provisions of Article 101 of the Articles of Incorporation and, being eligible, offers themselves for re-election.

To consider and (if thought fit) pass the following Resolutions:

i. "THAT Mr Laurent Meffre be and is hereby re-elected a Director of the Company."

ii. "THAT Mrs. Nirala Singh be and is hereby re-elected a Director of the Company."

(b) Ms. Verona Williamson was appointed a Director of the Company since the last Annual General Meeting of the Company and, being eligible, offers herself for election.

To consider and (if thought fit) pass the following Resolution: "THAT Ms. Verona Williamson be and is hereby elected a Director of the Company."

4. **To approve the remuneration of the Non-Executive Directors:**

To consider and (if thought fit) pass the following Resolution: "THAT the amounts shown in the Financial Statements of the Company for the year ended March 31, 2022, for emoluments received by the Non-Executive Directors for their services as Directors be and is hereby approved."

5. **To approve and ratify dividends:**

To consider and (if thought fit) pass the following Resolution: "THAT the interim dividends of $0.25 paid on Jun. 23, 2021; $0.16 paid on Aug. 25, 2021; $0.21 paid on Dec. 30, 2021; and $0.23 paid on Mar. 24, 2022, making a total of $0.85 for the Year, be and are hereby ratified."

6. **To consider any other business which may properly be transacted at an Annual General Meeting**

By Order of the Board

Verona Williamson
Company Secretary
Registered Office: 13A Ripon Road, Kingston 5.
May 30, 2022

Important Notice for Members who are not able to attend:
Any member of the Company entitled to attend and vote at this Meeting can appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal. A suitable Form of Proxy is enclosed.

To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagicor Bank Jamaica Limited, Group Legal Trust & Corporate Services, 28 – 48 Barbados Avenue, Kingston 5, not less than forty-eight (48) hours (excluding non-business days) before the time fixed for holding the meeting. The form of proxy should bear stamp duty of $100.00. The stamp duty may be paid by stamps which should be affixed to the form.

Corporate Data

LOCATION
CARRERAS LIMITED
13A Ripon Road
Kingston 5
Telephone: 749 9800
Fax: 906 9284
E-Mail: Carreras@bat.com
Website: www.carrerasltd.com

DEPOTS:
35½ Hagley Park Road, Kingston 10
6 Allan Avenue, Port Antonio
1-2 Villa Road, Mandeville
Pembroke Commercial Complex,
Lots 19 & 20, Fairfield Bouge,
Montego Bay

BOARD OF DIRECTORS
Patrick Smith - Chairman
Raoul Glynn
Patrick McDonald
Laurent Meffre
Juan Carlos Restrepo Piedrahita
Nirala Singh
Paul Hanworth

REGISTERED OFFICE:
13A Ripon Road, Kingston 5

AUDITORS:
KPMG,6 Duke Street, Kingston

BANKERS:
National Commercial Bank Jamaica Limited
The Atrium, 32 Trafalgar Road, Kingston 10

REGISTRAR AND
TRANSFER OFFICE:
Sagicor Bank Jamaica Limited
Group Legal Trust & Corporate Services
R. Danny Williams Building
28 – 48 Barbados Avenue,
Kingston 5

MANAGEMENT TEAM
Raoul Glynn,
Managing Director

Rogelio Paredes Flores,
Head of Finance

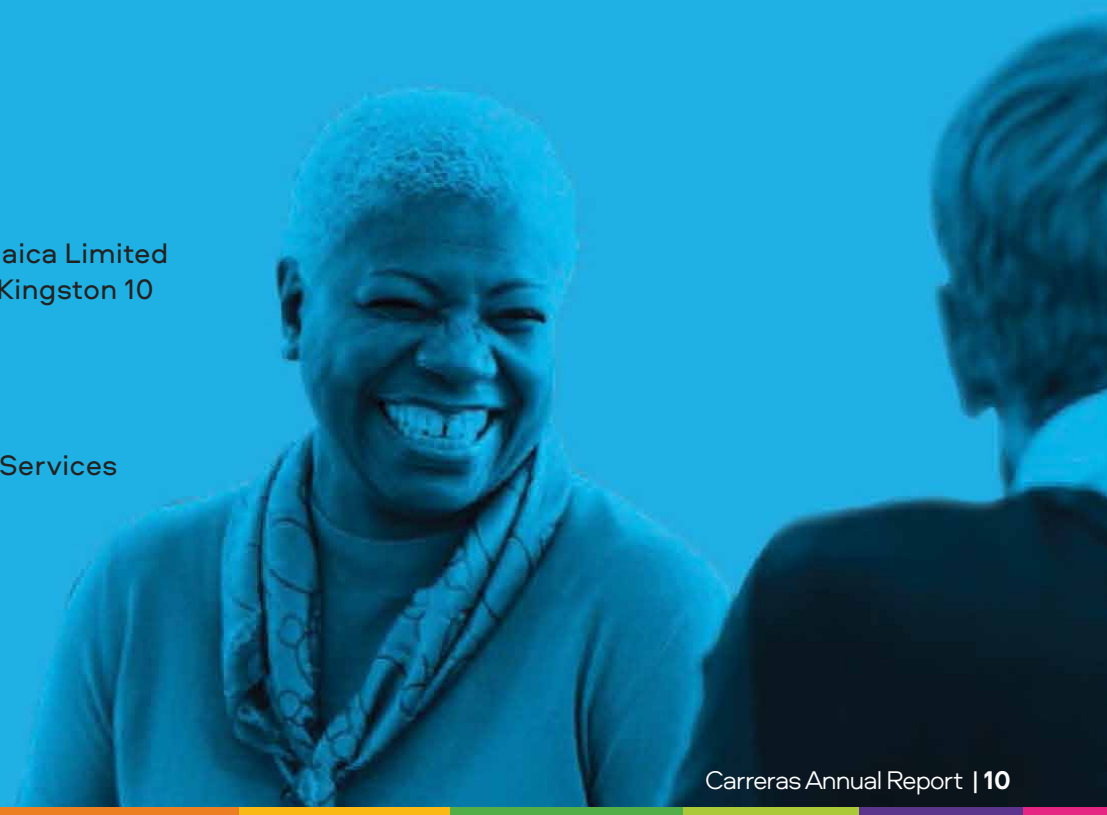
Verona Williamson,
Company Secretary

Kisha-Ann Brown,
HR Business Partner

Andre Pryce,
Head of Trade

Dwaine Williams,
Marketing Deployment Manager

Cammeca Cookhorn,
Legal & Government Affairs Manager




VELO
EASY
SLIM FORMAT
STRENGTH
VELO
EASY

Chapter 2

Chairman's Message

Dear Shareholders,

Like Jamaica, Carreras Limited celebrates its 60th anniversary this year, and there is no doubt that we can be proud of the Company's remarkable performance and our sustained role in nation-building.

Despite the global pandemic, the Company has maintained its momentum to deliver outstanding performance for 2022, affirming that opportunity exists in adversity.

With an all-time high revenue of $15.8 billion or 13% over the prior year, our Company delivered earnings per share of 83.9¢ versus 77.0¢ in 2021. In addition, the distribution of dividend payments totalling $4.1 billion or 85.0¢ per share represents a 21% increase over the prior year. Overall, the Company's profit grew by 9% as we remain resolute in sustaining and delivering shareholder value.

Through a revolutionised portfolio, a robust route-to-market distribution system, and a passionate team, the Company has been able to drive strategic and operational success. And while illicit trade continues to be one of the significant risks in the industry, the Government of Jamaica's continued support of the legal market has enabled the success of our excise strategy. The Company is committed to improving the legal tobacco landscape and will continue to drive awareness through active engagement with the government, regulators, and private sector stakeholders.

OUR OUTLOOK

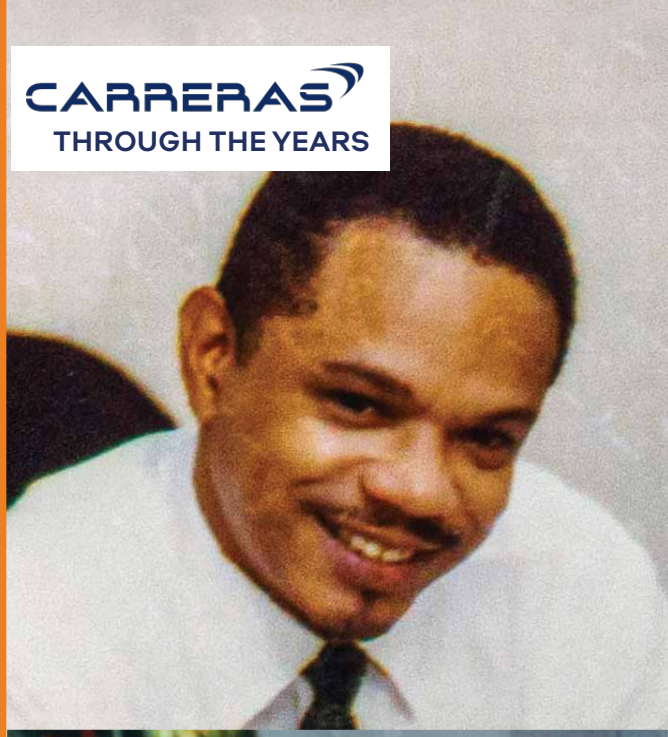
We have approached the past two years with uncommon resilience, and there is a clarity of purpose as we set our ambitions for the future. Throughout the BAT Group, executing a decisive environmental, social and governance (ESG) strategy is a priority as we seek to respond to climate change through excellence in environmental management, make a positive social impact and ensure robust governance.

In accelerating the transformation of our portfolio, our agenda includes the introduction of our reduced-risk portfolio of New Category products and claiming opportunities beyond nicotine that will become a substantial driver for operational performance. Above all, we are committed to building a high-growth, consumer-centric, multi-category company.

On behalf of my fellow Directors, we extend the Board's appreciation to the management and staff for acting on the mission and delivering exceptionally for 2022. We look forward to continued growth as we set our sights on another 60 years and "A Better Tomorrow."

Patrick Smith
Chairman

CARRERAS
THROUGH THE YEARS



"...we are humbled that we were one of the first companies opened in an independent Jamaica in 1962."

1990s-early 2000s

Our beloved Chairman in his capacity as General Manager of the Jamaica Biscuit Company Limited.

Board of Directors

PATRICK A. H. SMITH, Chairman

Mr. Smith has been the Chairman of Carreras since November 11, 2021.

OTHER APPOINTMENTS: Mr. Smith is a Director of CAC2000 Limited, for which he is the Chairman of the Remuneration Committee and Member of the Audit Committee. He was previously a Director at the Export-Import Bank of Jamaica, and Jamaica Promotions Limited, and Chairman of Things Jamaican Limited/Devon House, and Vice President of the Jamaica Exporters Association.

SKILLS & EXPERIENCE: Mr. Smith has deep business and industry expertise developed over 30 years working in the Caribbean and Europe. He has had several executive roles in the British American Tobacco network, including Global Account Manager for Dunhill Cigars in Switzerland, and Caribbean Business Unit Director in Trinidad. Formerly a Director of both West Indian Tobacco Company Limited in Trinidad and Carreras Limited in Jamaica, Mr. Smith served as the Chairman of Demerara Tobacco Company Limited in Guyana and Carisma Marketing Services in St. Lucia. Prior to joining BAT, he was the General Manager of the Jamaica Biscuit Company Limited.

QUALIFICATIONS: Mr. Smith holds a BSc. in Public Administration from the University of the West Indies Mona and an MBA from Nova Southeastern University.

COMMITTEES: Chairman, Nominations and Compensations Committee; and Member, Audit Committee.

RAOUL GLYNN, Managing Director

Mr. Glynn was appointed as Managing Director of Carreras Limited on February 1, 2020.

OTHER APPOINTMENTS: Member of the Board of Directors of Demerara Tobacco Company since February 2017.

SKILLS & EXPERIENCE: Raoul has previously held the position of Country Manager at Carisma Marketing Services, with responsibility for the general management of 21 markets of the English, French and Dutch speaking Caribbean, the largest volume base in the area. Raoul distinguished himself through his performance in various roles, beginning with that of Executive at West Indian Tobacco Company in Trinidad in 2002; Area Manager, Carisma Marketing Services Unit in January 2004; Trade Marketing and Distribution Manager at Demerara Tobacco (DTC) Guyana, another BAT subsidiary in April 2006. Raoul was seconded to Carreras in Jamaica where he led a team which achieved positive volume performance in the market. His BAT career continued in February 2012 with the role of Marketing Operations Manager of British American Tobacco Pars in Iran and then, in February 2014, following a short stint in the Middle East Area, Dubai, Raoul assumed the role of Business Development Manager in Costa Rica, with responsibility for the Trade Marketing, Distribution and Activation portfolio for Central America and the Caribbean, leading a strong efficiencies agenda in the region.

QUALIFICATIONS: BA., University of the West Indies, St. Augustine Campus.

COMMITTEES: Director, Demerara Tobacco Company, Guyana; Participant, Audit Committee, NOMS Committee, Corporate Governance Committee – Carreras Ltd; Member, Carreras Ltd Superannuation Fund.

N. PATRICK MCDONALD, Director

Mr. McDonald has been a Director of Carreras Limited since September 1, 2021.

OTHER APPOINTMENTS: Director of Television Jamaica Limited, Independent Radio Company Limited, and other broadcast media companies forming part of the RJR Gleaner Group. Director of Portland JSX Limited and Do Good Jamaica Limited.

SKILLS & EXPERIENCE: Mr. McDonald is an Attorney-at-Law and a Partner at the Jamaican law firm, Hart Muirhead Fatta. He practices mainly in the area of corporate and commercial law, and his experience includes capital markets transactions, mergers and acquisitions, corporate reorganizations, financing transactions, corporate governance, as well as matters in the bauxite and alumina sector. Since 2020, he has served as the Honorary Legal Counsel of the Private Sector Organisation of Jamaica ("PSOJ"). He is a past member of the Corporate Governance Committee of the PSOJ and conducts training in public and private sector corporate governance from time to time, including as part of the Jamaica Stock Exchange e-Campus programme. He has served as an associate tutor at the Norman Manley Law School for a number of years and has been consistently named as one of the leading commercial attorneys in Jamaica by Chambers Global, the internationally recognised legal directory.

QUALIFICATIONS: Admitted to practice in Jamaica in 1993. Bachelor of Laws (Hons.) awarded by the University of the West Indies and Legal Education Certificate, after attending the Norman Manley Law School.

COMMITTEES: Chairman, Corporate Governance Committee; Member, Audit Committee.

NIRALA NANDINI SINGH, Director

Mrs. Singh was appointed as a Director of Carreras Limited on February 12, 2020.

SKILLS & EXPERIENCE: Nirala is currently the Commercial Finance Controller for Latin America North and the Caribbean Business Unit of British American Tobacco, based in Mexico. She has more than 15 years' experience working with the BAT Group across a wide range of Finance roles, such as Internal Audit, Commercial Finance and Corporate Finance, as well as Global Shared Services. Nirala has significant experience in working in above market and end market roles, in strategic planning for complex and emerging markets, and also in leading large teams. She has held roles across a number of countries including Trinidad and Tobago, Costa Rica, Vietnam and now Mexico. In her current role, she has the Commercial Finance responsibility for 33 markets which includes pricing and resource allocation strategy. In her current and previous roles, Nirala has had to work across multiple geographies, with a wide range of internal and external stakeholders to drive the commercial and finance agenda toward enabling long term market sustainability. Nirala has served in the past on prior Boards of Directors for other BAT entities and has significant corporate governance experience in this regard.

QUALIFICATIONS: MBA, Finance with Honors from Michigan University; Fellow of the Association of Chartered Certified Accountants (ACCA).

COMMITTEES: Member, Audit Committee.

JUAN CARLOS RESTREPO PIEDRAHITA, Director

Mr. Restrepo, a non- executive Director, was appointed to the Board of Directors of Carreras Limited on July 24, 2019.

OTHER APPOINTMENTS: Non-executive President for a Communication and Strategy Consulting Firm.

SKILLS & EXPERIENCE: Mr. Restrepo first joined British American Tobacco in 1996 as a Legal Advisor. Throughout his initial 14-year employment with the company, he held several senior positions including serving as the Regional Counsel in Brazil, the Director of Legal, Corporate and Regulatory Affairs in Colombia, and the Director of Corporate and Regulatory Affairs in Venezuela. Mr. Restrepo went on to work with his home Government of Colombia, serving as Director for the Counter Narcotics National Directorate, the Inspector General of the National Directorate of Intelligence, Director-General of the Prison & Penitentiary Services, as well as National Security Advisor for the President of Colombia, at which time he was also appointed as a Presidential Delegate for the implementation of the Peace Agreement with the FARC Guerrilla in Colombia. He was welcomed back to BAT in January 2019 to serve as the Legal & External Affairs Director for the SANCAR area. Mr. Restrepo is fluent in English, Portuguese and Spanish.

QUALIFICATIONS: LLB, Diploma in Competition Law, and two Master's degrees in National Defence & Security and International Contracting.

COMMITTEES: Member, Corporate Governance Committee.

LAURENT MEFFRE, Director

Mr. Meffre was appointed to the Board of Directors of Carreras on March 23, 2020.

OTHER APPOINTMENTS: Managing Director, West Indian Tobacco Company (WITCO).

SKILLS & EXPERIENCE: In his role as Managing Director of WITCO, Mr. Meffre manages 24 Caribbean markets through its British American Tobacco Associates. Prior to his appointment as Managing Director, he served in several senior roles within the British American Tobacco Group, including General Manager, Lagos, Nigeria (West African markets), where he had responsibility for 25 markets. Mr. Meffre also held the position of Chairman of the Board of Directors of British American Tobacco Ghana, Benin and Cameroon. Over his 24 years in the British American Tobacco Group, he has amassed a wide range of experience in the key functional areas of Strategic Planning, Marketing, Operations and Human Resource Management. He brings with his experience a proven track record of Talent Management and Human Resource Development which will redound to the efficiency and productivity of the Commercial and Operations side of the business and facilitate continued growth in the local and regional markets.

QUALIFICATIONS: BA (Hons), Business Administration (Business Strategy & Operations Management); French Baccalaureate Economics (Hons); National Dip. Marketing (International Trade & Marketing Finance); National Dip. Sales & Marketing.

COMMITTEE: Member, Nominations and Compensation Committee.

PAUL R. HANWORTH, Director

Mr. Hanworth has been a Director of Carreras since September 20, 2021.

OTHER APPOINTMENTS: Director of PanJam Investment Limited (PanJam), an investment holding company listed on the Jamaican Stock Exchange, and Director / Trustee of many of its principal subsidiary and associated companies and its pension plan; Director and Audit Committee member of Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited, and Chairman of the Group Risk Committee; Independent Director, Audit Committee Chairman, and Investment Committee member of British Caribbean Insurance Company Limited; Chairman, National Health Fund Pension Plan; Director, Rainforest Seafoods Limited; Director of First Angels Jamaica Limited; and Investor Director of two angel-funded companies.

SKILLS & EXPERIENCE: Mr. Hanworth worked for PanJam for 15 years, initially as Chief Financial Officer before becoming Chief Operating Officer and Deputy Chief Executive Officer. In those roles he spearheaded several add-ons and fresh acquisitions and expanded the Group's private equity portfolio. Prior to PanJam, Mr. Hanworth founded, ran, and subsequently sold Jamaica's pre-eminent fine wine import and distribution company. He started his career in Jamaica in 1998 with ICD Group, where he restructured its finances and operations, being directly involved in the restructuring of the Group's debt with a prominent New York investment bank and the disposition of several business units. Mr. Hanworth began his career at KPMG in the UK, prior to moving to the USA in 1979 where he worked for the firm for 10 years and for Diageo for 9 years, including two years in South Africa from 1994 to 1996. During his career at Diageo, he gained considerable experience in M&A and divestitures as well as financial controllership, financial and strategic planning, and treasury.

QUALIFICATIONS: Fellow of the Institute of Chartered Accountants in England and Wales (FCA); Member of the American Institute of certified Public Accountants (AICPA); BA and MA (Classics) from Cambridge University; MSc (Management) Rensselaer Polytechnic Institute.

COMMITTEES: Chairman, Audit Committee.

VERONA WILLIAMSON, Company Secretary

Verona Williamson was appointed as Company Secretary on February 11, 2022.

SKILLS & EXPERIENCE: She initially joined the company as Senior Finance Analyst in 2014 and in 2017 was seconded to the West Indian Tobacco Company (WITCO) as Finance Business Partner – Operations. Verona returned to Jamaica in 2018 and assumed the role of Commercial Finance Manager which she held until her departure in 2019. In June 2020, she re-joined Carreras as Finance Planning Manager and was later appointed as the Corporate Finance Manager for the WITCO Exports Unit in April 2021. Verona has over 16 years' experience in Auditing and Accounting. She is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Jamaica, as well as the UK based Association of Chartered Certified Accountants.

QUALIFICATIONS: Association of Chartered Certified Accounts (ACCA) and Bachelor of Science in Management Studies and Accounts from the University of the West Indies, Mona Campus.

1990s-early 2000s

Directors' Report

The Directors are pleased to submit their Report and Audited Financial Statements for the year ended March 31, 2022. The following are selected highlights:

FINANCIAL RESULTS

	Year ended 31-Mar-22 $'000	Year ended 31-Mar-21 $'000
Revenue	**15,754,978**	**13,971,292**
Profit before Income tax	5,428,621	4,959,898
Net Profit for the year attributable to stockholders	4,073,279	3,738,276
Revenue Reserves at beginning of year	1,979,182	1,651,136
Total Revenue Reserves	6,052,461	5,389,412
Appropriations have been made as follows:		
Dividends and distributions	(4,126,240)	(3,398,080)
Defined benefit plan actuarial gain/(loss), net of tax	38,925	(12,150)
Unappropriated profits for the year	**1,965,146**	**1,979,182**
Earnings per stock unit	**83.91¢**	**77.01¢**

The following payments were made during the year

First quarter ended June 30, 2021	$0.25 per stock unit
Second quarter ended September 30, 2021	$0.16 per stock unit
Third quarter ended December 31, 2021	$0.21 per stock unit
Fourth quarter ended March 31, 2022	$0.23 per stock unit

No further final dividend payment is proposed in respect of 2021/2022.

The Directors have approved an interim dividend of $0.23 per stock unit, to be paid on July 5, 2022.

Auditors
KPMG have expressed their willingness to continue in office as Auditors and offer themselves for re-appointment

Shareholdings

TEN LARGEST SHAREHOLDERS AS AT MARCH 31, 2022

Rothmans Holdings (Caricom) Limited	2,446,508,260
National Insurance Fund	214,184,690
Sagicor Pooled Equity Fund	179,484,650
SJIML A/C 3119	107,854,360
JCSD Trustee Services Ltd - SIGMA EQUITY	102,518,376
L.B.J. Overseas Limited	102,117,115
Resource In Motion Limited (R.I.M.)	80,134,852
GraceKennedy Pension Fund Custodian Limited - for GraceKennedy Pension Scheme	78,648,740
Sagicor Select Fund Ltd - ('Class C' Shares) Manufacturing & Distribution	51,556,419
NCB Insurance Co. Ltd. A/C WT 109	47,500,000

DIRECTORS AND CONNECTED PERSONS

	DIRECT	CONNECTED PARTY	TOTAL
Mr. Patrick Smith	173,320	Nil	173,320
Mr. Paul Hanworth	Nil	Nil	Nil
Mr. Novar Patrick McDonald	320,000	Nil	320,000
Mr. Raoul Glynn	Nil	Nil	Nil
Mr. Laurent Meffre	Nil	Nil	Nil
Mr. Juan Carlos Restrepo Piedrahita	Nil	Nil	Nil
Mrs. Nirala Singh	Nil	Nil	Nil

EXECUTIVE & SENIOR MANAGEMENT

	DIRECT	CONNECTED PARTY	TOTAL
Mr. Raoul Glynn	Nil	Nil	Nil
Mr. Rogelio Paredes Flores	Nil	Nil	Nil
Mr. Dwaine Williams	Nil	Nil	Nil
Ms. Cammeca Cookhorn	Nil	Nil	Nil
Ms. Verona Williamson	Nil	Nil	Nil
Ms. Kisha-Ann Brown	Nil	Nil	Nil
Mr. Andre Pryce	Nil	Nil	Nil

There has been no change in the Directors' stockholding interests occurring between the end of the Company's financial year and the date of the Notice convening the Annual General Meeting.

At no time during or at the end of the financial year has any Director had any material interest in any contract or arrangement in relation to the business of the Company.

Our Policies and Business Principles

Our Business Principles cover the key issues that we believe underpin the way we operate as a tobacco business. Together, the three principles below form the basis on which we expect our business to be run in terms of responsibility.

The Principle of Mutual Benefit

This Principle is the basis on which we build relationships with our stakeholders. We are primarily in business to build long-term shareholder value and we believe the best way to do this is to seek to understand and take account of the needs of all our stakeholders.

The Principle of Responsible Product Stewardship

This Principle is the basis on which we meet consumer demand for a legal product that is generally accepted as a cause of serious diseases. Therefore, our products and brands should be developed, manufactured and marketed in a responsible manner.

The Principle of Good Corporate Conduct

This Principle is the basis on which our business should be managed. Business success brings with it an obligation to high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

Below are the (3) three main principles which guide the way we market and distribute our brands responsibly:

1. Our marketing will be responsible, accurate and not misleading
2. Our marketing will be directed at adult consumers
3. Our marketing will make it clear that it originates from British American Tobacco (BAT) and that it is intended to promote the sale of our brands.

Our Standards of Business Conduct

Our Standards of Business Conduct express the high standards of business integrity that BAT requires from employees worldwide. The Standards of Business Conduct set out specific guidelines which provide support and guidance for employee conduct. Whistle blowing procedures are also put in place so that any employee who suspects wrongdoing can raise his/her concern in confidence.

The Standards cover six broad areas which govern general business conduct, as well as provide guidance for employees in making appropriate decisions and judgments in the course of work.

Each employee is expected to know, understand and practice the standards, as appropriate, and review and sign in accordance with the policy, on an annual basis. During the year, as part of the annual employee sign off process, all employees completed a short training course on the Standards, either through the Standards of Business Conduct e-learning portal or through presentations shared by their respective line managers. The areas covered are:

1. Whistleblowing;
2. Personal and Business Integrity;
3. Workplace and Human Rights;
4. Public Contributions;
5. Corporate Assets and Financial Integrity;
6. National and International Trade.

Anti-Bribery and Corruption Procedure

In 2018, BAT successfully deployed several key initiatives to empower employees and business units across the Group to better identify and mitigate challenges related to key compliance areas such as anti-bribery and anti-corruption (ABAC) laws. To raise awareness of these issues with employees, an e-learning was delivered to a targeted cross-functional global audience selected on the basis of their potential interaction with government officials. To complement this, employee webcasts were also hosted for BAT managers across the world.

Additionally, to assist business units in identifying Standards of Business Conduct related issues (in particular relating to bribery and corruption) in connection with third parties retained in subsidiary Companies like Carreras, a new Third-Party Procedure was launched during the year. This procedure mandates a consistent methodology for pre-contractual due diligence on prospective third-party business partners and is complemented by mandatory

mitigation packages (such as training and contractual clauses) for minimum and high-risk third parties.

This due diligence also provides a retrospective review of third parties with which the Company did business before the Third-Party Procedure came into effect.

Our Environmental Policy

We are committed to meeting consumer needs in an environmentally responsible and sustainable way. We are also committed to operating responsibly in both the direct operations that we control, and throughout the wider supply chain that we influence. Responsibility is one of the cornerstones of our strategy, and we believe that good environmental practice is good business practice.

We will comply with all legal and regulatory requirements governing environmental management, implement environmental management practices internally and monitor compliance to them.

Our Health and Safety Policy

We recognize the paramount importance of the health, safety, and welfare of all employees and non-company personnel in the successful conduct of our business. We are therefore committed to the prevention of injury and ill-health and strive for continual improvement in our health and safety management and performance, through setting clear objectives, including the monitoring and measurement of key performance indicators.

British American Tobacco believes in the active participation of each employee and others as appropriate in promoting, achieving, and maintaining the highest standards of health and safety, in so far as it is reasonably practicable.

Framework for Corporate Social Investment

We are committed to giving back to the communities in which we operate. We also encourage our employees to play an active role both in their local and business communities. Our Corporate Social Investment Policy is supported by the BAT Group Strategic Framework for corporate and social initiatives (CSI), which sets out the Group's CSI strategy and how local operating companies are to develop, deliver and monitor community investment programmes within three themes:

***Sustainable Agriculture**
*** Environment**
***Empowerment and Civic Life**

Supplier Code of Conduct

The BAT Supplier Code of Conduct sets out the minimum standards group companies expect of suppliers. Our ultimate goal is to drive the continuous improvement of standards within our supply chain and as such, we are committed to working with such suppliers over time to help them achieve adherence with the requirements of this Code.

1992

Carreras Group Limited. Making a major contribution to Jamaica.

POLICIES / PRINCIPLES	SUMMARY AREAS COVERED	KEY STAKEHOLDER
BAT Standards of Business Conduct	Anti-bribery and corruption, conflicts of interest, and entertainment and gifts. Respect in the workplace, including promoting equality and diversity, preventing harassment and bullying, and safeguarding employee wellbeing. Respect for human rights, including prevention of child labour and exploitation of labour, and respect for freedom of association. Political contributions and charitable contributions. Financial integrity, accurate accounting and record-keeping, and information security. Anti-illicit trade, competition and anti-trust, and sanctions compliance. Whistleblowing.	Employees and contractors, Governments and regulators, local communities and society
Health and Safety Policy	Health, safety and welfare of all employees, other members of our workforce and third-party personnel.	Employees and contractors, suppliers, business partners, farmers, local communities and society
Environmental Policy	Our commitment to carrying out our business in an environmentally responsible and sustainable way, including agricultural, manufacturing and distribution operations.	Employees and contractors, suppliers, business partners, farmers, local communities and society
Employment Principles	Employment practices, including commitments to diversity, reasonable working hours, family friendly policies, employee wellbeing, talent, performance and equal opportunities, and fair, clear and competitive remuneration and benefits.	Group employees
Supplier Code of Conduct	Standards required ofsSuppliers of BAT operating Companies worldwide, including business integrity, anti-bribery and corruption, environmental sustainability and respect for human rights (covering equal opportunities and fair treatment, health and safety, prevention of harassment and bullying, child labour and exploitation of labour, and freedom of association).	Suppliers and business partners, employees and contractors, local communities and society
Strategic Framework for corporate social investment	Sets our BAT Group strategy and framework for Corporate Social Investment	NGOs and development agencies, local communities and society
International Marketing Principles	Provides a consistent and responsible approach to marketing our products	Employees, suppliers, agents and third-parties

For more information on our policies and principles, please visit our website www.carrerasltd.com.

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duction facilities in Jamaica, Honduras, Puerto Rico, Pennsylvania, Virginia and the Dominican Republic. There are also affiliated facilities in Mexico, Brazil and Holland.

The joint venture company (Jamaica Tobacco Manu-facturing Company (1995) Limited) feels confident that they will be

able to increase pro
from the pre-Gilbert
five million cigars to 10
by the year 2002. At th
the company shoul
employing in excess
people at the factory lo
and approximately 2000
employed in their expa
tobacco growing operation

GREAT CIGAR

- Rudolph Brown

Robert Gore (right), managing director, Jamaica Tobacco Manufacturing Company lights a cigar for John Hall, CEO, Carreras Group, as he samples a Jamaican cigar f the tobacco company at a
opening of

1992

Carreras Group Limited. Making a major contribution to Jamaica.

Chapter 3

Corporate Governance

CORPORATE GOVERNANCE REPORT

As a responsible and transparent listed company, the Board of Directors that provides oversight for Carreras Limited (CL), consider good corporate governance practices an important feature for effective operations.

GOVERNANCE STATEMENT:

a) CL is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will ensure the maintenance of high ethical standards by all members and employees of the company which are in tandem with the organization's vision & mission "*to achieve and maintain leadership of the Jamaican Tobacco industry in order to create long term shareholder value".*

b) Each Director is required to act honestly and in good faith and to ensure that the organisation carries out its activities within its prescribed mandate or objectives. Additionally, the Directors have collective responsibility for all strategic decisions made by the Board of Directors.

THE BOARD'S MANDATE

The Board of Directors of CL is collectively responsible for the success of the company. The Board remains committed to providing entrepreneurial leadership of CL within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is responsible for:

a) Overseeing CL's strategic aims;

b) Ensuring that the necessary financial and human resources are in place for CL to meet its objectives;

c) Reviewing management performance; and

d) Upholding the company's values and standards and ensures that its obligations to the company's shareholders and others are understood and met.

General Comportment:

The Board shall use its best efforts to ensure that:

(a) its members can act critically and independently of one another;

(b) each Director can assess the broad outline of the Company's overall policy;

(c) each Director's expertise is fully utilized in the performance of his or her role as a Director;

(d) the Board competencies match the competency profile of the Company; and

(e) the Board has adequate independent non-executive and executive Directors.

Independent Board member:

An independent non-executive Director is someone who based on criteria agreed by the Board includes:

(a) a Director that has not within the last three years been an employee of the Company or a related company;

(b) a Director that has not within the last three years had a material business relationship with the Company either directly or as a shareholder, Director or senior employee of a body that has a relationship with the Company either as a supplier, a customer or competitor of the Company;

(c) a Director that has not within the last three years received additional remuneration from the Company (apart from a Director's compensation) nor participated in the Company's performance-related pay scheme;

(d) a Director whose spouse, child(ren) or dependent(s) are not advisors, Directors or senior employees of the Company; and

(e) a Director who does not represent a **significant** shareholder (holding more than 5% of the issued securities of the issuer).

Appointment of Directors:

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. Appointments to the Board are made on merit and against objective criteria. Care is also taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairmanship.

INDUCTION PROGRAMME, ONGOING TRAINING AND EDUCATION

Director Induction Programme:

(a) Upon appointment, each Director shall participate in an induction programme that covers the Company's strategy, general financial and legal affairs, financial and regulatory reporting by the Board, any specific aspects unique to CL and its activities, and the responsibilities and expectations of a Director.

(b) The training of Directors is critical to ensure the maintenance of good governance. The Board, through the Corporate Governance Committee, will recommend such ongoing training for Directors as is necessary for them to maintain the knowledge and expertise required to better understand the operations of CL and to properly discharge their roles and functions as Directors. The cost of such training shall be included in the budget for the year.

RESPONSIBILITIES OF THE BOARD

There is a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. No one individual has unfettered powers of decision.

Chairman of the Board:

The Chairman of the Board is responsible for the leadership of the Board ensuring its effectiveness on all aspects

of its role and setting its agenda; and is the principal contact for the Managing Director who shall meet regularly with the Chairman.

The Chairman of the Board is also responsible for maintaining effective communication protocols with shareholders and stakeholders as required.

The Chairman ensures that:

(a) Directors, when appointed, participate in an induction programme and, as needed, additional education or training programmes;

(b) Directors receive all information necessary for them to perform their duties;

(c) Directors receive accurate, timely and clear information:

(d) Directors have sufficient time for consultation and decision-making;

(e) Orderly succession planning for directors and senior management;

(f) Committees function properly and according to their respective Terms of Reference;

(g) The performance of the overall Board and individual Directors are evaluated at least once every year;

(h) The Board establishes and maintains the agreed protocols for communication with the organisation's management;

(i) The Board establishes operating procedures for its meetings;

(j) The Board fulfils its duties to all key stakeholders and promotes sustainability;

(k) The agendas of Board meetings are in order and that minutes are kept of such meetings; and

(l) Internal disputes and conflicts of interest concerning individual Directors are addressed and resolved.

DIRECTORS

The Directors shall act in the best interests of the Company and its business, taking into consideration the interests of the Company's shareholders. Directors shall perform their duties independent of any particular interest in the Company and should not support one interest without regard to the other interests involved.

COMPANY SECRETARY

The Secretary is the Secretary of the Board and its Committees and assists the Board in the execution of critical administrative and governance functions which demand a high degree of compliance and ethical conduct.

The Company Secretary plays a key role in assisting all Directors to obtain the information they need to carry out their roles effectively. She is responsible for ensuring that Board processes and procedures are appropriately followed and that they support effective decision making and governance in accordance with the Companies Act.

ANNUAL EVALUATION

Board & Directors Evaluation:

The Board will conduct an annual performance evaluation of each Director, the Board on a whole and the Chairman. The evaluation process will be conducted in accordance with procedures established by the Board, on the recommendation of the Corporate Governance Committee, and shall evaluate performance in line with the Company's set goals and objectives and may also include setting out the goals and objectives of the Company for the upcoming year.

Managing Director & Company Secretary Evaluation:

The performance of the Managing Director and the Company Secretary are to be evaluated annually by the Board led by the Chairman.

SUPERVISION OF FINANCIAL REPORTING

General Supervision Responsibilities:

(a) The Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the annual report and quarterly unaudited financial accounts and any other financial information.

(b) The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting.

Recommendations by External Auditor:

The Board shall carefully consider and, if accepted, put into effect any recommendation by the external auditor. This will include recommendations made by the external auditor on the Company's internal controls, as expressed in the 'management letter.'

Reports to the Board:

The Audit Committee shall report its dealings with the external auditor to the Board on an annual basis, including its assessment of the external auditor's independence.

Assessment of External Auditor:

At least once every three years, the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Board so it may assess the nomination for the reappointment of the external auditor.

The Board currently has established the following committees to govern areas of its operations:

- Corporate Governance Committee
- Audit Committee
- Nomination & Compensation Committee

BOARD COMMITTEES

Committee Chairman

The Board Committee Chairman is responsible for the leadership of the respective Board committees and that each respective Board committee executes on their respective charters and mandates, as approved by the Board. The Board Committee Chairman is also responsible for:

a. fixing the agenda for the relevant Board committee meetings and to ensure that all relevant matters are tabled for consideration (as requested by the members of that committee, the wider Board, or otherwise);

b. reporting to the Board at each Board meeting; and

c. reporting to the shareholders.

CORPORATE GOVERNANCE COMMITTEE (CGC)

Relationship with the Board and other committees

The role of the CGC and its relationship with the Board and other committees is as set out in the Charter approved by the Board and to the extent that the CGC undertakes tasks on behalf of the Board, the results are reported to, and considered by, the Board. The CGC is charged with a review of the Board, its committees and their respective functions on an annual basis and to ensure that they execute their responsibilities efficiently and with transparency and accountability.

AUTHORITY & RESPONSIBILITES

The Committee shall support the Board in the administration and exercise of the Board's management of the Company by carrying out the following:

Corporate Governance Principles

- Developing, recommending and reviewing corporate governance principles applicable to the Board.
- Ensuring that the Board and is committees are in compliance with all regulatory composition requirements, which shall include requirements for director independence.
- Reviewing, no less than once annually, the adequacy of the charters of the Board and its various subcommittees, including the adequacy of this Charter, and submit to the Board any suitable recommendations in relation to the amendment of same.
- Reviewing, no less than once annually, the Company's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to the amendment of same.
- Preparing the annual Corporate Governance Statement for inclusion in the Company's Annual Report to its shareholders.
- Ensuring that there is accurate, timely and full financial governance reporting with strong internal controls and risk management.
- Ensuring that material information regarding the Company's operations are disclosed in a timely manner to the public and regulatory entities.
- Keeping abreast of the latest regulatory requirements, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.

Evaluation of Board & its Committees – Structure, Composition and Function

- Ensuring that the Board is structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
- Establishing and facilitating an effective process for the annual evaluation of the Board and its committees, which shall include the development of self-audit checklists which take into account their respective mandates and the level of contribution of individual directors. The Committee shall report to the Board the results of its annual evaluations and, based on those results, may make recommendations in respect of the structure and effectiveness of the Board and any of its committees.
- Overseeing the development and implementation of a Board induction process for new directors and a programme of continuing director development and training, as needed.
- Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.
- Reviewing any change in status and professional affiliation of current directors, which shall include fulfilment of independence requirements, and making relevant proposals to the Board in relation to its findings.

Meetings of the CGC

The Chairman of the CGC, in consultation with the Company Secretary, decide the frequency and timing of its meetings.

The membership of the CGC during the 2021/2022 financial year:

Past: Mr. Matthew Hogarth (Chairman), Mr. Oliver Holmes and Mr. Juan Carlos Restrepo Piedrahita. Mr. Raoul Glynn (Managing Director) and Mr. Bjorn Spence (Company Secretary) were permanent invitees.

Current: Mr. Patrick McDonald (Chairman), Mr. Patrick Smith and Mr. Juan Carlos Restrepo Piedrahita. Mr. Raoul Glynn (Managing Director) and Ms. Verona Williamson (Company Secretary) are permanent invitees.

The key activities include:

1. Review of the Charter of the Board and of the Committees to ensure that their composition, structure, policies and processes are in keeping with best practice standards and also to ensure adherence to the relevant legal and regulatory framework.

   Checklists for all Committees were compiled to inform us of the various activities to be performed in a timely manner.

2. Strengthening of the Conflicts of Interest Policy and introduction of Conflicts of Interest Register.

3. At the Company's request, our Attorneys advised that no antecedent events had occurred in the past year and going into this year precipitated by the Companies Act etc. that required consideration by the Company.

4. Directors' Training to be interactive and a wide range of topics in relation to Corporate Governance.

5. The Board's annual Self Evaluation exercise facilitated by an independent external company. The evaluation measures the performance and effectiveness of the Board, its committees, the Executive and Non-Executive Directors and the Chairman.

6. Introduction of a Corporate Governance Assessment Tool to facilitate a review of the main Board by the Committee.

Looking Forward

The CGC shall continue to ensure that the Company is aligned with corporate governance best practices and that it continues its sterling reputation as a leader in this area.

AUDIT COMMITTEE

Relationship with the Board

The Audit Committee provides an independent financial review function to ensure that the Company adheres to its governance mandate in the specific areas of accounting policies, internal controls, risk management, financial compliance systems and procedures as well as financial reporting practices.

The role of the Audit Committee is for the Board to decide and to the extent that the Audit Committee undertakes tasks on behalf of the board, the results are reported to, and considered by, the board. In doing so it identifies any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The Board has established formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

SPECIFIC RESPONSIBILITES & DUTIES

I. To monitor the integrity of the financial statements of the company;

II. Reviewing any formal announcements relating to the company's financial performance and any significant financial reporting judgements contained in them;

III. To review the company's internal financial controls and risk management systems and processes;

IV. To monitor and review the effectiveness of the company's internal audit function;

V. To make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;

VI. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;

VII. To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

VIII. To review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

The Audit Committee comprises of four members who are non-executive directors, the majority of whom is identified by the Board as independent directors.

Meetings of the Audit Committee

The Chairman of the Audit Committee, in consultation with the Company Secretary, decide the frequency and timing of its meetings.

Four (4) meetings are held during the year to coincide with key dates within the financial reporting and audit cycle. The company's external audit lead partner is invited regularly to attend the meetings.

The Audit Committee met with the external auditors, without management, to discuss matters relating to its remit and any issues arising from the audit.

The Committee members:

Past: Mr. Michael Bernard (Chairman), Mr. Matthew Hogarth, Mr. Oliver Holmes and Mrs. Nirala Singh. Mr. Raoul Glynn (Managing Director) and Mr. Rogelio Paredes Flores (Head of Finance) were permanent invitees.

Current: Mr. Paul Hanworth (Chairman), Mr. Patrick Smith, Mr. Patrick McDonald and Mrs. Nirala Singh. Mr. Raoul Glynn (Managing Director) and Mr. Rogelio Paredes Flores (Head of Finance) were permanent invitees

Key activities for financial year included:

- Reviewed and after consultation with management and external auditors, recommended to the Board, unaudited quarterly financial statements and the 2022 audited annual financial statements for its approval and release to stockholders.
- Recommended to the Board for approval:
  - Dividend payments
  - Related Party Transactions
  - Key Business Risks

The Committee considered the following in making its recommendations:

- Reliability and integrity of the accounting principles and practices, financial statements and other financial reporting;
- Internal audit functions of the Company;
- Risk management functions and processes of the Company;
- Qualifications, independence and performance of the external auditors of the Company;
- System of internal controls and procedures established by management and review of their effectiveness;
- The Company's compliance with legal and regulatory requirements.

NOMINATION AND COMPENSATION COMMITTEE

Relationship with the Board

The Nomination & Compensation Committee (NCC) of Carreras Limited has the responsibility of determining the framework and policy on terms of engagement including the appointment and specific remuneration of each executive director and each member of the Senior Management Team ["Leadership Team"] of the company, including entitlements where applicable under the share incentive schemes and the pensions schemes and any compensation payments. Additionally, the NCC will recommend board appointments and review fees payable to non-executive Directors and make the necessary recommendation to the Board as required. The NCC shall also collaborate and work closely with Carreras' Corporate Governance Committee on related governance matters.

Nomination and Succession

I. Develop and annually review the competency profile for the board of directors and submit recommendations to the Board.

II. Ensure that the Board is structured, and Directors selected to foster effectiveness, independence and protection of the public's interests through an appropriate selection and operating processes.

III. Make recommendations to the board on suitable candidates for appointment as board directors including executive directors.

IV. Make recommendations to the board in specific regard to:

a) the re-appointment of any Non-executive Director at the conclusion of their specified term of office after reviewing the Director's performance;

b) the re-election by shareholders of any director under the retirement or by rotation provisions in the Company's Articles of Incorporation; and

c) the continuation in office of any Director at any time.

V. Develop and annually review a succession plan for Directors, the Chairman and the Managing Director.

The quorum for a meeting is two (2) members with at least one being an independent non-executive director.

The Committee members:

Past: Mr. Oliver Holmes (Chairman) Mr. Michael Bernard and Mr. Matthew Hogarth. Mr. Raoul Glynn was permanent invitee to the meetings.

Current: Mr. Patrick Smith (Chairman), Mr. Patrick McDonald and Mr. Laurent Meffre. Mr. Raoul Glynn was permanent invitee to the meetings.

Key activities during the financial year

i) At the end of his assignment, the Head of Finance returned to the BAT Group. One of our Finance professionals returned to the Company from assignment within the BAT Group. A recommendation was made to the Board regarding her appointment as Finance Director.

ii) On the resignation of the Company Secretary, a recommendation was made to the the Board regarding the appointment of a new Company Secretary.

iii) The Committee ratified the staff bonus payment for 2021 and offered its congratulations to the management and staff for delivering a good year's results.

v) The Committee ratified the salary increases which were implemented on April 1, 2022, based on the annual compensation and benefit survey results.

Please note that our Corporate Governance guidelines are available on our website at www.carrerasltd.com

The table below provides details on the Directors' attendance at Board and Committee Meetings:

Name of Director	Board	Audit Committee	Nomination & Compensation Committee	Corporate Governance Committee
Michael Bernard *	4	2	1	n/a
Raoul Glynn	13	4	5	2
Matthew Hogarth *	3	2	2	2
Oliver Holmes *	6	3	4	2
Laurent Meffre	13	n/a	1	n/a
Juan Carlos Restrepo Piedrahita	13	n/a	n/a	2
Nirala Singh	13	3	n/a	n/a
Patrick Smith **	8	2	1	0
Paul Hanworth **	9	2	n/a	n/a
Patrick McDonald **	9	2	0	0

** Retired/Resigned during the year*

*** Appointed during the year*

Number of meetings held during the Financial Year

Board	13
Audit Committee	4
Nomination and Compensation Committee	2
Corporate Governance Committee	2

Operating Environment

Global Economy

The global economy entered 2022 in a more weakened position than previously expected by economists, as elevated levels of inflation derailed the Gross Domestic Product (GDP) targets of many countries. As the global economy shows signs of recovery from the impact of product shortages due to COVID-19, Carreras as well as other companies in the Fast-Moving Consumer Goods (FMCG) industry remains extremely optimistic in our ability to achieve solid commercial growth in the future.

However, the conflict in Eastern Europe has added to the pressures on the global economy, contributing to higher than anticipated levels of inflation, driven by higher energy prices and shortages in commodities. The estimated GDP growth projected for 2022 is 3.6%, which is 2.5pp less than the actual growth seen in 2021.[1] The constant threat of new variants of COVID-19 and further escalation of the conflict in Europe have reduced consumer confidence and fueled speculations of a global economic contraction. We continue to closely monitor these events analyzing keenly the potential impact on our business, especially as it relates to the cost and availability of inputs used in the manufacturing of our brands.

Our Economy

The Jamaican economy grew by 6.7% in the last quarter of 2021 when compared to the same period in 2020, evidencing some recovery from the COVID-19 pandemic. This growth was attributed to an overall increase in both goods producing and service industries of 0.9 percent and 0.5 percent, respectively. The relaxation of some COVID-19 measures, including the re-opening of the entertainment sector, is one of the main reasons behind the expansion seen in the economy.[3]

At the end of March 2022, the point-to-point inflation was 11.3%, higher than the Bank of Jamaica's (BOJ's) projected upper limit of 6%, as well as the point-to-point rate at the end of March 2021 of 5.2%. 'Food and non-alcoholic beverages' as well as 'Housing, Water, Electricity, Gas and Other Fuels' were the divisions driving this increase in the Consumer Price Index (CPI). The BOJ's projected inflation outlook for fiscal year 2022, point-to-point, was 4% to 6%[2] to facilitate sustained growth development in Jamaica. The rise in input costs due to inflation is a visible risk for our company as further increases in inflation rates could erode our efforts to create value for our shareholders.

During the 2021/2022 financial year, the Jamaican dollar (JMD) devalued relative to the United States dollar (USD) at a rate of 4.3% which was a slower rate of devaluation compared to the 8.7% recorded in the prior financial year.

Jamaica's Net International Reverses (NIR) stood at US$3,675.85 million as at March 31, 2022, which denotes 29.60 weeks of the country's goods and services importation. This remains a position of strength for the local economy as it represents 21.51 weeks over the international benchmark of 12 weeks of goods imports and confirms the availability of foreign currency to enable and promote business transactions[2] in the international markets.

In January 2022, the unemployment rate for Jamaica was 6.2% which is 2.6pp lower than the same period last year. This reduction in the unemployment rate speaks to the continued recovery of some of the major industries in the country, especially tourism and other service sectors and acts as a potential for further stimulus for the country's GDP and the achievement of the projected targets for 2022.

Management is constantly monitoring and assessing the macro-economic indicators for the likely impact on our Company, stockholders and stakeholders. Our robust and adoptive risk management framework was engaged in the design and implementation of policies and procedures aimed at mitigating the impact of any possible adverse movements.

Sources:
1. International Monetary Fund
2. Bank of Jamaica
3. Statistical Institute of Jamaica

Risk Management

Our risk management framework supports our strategy for maintaining long-term sustainable growth. Effective management of these risks is crucial to the actualization of the Company's Mission and Vision. Risks are managed on an enterprise-wide basis across core business processes, starting at the strategic planning level, through to execution, evaluation, and continuous monitoring.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. During the year, the Directors carried out a robust assessment of the key risks and uncertainties facing the Company, including those that impact the strategic objectives, business model, future performance, solvency, or liquidity. Though the key risks facing the Company have changed slightly over the past year, our number one risk, tobacco regulation that inhibits growth strategy, remains unchanged.

In relation to capital management, the Company's objectives are to safeguard its ability to continue as a going concern to provide returns and value for shareholders. The Board monitors the return on capital/ stockholders' return on equity, which is defined as net operating income divided by shareholders' equity. For the 2021/22 financial year, the return on capital was 195% (2020/2021 - $178%).

The Board of Directors has no reason to believe that its policy to maintain a strong capital base to preserve investor, creditor, and market confidence and to sustain the future development of the business will not continue into the foreseeable future.

Risk Management Approach

The Company has in place a Risk Management Committee (RMC), which is comprised of the senior management team and has responsibility for identifying, assessing, managing, and monitoring risks likely to face the Company as well as to implement effective mitigating controls to manage these risks. Clear accountability is attached to each risk through the risk owner. The deliberations of RMC meetings are reported to the Board of Directors through the Audit Committee of the Board.

Carreras Limited believes that its risk appetite and tolerance limits are the foundation of its risk management framework, which ultimately establishes the risk culture for the Company.

Key Business Risks

Currently, there are several risks that were identified by the Company as significant enough to be monitored. These risks, along with management's mitigation measures are assessed at least on a quarterly basis.

Based on the Company's risk appetite and risk tolerance, the Company actively manages the key business risks covering External Environment, Regulatory, People and Processes and Operational.

Key risks that the Directors believe to be the most important after assessment of the likelihood and potential impact on the business are highlighted below. Not all these risks are within the control of the Company and other factors besides those listed may affect the Company's performance. Some risks may be unknown at the present and other risks, currently regarded as less material could become material in the future.

Risks:

- ***Tobacco regulation that inhibits growth strategy***

The enactment of, proposal for, or rumors of, regulation that is unbalanced and impractical, and significantly impairs the Company's ability to communicate with consumers, differentiate our products in the marketplace and launch future products, poses a risk to the Company's long-term sustainability. Particularly, this could lead to an adverse impact on the ability to compete within the legal tobacco industry and with increased illicit trade.

Mitigation Activities: Proactive and robust stakeholder engagement and litigation strategy for balanced regulations. Ongoing monitoring of marketing plans to ensure compliance with internal self-regulations and local legislation.

- ***Significant increase in tobacco excise***

Our risk management framework supports our strategy for maintaining long-term sustainable growth. Effective management of these risks is crucial to the actualization of the Company's Mission and Vision. Risks are managed on an enterprise-wide basis across core business processes, starting at the strategic planning level, through to execution, evaluation, and continuous monitoring.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. During the year, the Directors carried out a robust assessment of the key risks and uncertainties facing the Company, including those that impact the strategic objectives, business model, future performance, solvency, or liquidity. Though the key risks facing the Company have changed slightly over the past year, our number one risk, tobacco regulation that inhibits growth strategy, remains unchanged.

In relation to capital management, the Company's objectives are to safeguard its ability to continue as a going concern to provide returns and value for shareholders. The Board monitors the return on capital/ stockholders' return on equity, which is defined as net operating income divided by shareholders' equity. For the 2021/22 financial year, the return on capital was 195% (2020/2021 - $178%).

The Board of Directors has no reason to believe that its policy to maintain a strong capital base to preserve investor, creditor, and market confidence and to sustain the future development of the business will not continue into the foreseeable future.

Risk Management Approach

The Company has in place a Risk Management Committee (RMC), which is comprised of the senior management team and has responsibility for identifying, assessing, managing, and monitoring risks likely to face the Company as well as to implement effective mitigating controls to manage these risks. Clear accountability is attached to each risk through the risk owner. The deliberations of RMC meetings are reported to the Board of Directors through the Audit Committee of the Board.

Carreras Limited believes that its risk appetite and tolerance limits are the foundation of its risk management framework, which ultimately establishes the risk culture for the Company.

Key Business Risks

Currently, there are several risks that were identified by the Company as significant enough to be monitored. These risks, along with management's mitigation measures are assessed at least on a quarterly basis.

Based on the Company's risk appetite and risk tolerance, the Company actively manages the key business risks covering External Environment, Regulatory, People and Processes and Operational.

Key risks that the Directors believe to be the most important after assessment of the likelihood and potential impact on the business are highlighted below. Not all these risks are within the control of the Company and other factors besides those listed may affect the Company's performance. Some risks may be unknown at the present and other risks, currently regarded as less material could become material in the future.

Risks:

- ***Tobacco regulation that inhibits growth strategy***

The enactment of, proposal for, or rumors of, regulation that is unbalanced and impractical, and significantly impairs the Company's ability to communicate with consumers, differentiate our products in the marketplace and launch future products, poses a risk to the Company's long-term sustainability. Particularly, this could lead to an adverse impact on the ability to compete within the legal tobacco industry and with increased illicit trade.

Mitigation Activities: Proactive and robust stakeholder engagement and litigation strategy for balanced regulations. Ongoing monitoring of marketing plans to ensure compliance with internal self-regulations and local legislation.

- ***Significant increase in tobacco excise***

The Company is exposed to unexpected and/or significant excise increases or changes to the structure thereof. Excise increases for the three consecutive years 2015 to 2017 proved to be significant and excessive and have resulted in transfer of volumes from the legal industry to the illicit trade in cigarettes. This was particularly so in 2017 when a 21.4% increase in tobacco excise was implemented. Not only did the industry experience a reduction in sales volumes, but the Government lost well needed revenues compared to their intake in 2016. We note that the Government has prudently not levied any further increases since that time, and we encourage

that the industry be provided with an opportunity to stabilize and recover sales volumes. In addition, we further encourage the implementation of a sustainable excise strategy.

Significant increases in tobacco excise affects the ability of consumers to pay for legitimate brands, thus increasing the attractiveness and demand for low priced cigarettes. This ultimately results in reducing legal industry volumes, as well as the erosion of the brand value of legitimate brands. Excessive increases over time will erode revenue and profit growth and result in the failure of the Company to meet the expectations of its shareholders.

Mitigation Activities: Strong stakeholder engagement towards ensuring a sustainable excise strategy by the Government, portfolio reviews to ensure appropriate balance and coverage across price segments, monitoring of economic indicators and Government revenues, and removing non-value-added costs from our business model to constantly improve efficiency in the business.

- ***Competition from illicit trade – either local taxes evaded, smuggled illicit cigarettes or counterfeits***

With affordability being a major issue for the Jamaican cigarette consumer, resulting from the macro-economic environment, as well as increasing prices of legal cigarette brands because of frequent and excessive excise increases, Illicit cigarettes are becoming more attractive as they do not pay the requisite taxes, and as such, are sold at significantly lower prices than legitimate brands. In addition, most of these illicit cigarettes are sold at the lower segment of the market and in contravention of regulatory requirements. This results in lower volumes and profits for legitimate players like Carreras. Furthermore, the investment in trade marketing and distribution is undermined.
Mitigation Activities: Robust anti-illicit trade strategy, active engagement with key external stakeholders, cross-industry and multi-sector cooperation, proactive excise engagement with the Government, building brand equity for our low-price offer, strategic engagements, and price campaigns/consumer engagement activities.

- ***Increase in crimes leading to increased volatility on routes plied***

During the first quarter of 2022, the Jamaican economy has seen a 9.1% decline in the total number of serious and violent crimes in comparison to 1st quarter 2021. Though there has been a decline thus far, this risk is monitored for possible attacks on our staff members including loss of life, financial losses due to loss of assets, limited access to market and disruption of normal business processes and operations. Overall sustained crime and violence will threaten business sustainability.

Mitigation Activities: Security risk assessments are conducted periodically. Sales vehicles are equipped with security features, and armed response units put in place in high-risk areas.

- ***Concentration of credit risk with large credit customers***

The Company has a significant concentration of credit risk with large credit customers with material balances both individually and in aggregate. Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligations.

Mitigation Activities: Continuous engagement with large customers, on-going assessment of recoverability of balances which may be impacted by changes in the economic and business environment, expansion of the distribution network, credit risk insurance, implementation of processes and programs to enable faster debt recovery/collections by working closely with large customers.

- ***Possible fallout in sales if current customer dynamic changes***

With the current market dynamic, there is a risk that any change in the relationship structure between the Company and high-volume purchasing customers may result in a fallout in sales.

Mitigation Activities: Engage with large customers to encourage succession planning, support succession planning of large customers, reduce reliance by building out the supply chain, expansion of the Route-to-Market structure and large customer response monitoring.

- ***SKU Out of Stock***

With the advent of the COVID-19 pandemic, the risk of supply-chain disruption has been a key concern. This would be due to the escalation in the global supply-chain disruptions which see delays in shipments of materials for use in the production process or shipments of inventory for sale.

Mitigation Activities: Proactive adherence to the stock policy, assess increases to our safety stocks, contingency sourcing plan in place, leverage on larger customers' capacity to supply smaller customers and the final consumer as required.

- ***Inability to commercialize and deliver non-combustible products***

Our commitment is to the offering and delivery of successful, safe, and consumer-appealing innovations. Inappropriate regulations applied to this category of products could potentially impact the long-term strategic objectives of the Company.

Mitigation Activities: Engagement for implementation of balanced regulations, stakeholder mapping and prioritization, developing robust and compelling advocacy materials, strategic media campaign, identify and prioritise key current and emerging regulatory issues, strengthen industry and third-party co-operation and support on industry wide issues, development of expert analyses on efficacy of various regulatory proposals.

Internal Audit Overview

The Company maintains its systems of risk management and internal control to ensure the safeguarding of shareholders' investments and the Company's assets. The system is designed to identify, evaluate, and manage risks that may impede the Company's objectives. To support this system, the Internal Audit Unit is tasked with the responsibility for the prevention, detection, and correction of internal control failures. It cannot, and is not designed to, eliminate then entirely, but will however provide reasonable assurance against material misstatement or loss.

The Audit Committee has direct oversight of the Internal Audit Unit and reviews reports of the unit at least on a quarterly basis. The Internal Audit Unit continuously monitors the environment in which the Company operates to:

- Identify emerging risk(s)
- Devise and implement mitigation plans
- Assess the effectiveness of existing controls

In monitoring the effectiveness of the control mechanisms of the Company, the Internal Audit Unit addresses each risk factor on two (2) main levels, the Above Market approach or The Operational and Compliance approach.

Above Market Approach

The Above Market approach encompasses procedures aimed at achieving the overall strategic objectives of the Group. This highlights the process of developing and cascading operating procedures and the measurement of these procedures through means such as KPI's and auditing techniques. The auditing tools used under this approach are the General Management Accountability (GMA) Audits and Control Navigator (CN).

GMA Audit Review

The Internal Audit Unit employs a direct review strategy of each business unit through a GMA Audit review, where each business unit is thoroughly reviewed for control deficiencies or areas for improvement. This exercise is conducted to ensure that the Group's current ways of doing business is robust enough to safeguard its assets in a changing business environment. The last GMA Audit was conducted in 2019, however, these audits are carried out on a random basis. Some of the control processes that fall within the scope of the GMA review includes:

- Order to Cash
- Understand Trade Landscape
- Manage Security
- Tackle Illicit Trade
- Manage Regulatory Agenda
- Record to Report
- Procure to Pay
- Supply Chain

Control Navigator

On an annual basis, the Internal Audit Unit executes a comprehensive assessment in each business unit, through an auditing tool titled Control Navigator (CN), of the key controls each unit is expected to have in place. This is a self-assessment tool that enables each unit to assess their internal control environment, assist in identifying any controls that may need strengthening and provide support in implementing and monitoring action plans to address

control weaknesses. The Internal Audit Unit reviews the documented evidence to determine the accuracy of the self-assessment. Examples of the processes that fall within the scope of Control Navigator (CN) include:

- Manage Legal
- Master Data Management
- Manage Human Resources
- Environmental Health and Safety
- Market to Cash
- Order to Cash
- Procure to Pay

Operational and Compliance Approach

The Operational and Compliance approach to risk management is geared towards the mitigation of business risks that exist within the Company's revenue stream and to ensure compliance with both internal and external requirements. This approach to risk management results in audit plans being developed with a more commercial perspective and executed by the Internal Audit Unit.

Our sales force forms part of the Company's overall commercial risk management perspective and therefore, the Internal Audit Unit designs and executes procedures to ensure compliance by the respective personnel. These procedures are analytical in nature and include:

- *Review the End of Day paperwork to ensure* compliance with all sales force policies and procedures
- Review daily transaction for inconsistencies
- Obtain explanation for excessive voids on transactions
- Review transactions that were processed manually

Another method used to ensure compliance with policies and procedures by the sales force is the Credit Audit Review conducted by the Internal Audit Unit. This process utilises ad hoc, independent visits to credit customers to establish the appropriateness of financial and non-information captured within our records.

Trade or promotional activity also falls within the purview of the Internal Audit Unit and as such, these activities are also scrutinized to ensure compliance with set guidelines. These activities are reviewed against the terms of reference of the promotional activity to ensure that the overall objectives are met.

The Internal Audit Unit adopts several other auditing techniques to ensure compliance with established controls. Some of these techniques are outlined below:

Control	Procedures	Frequency
Stock Counts	This involves counting physical stock on a scheduled and unscheduled basis to ensure the proper management of inventory.	Monthly
Key Controls Checklist	1. The review of all supporting documents surrounding any inventory movement from the bonded warehouse to ensure compliance with customs regulations. 2. An assessment of the Order to Cash processes to ensure compliance with the company's policies and procedures.	Monthly
Authorized Economic Operator (AOE) Requirements	The monitoring of all controls covered under the AEO program to ensure compliance and recertification.	Monthly
Ad Hoc Investigation	Provides support to business units that requires clarification on a possible compliance issue.	As needed

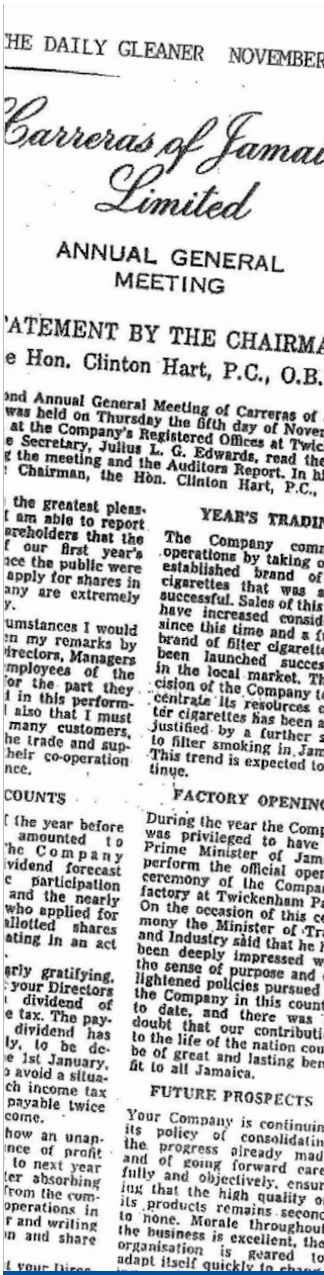
Ten -Year Financial Review

	2022	2021	2020	2019
PROFIT & LOSS SUMMARY				
OPERATING REVENUE	15,754,978	13,971,292	14,126,523	12,906,497
TRADING PROFIT / PROFIT FROM OPERATIONS SINCE 2019/20	5,482,684	4,976,511	4,737,849	4,499,362
INCOME FROM NON ROUTINE TRANSACTIONS	-	-	-	-
TOTAL TRADING PROFIT	5,482,684	4,976,511	4,737,849	4,499,362
INVESTMENT & INTEREST INCOME	17,237	40,288	66,794	67,467
OPERATING PROFIT	5,499,921	5,016,798	4,804,642	4,566,829
EMPLOYEE BENEFIT (INCOME)/ LOSS	(71,300)	(56,900)	(44,700)	(50,900)
PROFIT BEFORE TAXATION	5,428,621	4,959,898	4,759,942	4,515,929
PROFIT AFTER TAXATION	4,073,279	3,738,276	3,583,183	3,406,902
PROFIT ATTRIBUTABLE TO STOCKHOLDERS	4,073,279	3,738,276	3,583,183	3,406,849
BALANCE SHEET SUMMARY				
FIXED ASSETS	761,313	709,072	598,894	383,017
SHARE CAPITAL	121,360	121,360	121,360	121,360
RESERVES	1,965,146	1,979,182	1,651,136	1,214,144
STOCKHOLDERS' EQUITY	2,086,506	2,100,542	1,772,496	1,335,504
FINANCIAL RATIOS				
TRADING PROFIT MARGIN	34.8%	35.6%	33.5%	34.9%
PROFIT BEFORE TAX/OPERATING REVENUE	34.9%	35.9%	34.0%	35.4%
STOCKHOLDERS' RETURN ON EQUITY	195.2%	178.0%	202.2%	255.1%
EARNINGS PER STOCK UNIT (from normal operations)	83.9¢	77.01¢	73.8¢	70.2¢
EARNINGS PER STOCK UNIT (from non-routine transactions)	-	-	-	-
P/E RATIO	10.7	11.3	8.96	13.3
DISTRIBUTION - PER STOCK UNIT	85.0¢	70.0¢	64.0¢	85.0¢
OTHER DATA				
STOCK UNITS IN ISSUE ('000)	4,854,400*	4,854,400*	4,854,400*	4,854,400*
CLOSING STOCK PRICE ($) - PERIOD END	8.94	8.68	6.61	9.43
DIVIDEND PAID	4,126,240	3,398,081	3,106,816	4,126,240
DEPRECIATION CHARGED	144,000	170,865	136,457	88,156
EXCHANGE GAIN / (LOSS)	17,831	20,709	57,607	(16,705)
WEIGHTED AVERAGE BUYING EXCHANGE RATES:	152.8316	143.1730	132.5275	123.5735

*Each ordinary share was sub-divided into 10 ordinary shares (10:1) at close of business on September 20, 2017

(All figures expressed in thousands of dollars except where otherwise noted)

2018	2017	2016	2015	2014	Restated 2013	2012
PROFIT & LOSS SUMMARY						
12,550,132	13,509,228	11,980,138	11,208,369	10,342,006	12,241,512	11,022,746
4,587,300	4,933,927	3,736,050	3,804,121	3,199,787	3,844,022	3,437,158
-	-	-	-	1,787,365	5,083,600	-
4,587,300	4,933,927	3,736,050	3,804,121	4,987,152	8,927,622	3,437,158
89,326	108,262	176,612	146,141	174,719	158,294	125,672
4,676,626	5,042,189	3,912,662	3,950,262	5,161,871	9,085,916	3,562,830
(39,300)	(32,300)	(9,100)	(11,900)	22,600	(233,100)	363,400
4,637,326	5,009,889	3,903,562	3,938,362	5,184,471	8,852,816	3,926,230
3,484,630	3,806,322	3,011,333	2,942,960	4,003,175	6,234,234	2,597,220
3,484,596	3,806,233	3,011,191	2,942,914	3,999,992	6,234,059	2,597,229
BALANCE SHEET SUMMARY						
337,251	300,150	236,485	248,256	204,632	158,650	145,150
121,360	121,360	121,360	121,360	121,360	121,360	121,360
1,920,034	2,006,755	1,654,302	3,050,396	4,073,129	3,562,164	2,818,195
2,041,394	2,128,115	1,775,662	3,171,756	4,194,489	3,683,524	2,939,555
FINANCIAL RATIOS						
36.6%	36.5%	31.2%	33.9%	30.9%	31.4%	31.2%
37.3%	37.3%	32.7%	35.2%	32.6%	32.7%	32.3%
170.7%	178.9%	169.6%	92.8%	95.4%	169.2%	88.4%
71.8 ¢	78.4¢	62.0¢	60.6¢	54.7¢	55.1¢	53.5¢
-	-	-	-	27.6¢	73.3¢	-
14.8	9.4	10.7	6.6	4.3	4.1	11.8
74.0¢	71.0¢	89.4¢	80.9¢	70.4¢	117.9¢	56.0¢
OTHER DATA						
4,854,400*	485,440	485,440	485,440	485,440	485,440	485,440
10.61	7.40	66.15	39.97	35.51	52.92	63.00
3,592,256	3,446,624	4,342,104	3,930,709	3,418,898	5,723,338	2,718,464
77,084	57,407	62,506	65,887	50,556	46,616	55,349
(7,632)	52,202	30,692	45,591	88,953	160,582	19,369
124.6545	127.7664	122.0421	115.0435	109.5744	98.8865	87.3000


HE DAILY GLEANER NOVEMBER

Carreras of Jamai
Limited

ANNUAL GENERAL
MEETING

ATEMENT BY THE CHAIRMA
e Hon. Clinton Hart, P.C., O.B.

nd Annual General Meeting of Carreras of
was held on Thursday the fifth day of Nove
at the Company's Registered Offices at Twic
e Secretary, Julius L. G. Edwards, read the
g the meeting and the Auditors Report. In h
Chairman, the Hon. Clinton Hart, P.C.,

the greatest pleas-
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f our first year's
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operations in
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YEAR'S TRADIN

The Company com
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have increased consid
since this time and a f
brand of filter cigarette
been launched succes
in the local market. Th
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centrate its resources o
ter cigarettes has been a
justified by a further s
to filter smoking in Jam
This trend is expected to
tinue.

FACTORY OPENING

During the year the Comp
was privileged to have
Prime Minister of Jam
perform the official oper
ceremony of the Compa
factory at Twickenham Pa
On the occasion of this ce
mony the Minister of Tra
and Industry said that he h
been deeply impressed w
the sense of purpose and
lighened policies pursued
the Company in this count
to date, and there was
doubt that our contributi
to the life of the nation cou
be of great and lasting ben
fit to all Jamaica.

FUTURE PROSPECTS

Your Company is continuin
its policy of consolidatin
the progress already mad
and of going forward care
fully and objectively, ensur
ing that the high quality o
its products remains second
to none. Morale throughout
the business is excellent, the
organisation is geared to
adapt itself quickly to chang

1964

Carreras of Jamaica Limited Notice of Annual General Meeting in the Daily Gleaner

Chapter 4

Leadership Team

Raoul Glynn,
Managing Director

POSITION: Effective February 1, 2020, Raoul Glynn was appointed Managing Director of Carreras Limited. Raoul has over 18 years of experience with the British American Tobacco Group. This is his second stint at Carreras, having served as Trade Marketing and Distribution Manager from 2009–2012.

Immediately preceding this appointment, Raoul held the position of Country Manager at Carisma Marketing Services, responsible for the general management of 21 markets of the English, French and Dutch speaking Caribbean, the largest volume base in the area.

Raoul distinguished himself through his performance in various roles, beginning with that of Trade Marketing Executive at West Indian Tobacco Company in Trinidad in 2002; Area Manager, Carisma Marketing Services Unit in January 2004; and Trade Marketing and Distribution Manager at Demerara Tobacco (DTC) Guyana, another BAT subsidiary in April 2006. With this level of success, Raoul was seconded to Carreras in Jamaica where he led a team which achieved positive volume performance in a market which had been experiencing decline. His ascension with BAT continued in February 2012 with the role of Marketing Operations Manager of British American Tobacco Pars in the Islamic Republic of Iran and then, in February 2014, following a short stint in the Middle East Area, Dubai, Raoul assumed the role of Business Development Manager in Costa Rica, with responsibility for the Trade Marketing, Distribution and Activation portfolio for Central America and the Caribbean, leading a strong efficiencies agenda in the region.

Raoul, who has been a member of the Board of Directors of Demerara Tobacco Company since February 2017, holds a Bachelor's Degree from the University of the West Indies, St. Augustine Campus and is an avid sports fan. A strong and results-oriented manager, he is a welcomed addition to Carreras and his positive contributions are greatly anticipated.

QUALIFICATIONS: B.A., University of the West Indies, St Augustine Campus

COMMITTEES: Director, Demerara Tobacco Company, Guyana; Participant - Audit Committee, NOMS Committee, Corporate Governance Committee, Carreras Ltd; Member, Carreras Ltd Superannuation Fund

Andre St. Clare Pryce
Head of Trade

SKILLS & EXPERIENCE: In January 2021, Andre Pryce was appointed Head of Trade for Carreras Limited, Jamaica. His experience in marketing spans over eighteen years, 15 of which were in significant roles within the BAT Group, such as Key Accounts Manager, Route to Market Manager, Customer Development Manager, Business Development Manager and Territory Manager covering 31 different end markets within Caribbean, Central America and South America. Commencing his BAT journey as Trade Representative in 2007 he consistently moved up the ranks and has always distinguished himself with exemplary performance in both local and regional roles.

Andre has a knack for delivering business results, leading change, and developing talent. In March 2017 he was seconded to BAT Caribbean and Central American (BATCCA) Area Office, in Costa Rica. There he served as Customer Development Manager with responsibilities for 30 BATCCA markets. In 2018 he moved to Bogota, Colombia as Business Development Manager where he functioned as a key player in the transition of BAT's Area Office Headquarters. In July 2019, he was promoted to Territory Manager for Carisma Marketing Services, with general management responsibilities for 19 end markets in English, French and Dutch speaking Caribbean Islands. Since his return to Jamaica, he has successfully led the team to achieving their highest sales target within the last 5 years among other stellar achievements and records.

COMMITTEE: Director, Demerara Tobacco Company, Guyana; Participant - Audit Committee. He also served as Board Chairman for Pesticides Control Authority in Jamaica.

QUALIFICATIONS: M.B.A.; Marketing (Distinction), B.A. Literatures in English, both from the University of the West Indies, Mona.

Cammeca L. Cookhorn
Legal And External Affairs Manager

SKILLS & EXPERIENCES: Cammeca L. Cookhorn, Attorney-at-Law, was appointed as Legal and External Affairs Manager for Carreras Limited in March of 2021. Prior to joining the organization, she served as Senior Legal Officer, Legal Consultant and Legal and Investigating Officer in various areas of the Public Service, where she focused on Corporate and Commercial Law, Regulations, Compliance and Investigations. In addition to her tenure in the public service, she has experience in general legal practice, Communications and Marketing. Her Marketing and Communications experience was garnered from her years as a Marketing Executive for a Shipping Line, the Financial Sector, in addition to other entities.

QUALIFICATIONS: Bachelor of Arts in Media and Communications and Political Science, University of the West Indies, Mona, Bachelor of Laws (LLB), University of London, Legal Education Certificate, Norman Manley Law School, Master of Laws (LLM) in Commercial and Corporate Law, University of London

Dwaine Williams
Marketing Deployment Manager

SKILLS & EXPERIENCES: Dwaine Williams was appointed as Marketing Deployment Manager, Carreras Limited in June 2020. Dwaine's experience in the FMCG industry spans over twenty (20) years. He held the roles of National Sales Manager at J. Wray and Nephew Ltd and Head of Commercial at Red Stripe in Jamaica. He was also the General Manager at Caribbean Cellars (Topa Equities Ltd.) in the Virgin Islands. He has also served as the Divisional Manager at Bryden Stokes Ltd. in Barbados, for the beverage and food divisions and most recently, Dwaine was the General Manager at LASCO Distributors in Jamaica. Dwaine has had a consistent and solid record of success as a commercial and transformational business leader.

QUALIFICATIONS: M.B.A (Management), BSc. in Business Administration (Marketing- 1st class Hons.)- University of Technology, Jamaica

Rogelio Parades
Head of Finance

SKILLS & EXPERIENCES: Rogelio Parades was appointed Finance Manager for Carreras Limited in April 2020. Rogelio joined the BAT group in 2008 as Finance Planning Analyst for Mexico. After a successful experience in his role, he took an international assignment in BAT Columbia as Planning Manager in 2013 where he delivered strong results in areas such as Operating Profit and Operating Cashflow among others. In 2014 he returned to Mexico to lead the Route to Consumer Process for one of the biggest Business Projects in the group, Project TaO. He then moved on to the role of Variable Cost Manager in 2015 where he was responsible for the cost strategy in the Canadian cigarette production area. In 2018, this led to another international assignment as Finance Manager for Nicaragua where he led the Finance Function in the country and was part of the local Top Team.

QUALIFICATIONS: BSc. Economics, MBA from IPADE Business School.

Kisha-Ann Brown
HR Business Partner

SKILLS & EXPERIENCES: Kisha-Ann Brown joined Carreras Limited in the position of Human Resource Business Partner in January 2021 with a seasoned Human Resources background and solid skill repertory. She most recently served as HR Business Partner for Campari, and previously worked with Diageo and Heineken where she held multiple successive roles, both in Operations and then later in HR. Kisha-Ann is an experienced business leader with over 15 years' experience in Talent Management, Training and Development, and Project and Change Management. She has honed these skills through challenging roles across several disciplines, leading multiple complex projects in multinational business environments and completing international assignments in countries such as Kenya, Nigeria and Uganda.

QUALIFICATIONS: BSc (Hons) Pure and Applied Chemistry, UWI Mona.

Managing Director's Overview

August 2022 will mark the 60th anniversary of Carreras Limited and I am extremely proud that I have contributed to this incredible milestone. What Carreras has been able to achieve over the past sixty years is quite noteworthy as we have taken the product offerings to every nook and cranny of Jamaica and have created a highly successful profit generating company. The team was able to redefine our business strategy over the years with passion and determination and the outcome has been tremendous.

Two years ago, the management team outlined a very clear vision for the company. Carreras needed to be the best at everything we do. It was pinned on three main pillars: 1) Revolutionized Portfolio matching the needs of consumers today and in the near future; 2) Best in Class Distribution which ensures our consumers can access our products throughout Jamaica; and 3) underpinned by a Dedicated and Committed Army of Professionals who defy the odds to deliver shareholder value.

We are truly blessed to have had the many men and women who have served as Directors over the years, bringing their varied areas of expertise and shaping and leading the company. Their guidance has propelled us to becoming the best performing company and navigating us through challenging times. When you look at the current Board, you will see capable leaders who have taken the competent baton from their predecessors and are now poised to take the business to new historic heights.

With our newly adopted mantra of "A Better Tomorrow", we strive to maintain our outstanding performance in the coming years with our dedicated team members, loyal customers, business partners and our shareholders.

Strong Financial Performance

We achieved a record high $15.8 billion in Revenue, a 13% increase when compared to same period last year, mainly driven by volume increase and improved portfolio mix. Profits after tax increased from $3.7 billion to $4.1 billion which resulted in a 9% increase in our Earnings per Share from 77.0¢ to 83.9¢. Our share price closed at 3% above the prior year and dividends paid amounted to $4.1 billion which is 21% higher than prior year. The Company reported a solid capital base that showed a 3% growth in market capitalization of $43.4 billion compared to the same period last year.

Our continued strong financial performance is a true testament to the loyalty of our consumers, business partners and the Company's continued commitment to provide a superior world-class portfolio.

Marketing

For six decades, the Company has built reliable brands that our consumers enjoy and trust. We continue to push our journey of transformation for 2022 and beyond with our brands which not only includes a pack facelift of Craven A but an upgrade from a regular sized stick to Craven A super king size. This is the first of its kind locally which gives the consumer the same great taste with 25% more tobacco, and an additional two puffs without an increase in price.

Matterhorn also drove the innovation agenda leading the way in the freshness and stimulation category. This brand offers consumers capsules of freshness which empowers today's consumers to satisfy their needs in whichever way they choose. Today, Matterhorn Double Capsule is one of the fastest growing offers in the market.

We found effective, creative and safer ways to engage and bring satisfaction to our consumers during this unprecedented time. This was highly valued by our loyal trade and consumer partners who appreciated the commercial input during this period. For the first time, the Company launched a digital platform which allows us to responsibly engage with our consumers in a safe space created for our adult smokers.

Illicit Trade

The illicit trade continues to be the greatest threat to government revenue, and the supply continues to flood the market. These illicit brands are priced drastically below the minimum possible legal prices once all taxes are paid, and they continue to boldly display their packs and their offers in the trade. Undaunted, the company continues to employ other strategic initiatives to counter the effect from these activities. It is always important to highlight the work of the Ministry of Finance and the Ministry of National Security, for both recognizing the threat to the economy and funding criminality of the trade in smuggled cigarettes; and for the work in their fiscal policy, policing and border control, to make illegal importation and offering to consumers as difficult as

possible. Great work has been done, but it is a constant effort, as the cost to the national coffers is great.

The Minister of Health tabled for consideration in Parliament, the Tobacco Control Act (Bill) in 2020. The company is working assiduously to ensure that the regulations are balanced, practical, and fair. We are also committed to supporting and complying with such regulations set out for governing the marketing and distribution of our products. We are grateful to the Minister for allowing the position of all stakeholders to be considered and we strongly believe that an effective and enforceable regulation will be the outcome, which does not illegitimize the legal industry in favour of the illicit players.

People

Our greatest and most important resource is our employees. Our main priority is the protection of our people's health and employment. All safety measures are being enforced, and protocols adhered to during the pandemic. We are now above an 80% vaccination rate within our personnel, for which we are very grateful, and Carreras strives to close the gap through education and engagement with the teams. As we enter this new phase of investment in Jamaica, we continue to grow our teams and ensure enhanced benefits, and to reward and continue to attract the best talent in the market. As we seek to expand our distribution, Carreras is actively providing great opportunities as we seek to be more diverse with our talents and sustain a winning performance within our team to meet the needs of this transformational business.

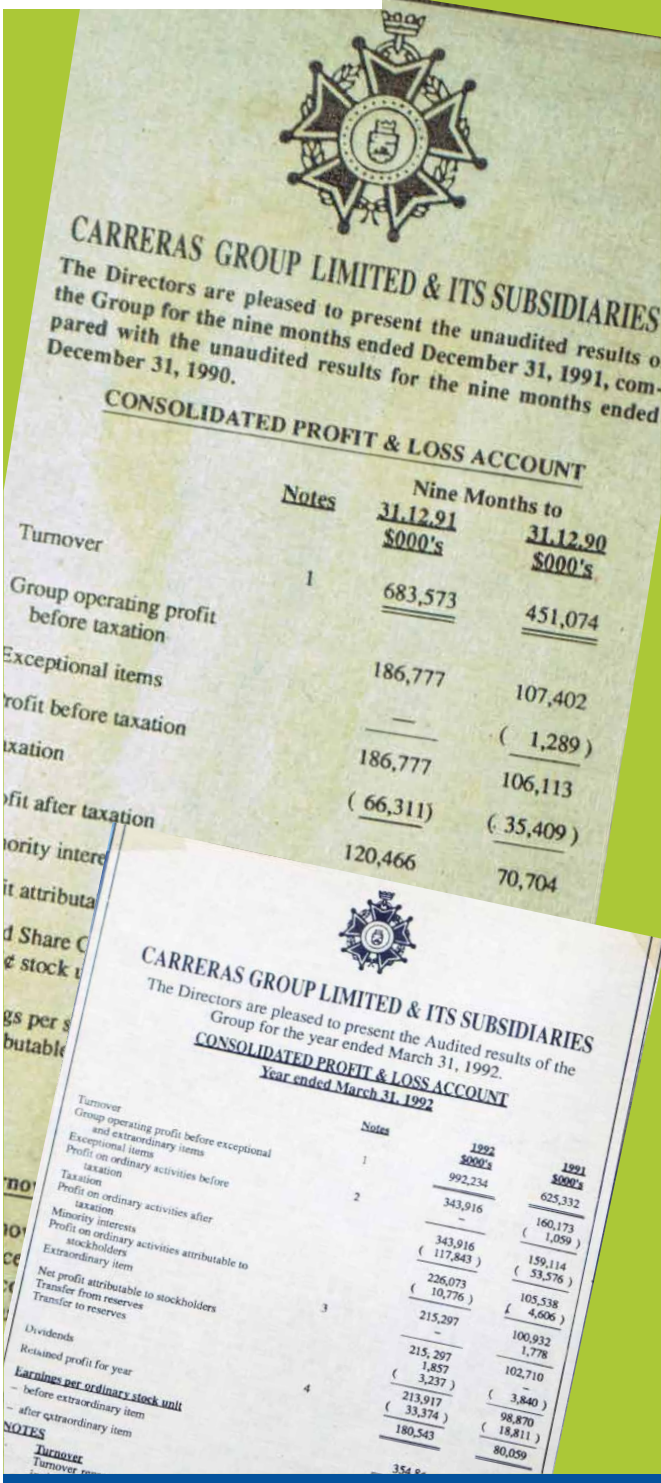
Outlook

The Company has always believed in Jamaica, and as the results show, the strategy is delivering. We are optimistic about being able to take the business to new heights. Carreras is confident in the current portfolio and the suite of new ranges in the nicotine space which meet the needs of today's consumer and beyond. We are excited and looking forward to continued growth through our Ethos of being BOLD, FAST, EMPOWERED, DIVERSE and RESPONSIBLE.

Thank you to our consumers, board of directors, dedicated team members, business partners and shareholders for their commitment and unwavering support, as you contributed significantly our success which propels us to "A Better Tomorrow".

Raoul Glynn

Managing Director



CARRERAS GROUP LIMITED & ITS SUBSIDIARIES

The Directors are pleased to present the unaudited results o the Group for the nine months ended December 31, 1991, com- pared with the unaudited results for the nine months ended December 31, 1990.

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	Nine Months to 31.12.91 $000's	31.12.90 $000's
Turnover	1	683,573	451,074
Group operating profit before taxation		186,777	107,402
Exceptional items		—	(1,289)
rofit before taxation		186,777	106,113
xation		(66,311)	(35,409)
fit after taxation		120,466	70,704

CARRERAS GROUP LIMITED & ITS SUBSIDIARIES

The Directors are pleased to present the Audited results of the Group for the year ended March 31, 1992.

CONSOLIDATED PROFIT & LOSS ACCOUNT

Year ended March 31, 1992

	Notes	1992 $000's	1991 $000's
Turnover	1	992,234	625,332
Group operating profit before exceptional and extraordinary items		343,916	160,173
Exceptional items		–	(1,059)
Profit on ordinary activities before taxation		343,916	159,114
Taxation	2	(117,843)	(53,576)
Profit on ordinary activities after taxation		226,073	105,538
Minority interests		(10,776)	(4,606)
Profit on ordinary activities attributable to stockholders		215,297	100,932
Extraordinary item		–	1,778
Net profit attributable to stockholders		215,297	102,710
Transfer from reserves	3	1,857	–
Transfer to reserves		(3,237)	(3,840)
Dividends		–	98,870
Retained profit for year		213,917	(18,811)
Earnings per ordinary stock unit	4	(33,374)	80,059
– before extraordinary item		180,543	
– after extraordinary item			

NOTES

Turnover

Turnover re...

Early 1990s

Published financials in the Daily Gleaner for the CARRERAS Group LImited

Management's Discussion & Analysis

Financial Performance
Overview

Carreras Limited delivered Operating Revenues of $15.75 billion (2021: $13.97 billion) for the financial year ended March 31, 2022, which resulted in Profit after Tax of $4.07 billion (2021: $3.74 billion). Results show an overall improved performance for the Company as Operating Revenues and Profit after Tax grew by 13% and 9%, respectively, compared to the prior financial year. The Operating Revenues and Profit after Tax results were driven by an incremental growth in volumes as our brands continue to hold a strong and resilient position as the industry leaders so poised to satisfy the consumption moments of adult smokers.

During the year, we continued our focused investment in our Route-to-Market structure and the support of our brand in an effort to drive improvements in Operating Revenue. This focus, coupled with the impact of rising operational costs, resulted in an increase in Administrative, Distribution and Marketing Expenses for the year. Expenses totaling $2.33 billion (2021: $2.07 billion) increased by 13% compared to previous financial year. We remain committed to the implementation of effective cost containment measures to drive efficiencies, despite the ongoing and increasing macro-economic pressures.

As the Company strives to deliver continued value to shareholders, dividend distribution per stock unit for the year was $0.85 (2021: $0.70) which represents a 21% increase over the prior year. This distribution means that a total of $4.12billion (2021: $3.39 billion) was paid to stockholders on record during the year. Dividend yield for the financial year was 9.5% (2021: 8.1%) and earnings per share was $0.84 (2021: $0.77). At March 31, 2022, the Company's share price was $8.94 (2021: $8.68) per share, a 3% appreciation when compared to prior financial year.

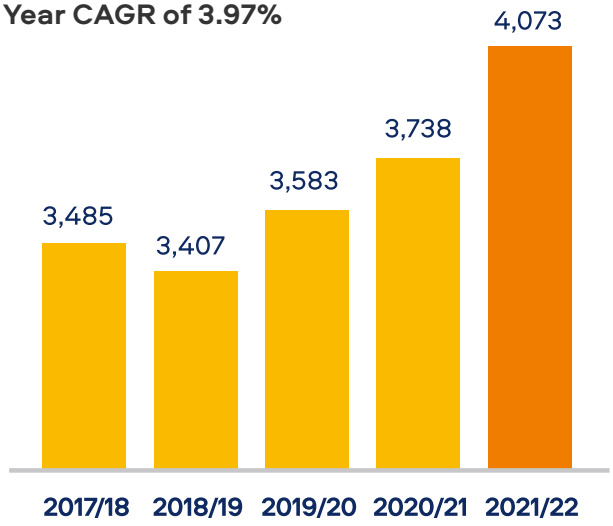
Total assets grew by $156 million or 3% compared to last financial year as we saw increases in the Property, plant and equipment and stocks of inventory held by the Company. Total Liabilities also reflected increases over prior year of $170 million or 6% as the Company's current liabilities increased. Total equity remains comparable to prior financial year.

In a nutshell, the 2021/22 financial year was just as challenging as the previous years, however, Carreras Limited with its solid 60-year history of resilience and drive for continuous improvements, realized revenue growth of 13% and delivered year-on-year profit growth of 9%. We continue to maintain our stance as a high performing Company on the path to delivering "A Better Tomorrow" for our consumers, shareholders, and stakeholders.

Below are some key performance highlights for the year:

Performance Highlights

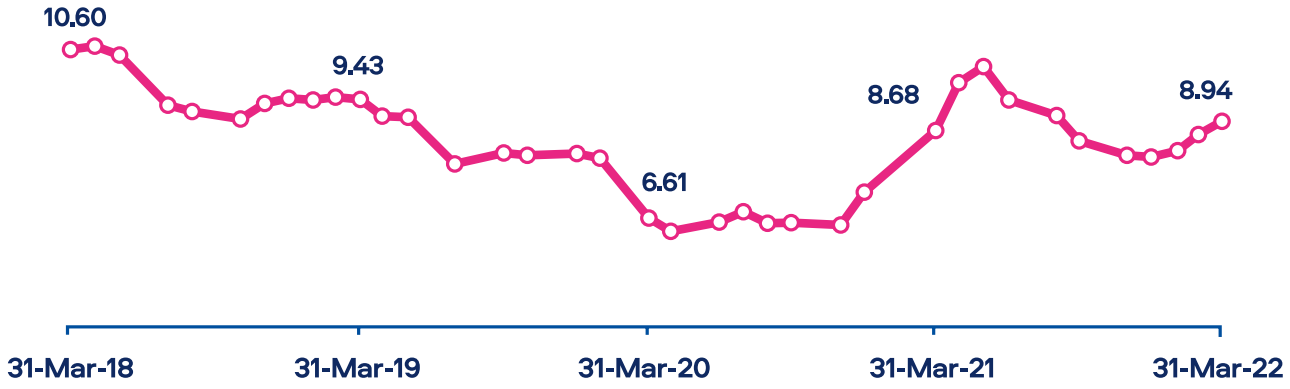
Profit after Tax (J$ Millions)
5 Year CAGR of 3.97%



Profit After Tax amounted to $4.07 billion (2021: $3.74 billion) resulting in a 9% growth compared to prior financial year. The five-year Compound Annual Growth Rate (CAGR) was 3.97% which, when compared to the previous 5-year CAGR of -0.45% (2020/21 to 2016/17) highlights the continued recovery and growth of the Company post excise shock in 2017.

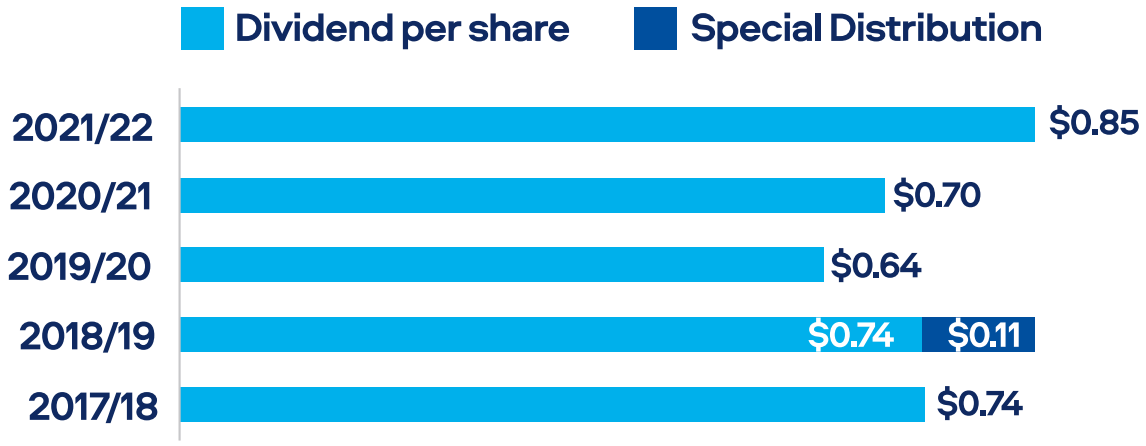
This 9% growth in Profit After Tax is directly attributable to the increase in the volume base and resultant improved Operating Revenue. To support this improved Operating Revenue position, the Company realized increases in Cost of Operating Revenues and total expenses of 14% and 13%, respectively.

Share Price
5 Year CAGR of -4.19%



The Company's share price closed at $8.94 as of March 31, 2022 (2021: $8.68), showing the continued resilience of the Company with the 3% growth in value compared to the end of the prior financial year. At the end of the financial year, Carreras Limited market capitalization was $43.40 billion an increase of 3% compared to prior financial year amount of $42.17 billion. The number of outstanding shares remains unchanged at the end of the year. Our Price Earnings Ratio closed the year at 10.7 times.

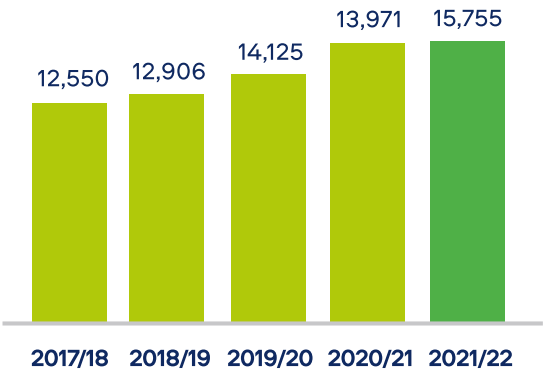
Dividend Paid (J□)



Dividend Per Share
(Note: As a result of the 10:1 stock spilt which was effective September 20, 2017, dividend per share for previous years have been restated for comparison purposes).
For the financial year 2021/22 Carreras Limited distributed $4.13 billion (2021: $3.39 billion) in dividends paid to shareholders. This represented a distribution of $0.85 per share (2021: $0.70); a 21% increase versus prior financial year.

On May 30, 2022, the Board of Directors declared an additional interim dividend payment of $0.23 per share which represents $1.12 billion in dividends to be distributed. However, it should be noted that since the declaration was done subsequent to the financial year ended March 31, 2022, this was not recognized as a liability in the financial statements and there are no tax consequences.

Profit and Loss Analysis
Operating Revenue (J$ Millions)
5 Year CAGR of 5.85%

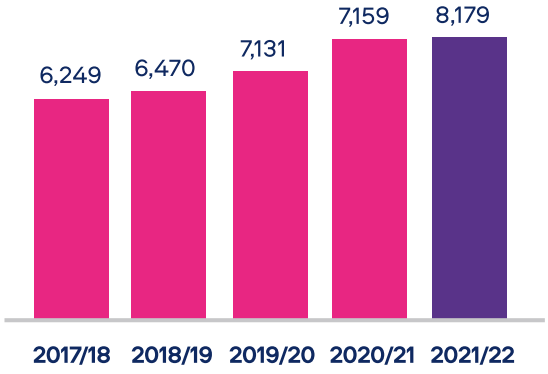


Carreras Limited delivered $15.76 billion in Operating Revenue for the financial year ending March 31, 2022, representing an increase of $1.78 million or 13% versus the prior financial year.

Despite the challenges brought on from the COVID-19 pandemic and the constant threats from the illicit trade, the Company's efforts were largely successful and deriving growth from the market. Our sales and marketing team managed to drive brand offerings and expanded consumers' need and taste profiles throughout the period, employing new and innovative ways to engage with consumers despite constraints of Covid-19 and resultant Government's restrictions. The 5-year CAGR of 5.85% points to organic growth as there were no increase in prices in the five-year period following the excise increase in 2017.

The Company further maintained its distribution network with its key wholesaler partners which ensured trade presence and getting our brands into new areas as we seek to expand our market footprint.

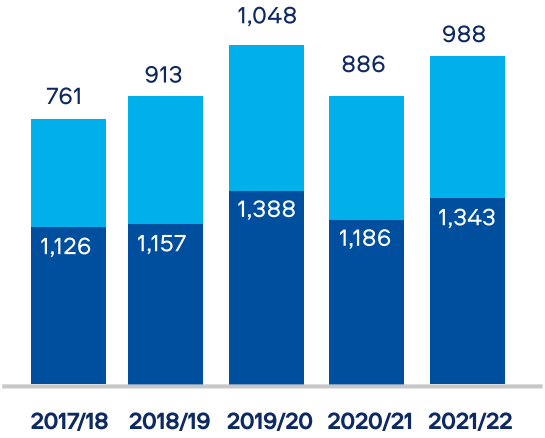
Cost of Operating Revenue (J$ Millions)
5 Year CAGR of 6.96%



The cost of operating revenue consists of three main components, namely Special Consumption Tax (STC), Customs Administrative Fee (CAF) and Production/ Manufacturing Costs. The cost of Operating Revenue for the financial period was $8.18 billion which is a $1.02 billion or 14% increase compared to the prior financial year.

The increase in the Cost of Operating Revenues is, as expected, driven by the increase in sale volumes, which drove the improvement in the Operating Revenues, compared to the prior financial year. During the year, we also saw a marginal increase in the production/manufacturing cost line for products shipped from the factory in Trinidad and Tobago, where we see the impact of the global supply chain disruptions triggered by the COVID-19 pandemic being reflected in these costs.

Operating Expenses (J$ Millions)
5 Year CAGR of 5.42%



The Company's operating expenses are comprised of Administrative, Marketing and Distribution costs and amounts to $2.33 billion (2021: $2.07 billion) for the financial year. This is a 13% increase when compared to the prior financial year and represents a 5-year Compound Annual Growth Rate of 5.42%.

This level of increase in Operating Expenses was largely because, during the prior financial year, spend was curtailed as the Company and the country went through the effects of the COVID-19 pandemic, which saw several planned activities delayed/cancelled. As restrictions were lifted and

Administrative Expenses Distribution Expenses

"Carreras Limited delivered $15.76 billion in Operating Revenue for the financial year ending March 31, 2022, representing an increase of $1.78 million or 13% versus the prior financial year."

some level of normalcy returned, our team revisited plans and executed some of these activities to drive increased volumes, the results of which are seen in the uplift in the Operating Revenues reported for the financial year. Our Route to Market capabilities were also strengthened to deliver these volumes. The Company's Management Team remains committed to the reduction of expense, utilizing cost containment measures, leading to efficiencies.

Other Operating Income

Interest income, foreign exchange gains, and gain/loss on disposal of fixed asset are the main contributors to Other Operating Income. Other Operating Income decreased by $36 million versus the prior financial year. Interest income was impacted by reduced interest rates offered in the financial markets as well as the holding of lower funds on investments during the year. Prior year benefited from the larger write back of unclaimed dividends than what was realized for this current financial year.

Income Tax

Income tax for the period totaled $1.35 billion which is a 11% increase over the prior financial year, and is aligned with the percentage increase seen in Operating Revenue. The effective tax rate for the financial period is 24.97% which is a marginal increase to the prior year percentage of 24.63%.


DAILY GLEANER, FRIDAY, OCTOB

CARRERAS
GROUP
LIMITED

NOTICE

O SHAREHOLDERS

YOU HAVE RECENTL
IANGED YOUR ADDRES
EASE NOTIFY:

THE REGISTRAR
COTIABANK JA. TRUST & MERCHA
BANK LTD.
30 DUKE STREET
KINGSTON

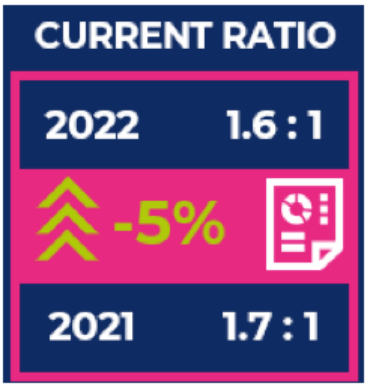
Early 1990s

CARRERAS Group Limited notice to shareholders.

Financial Position Review

Carreras Limited's Financial Position has maintained its solid position and reflects robust working capital health. Key Financial Ratios illustrate this strong position:

Accounts receivable days have improved to 34 days (2021: 41 days), revealing the strength of the Company credit management policies and procedures. These policies ensure that the Company deliver Operating Revenue while limiting our credit risk.

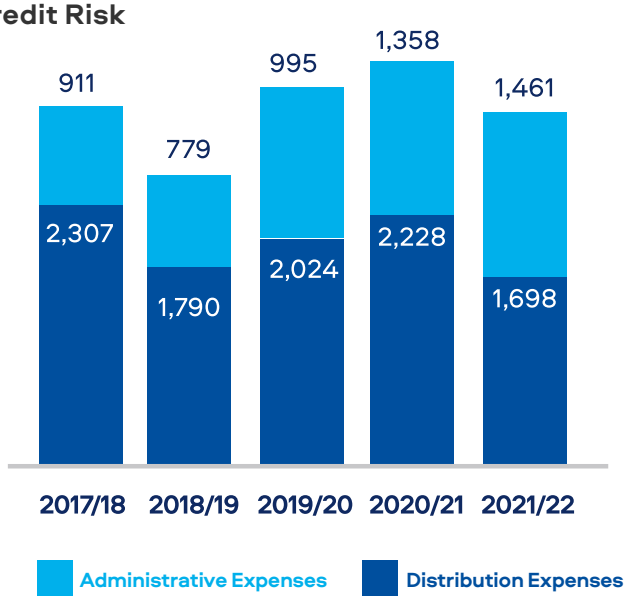


Slight reduction in current ratio, however strong closing position indicating the Company's ability to adequately honor it's short-term obligations.

The Company's total assets on March 31, 2022 was $5.23 billion (2021: $5.07 billion). The increase compared to the prior financial period was due to increases in property, plant, and equipment, non-current assets as well as higher accounts receivables and items of inventory.

Working capital at the end of the financial year was $1.70 billion which is a marginal decrease to comparative period amount of $1.79 billion. During the year, the Company made higher payments to shareholders which impacted the closing cash balance at the end of the current year. The increase in the inventories was triggered by the ongoing challenges in the global supply chain, where stock holdings were adjusted to ensure sufficient stock on hand to service the market. Income payable increased to reflect corporation due on increase profits reported.

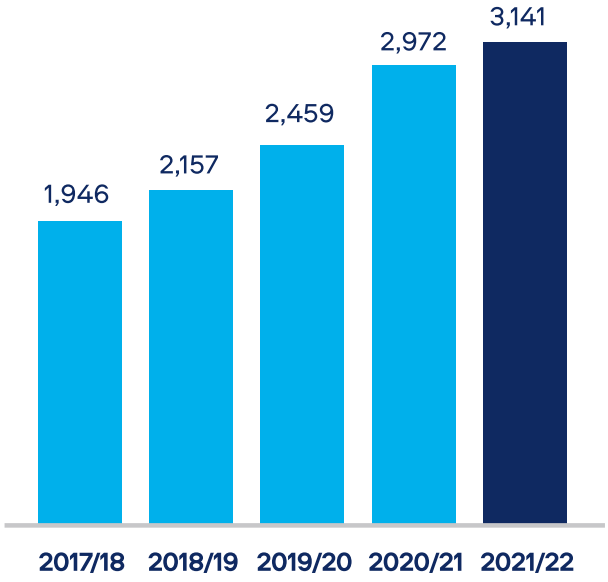
Credit Risk



Credit Risk is the risk of a loss arising from a counterparty to a financial contract to discharge its obligations and arises principally from the Group's receivables from customers, cash, and investment securities. As of March 31, 2022, the Group's credit risk resulted in trade receivables and cash and investments totaling $2.85 billion (2021: $3.37 billion) which is a decrease of 15% when compared to comparative period.

With effect from October 1, 2018, the Company has been party to a Credit Risk Insurance Policy, under a Financial Interest Clause, through its ultimate parent, British American Tobacco PLC. Management ensures that the credit and investment policies that are in place adequately addresses the counterparty risks and as in previous years, these are continually and rigorously monitored by both Management and the Board of Directors.

TOTAL LIABILITIES (J$ MILLIONS)

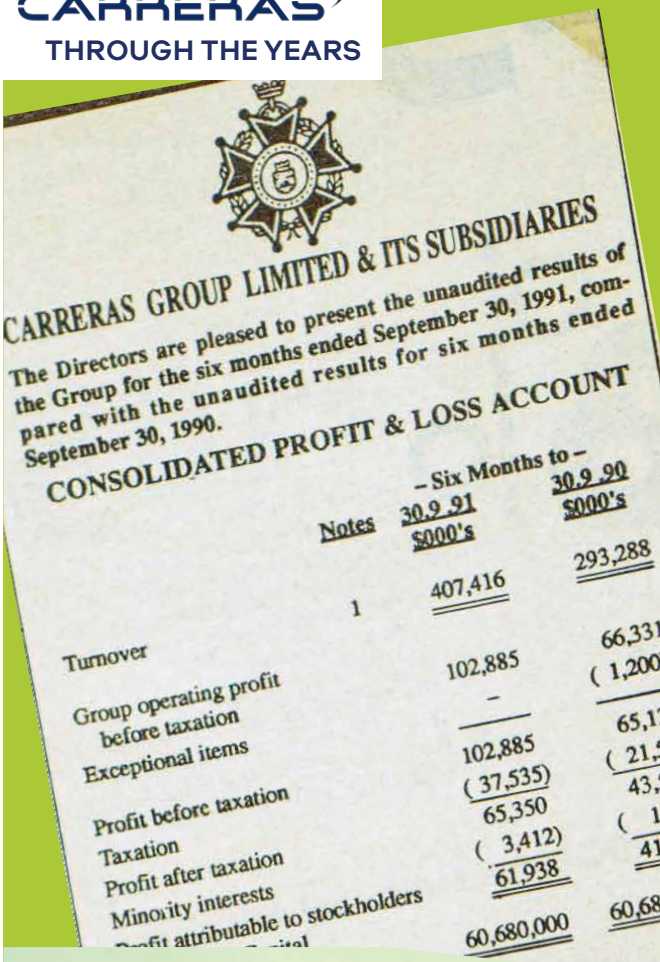


Total liability as of March 31, 2022, was $3.14 billion (2021: $2.97 billion) which is 5% or $0.15 billion increase compared to the prior financial year. The main driver is the higher tax liability payable on the increased profits earned by the Company.

Shareholders' Equity

Total equity amounted to $2.09 billion, which is a decrease of $0.01 billion over the prior financial year's $2.10 billion. Profit for the year of $4.1 billion and distributions to shareholders totaling $4.1 billion were the main components which accounted for the change.

Carreras Limited distributed $4.1 billion (2021: $3.39 billion) to shareholders for the 2021/22 financial year representing a dividend of 85 cents per stock unit (2021: 70 cents), an increase of 21% over prior year.



CARRERAS GROUP LIMITED & ITS SUBSIDIARIES

The Directors are pleased to present the unaudited results of the Group for the six months ended September 30, 1991, compared with the unaudited results for six months ended September 30, 1990.

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	– Six Months to – 30.9.91 $000's	30.9.90 $000's
Turnover	1	407,416	293,288
Group operating profit before taxation		102,885	66,331
Exceptional items		–	(1,200
Profit before taxation		102,885	65,1
Taxation		(37,535)	(21,
Profit after taxation		65,350	43,
Minority interests		(3,412)	(1
Profit attributable to stockholders		61,938	41
		60,680,000	60,68

1990s-early 2000s

Chapter 5

Trade Marketing And Distribution

Trade Environment

2021 was a year that exemplified our gratitude, aptitude, and attitude. Just when we thought 2020 had posed one of the greatest tests of our resilience, tenacity, and adaptability, then came 2021 with an unparalleled level of volatility in the marketplace. The year was ladened with uncertainties that heavily impacted us as a supplier, our customers, and our consumers. These included the exponential rise in Covid-19 cases, closure of the entertainment sector, battering from tropical storms causing multiple days of devastating rains, from partial lockdown to total no movement days, among other economic and social challenges. We remain extremely grateful for the support and partnership with our customers that made us able to continue delivering satisfaction to our deserving consumers. We are equally thankful and humbled by the way our field force and support staff demonstrated collective strength so we could deliver the value promised to our shareholders.

Sales representative engaging with a valued retailer

Trade Marketing Representative stocking a dispenser

We leveraged prior year learnings from the COVID-19 pandemic to pivot and foster responsible growth. The Trade Marketing and Distribution Team acted strategically and with intention to innovatively meet the needs of our customers in this new environment. We utilized the full force of our distribution machinery to ensure that our customers were not left with the option of only illicit products. With this outlook we continue to be the category leader within a category that is bedeviled by illicitly traded cigarettes.

Illicit Threat

The presence of illicit cigarettes in the market continues to be the greatest threat to the safety and sustainability of our industry. Illicit products impact safe and regulated consumption while eroding tax revenues and possibly reducing legitimate avenues of employment. In a bid to tackle this menace we continue to ensure that we expand our distribution reach to give consumers the best chance of accessing legitimate products. We continue to count on the authorities and other relevant stakeholders' support to put measures in place to mitigate against the risks and impact of the illicit trade.

Volume Performance

Notwithstanding the effects of the pandemic and the other external factors our Trade Marketing & Distribution Team showed their prowess by delivering a 12% growth in volumes year over year. This represented 4 consecutive quarters of growth and is a testament to the grit and resilience of our team. In tandem with our optimized route to market strategy, focused on safety, scale and sustainability, the wining mindset of the staff not only helped us to get closer to the consumer, but to make 2021 a record year.

Route to Market Improvements

We continue to optimize our route to market strategy to accelerate volume growth and expand our reach while preserving the safety of our staff and ensuring business sustainability. We are conscious that our success cannot be guaranteed by us doing it alone, and we depend heavily on the advocacy, partnership and relationship with the trade. This ingrained mindset of ours continues to yield tangible results and mutual benefits, as evidenced by our latest trade partnership venture, Project MIDAS. We used data and analytics to devise increasingly efficient distribution methods to reach sections of the marketplace which we were previously unable to access sustainably. This helped to promote volume growth, increase point of sales count and more importantly provide consumers, particularly in inner-city spaces reliable, consistent access to our high-quality products.

Trade Marketing Representative upgrading our communication including Youth Access Prevention (YAP)

CARRERAS
THROUGH THE YEARS

1970's-early 1990s

Legacy advertisements for Benson & Hedges and Craven "A"

Sales Representatives ready for the day's work

In 2021 we have seen a 17% growth in retail channel (year over year) and 500+ new points of sale being added. These continued improvements have allowed Carreras to be agile and adaptable when faced with adverse market conditions. We continue to leverage our distribution machinery by adding products through our partnership initiative.

Partnership

Effective February 2021, Carreras Limited started distributing Gillette Shavers, Minora Razers and Shavers. The transition to offering multi-category has thus far been seamless both from the sales force and trade perspectives. We have been able to increase coverage of these brands and continue to see great potential in eking great benefits for the future.

Our mission is to drive a superior, relevant and streamlined product portfolio built on technical expertise, consumer understanding and environmental awareness. We remain steadfast to our ethos of being BOLD, FAST, EMPOWERED, DIVERSE and RESPONSIBLE whilst we deliver value to our shareholders, customers and consumers.

Sales Representatives off-loading stocks

Sales Representative showcasing our partnership products

1990s

Legacy campaigns for sponsorship of sporting events and racing

Brand Marketing

Our marketing teams went above and beyond during the year, delivering spectacular programs for both our trade partners and loyal consumers. These efforts delivered on propelling our brands to not just maintain their leadership position in the market, but to drive exceptional growth in a most turbulent period. As we continue on our mission to deliver world class leading offerings to the market, consumers are continuing to demand more and as a consumer driven business we are always listening and innovating to expand our portfolio and renovate our market leading brands to remain relevant in a competitive market space. As we continue to optimize and sweat our route to market assets, taking our brands everywhere consumers are, we will remain resilient to the shocks of an ever changing market space and continue to beat the competition.

Brand Ambassador displaying Craven "A" Super King Size

Craven "A" Super King Size activation.

Craven "A"

Our beloved Craven "A" pack was given a modern face lift last year which was well received by our consumers. Consumers asked for more value this year and we overdelivered on their request by offering Craven "A" exclusively in a Super King Sized format cigarette that delivers 25% more tobacco, with the taste consumers love at the same price! This format was launched in March 2022 and as the only brand delivering this format to consumers, we anticipate the value offering will propel Craven "A" to higher heights of performance in the market. We have also invested ahead in supporting Craven "A" with a variety of events, promotional items, trade and other dispensing furniture to support our retail partners.

The focused strategic investment in our iconic brand yielded an impressive 12% growth over the prior year. As we get back to some sense of normalcy, we expect to see the brand deliver even stronger growth, delivering value for consumers, retailers and shareholders alike.

Craven "A" Super King Size Launch

Matterhorn

Having brought the freshness and sensations elements to the Jamaican market, Matterhorn via its capsule technology has revolutionized the mentholated segment of the cigarette market. Redefining freshness and giving the power to choose to the consumer, all in the same cigarette. Allowing consumers to experience a variety of flavours and sensations throughout their smoking experience with their favourite brand, our Matterhorn Double Click variant has two flavour capsules, one more than our Core variant. This, our most innovative product saw a gigantic 20% growth in volumes vs last year, evidencing that the Jamaican consumer is in fact ready for the first world innovations available in the category. We pride ourselves on ensuring that we are the first to respond to the demands of our consumers for modern, exciting and satisfying products, and we will continue to invest in doing so. The Matterhorn brand family grew by 14% over the year and is poised to dwarf that number in the coming year.

1970s

Legacy campaigns for Matterhorn and Special Mild.

Our Matterhorn Ambassadors ready to CLICK at one of our activations

Consumers and trade partners are continuously excited by the creative programs and concepts we deploy to bring the brand family to life in the most engaging ways. This is what they can continue to expect from Matterhorn.

Pall Mall

The Pall Mall offer continues to fulfill its strategic role, providing a quality offer to Jamaica's discerning consumers seeking a quality smoke at the most affordable price. Pall Mall is this offer within the legal space and continues to resonate with consumers of full flavour and menthol products alike. Widely and consistently available, it penetrates those spaces previously dominated by illicit offers and gives consumers a legal quality option to satisfy their tobacco needs. This strength of distribution and quality of offer, at a very affordable price, makes Pall Mall the value leader in the market.

Merchandising /Visibility

As we continue to expand our distribution for our portfolio, so too have we expanded our functional and communication materials drive. We have selected the best fit for function materials and concepts to bring innovative and high-quality tools to our retailers. We have also ensured that

Trade Marketing Representative engaging with a valued retailer

more outlets have the benefit and support of our functional dispensers, and a wide assortment of other communication and sales support materials to drive dispensing efficiency and continued awareness and engagement for our products. An additional 1,500 retailers across the island have benefited from our forward investment in this regard and we are intent on growing that number significantly over the next year as we deepen our reach to cover more customers and create visible and functional destinations for our ever-growing brands to better serve our loyal consumers and trade partners.

Trade/Consumer Activations

Despite the continued disruption caused by the COVID restrictions, limiting our ability to execute as per usual in entertainment spaces at scale, we decided to pivot and find new ways to drive brand lifestyle engagement with our consumers. Being the agile and dynamic business we have proven to be in these uncertain times, we leveraged the learnings from our global sister companies and applied the best practices to continuously drive tailored activations across all channels. We invested in additional resources to widen our tool kit and allow for us to increase our scale of activations, covering over 2,000 outlets nationally. We also launched our digital platform and were able to capture 600 adult users to responsibly engage with our brands in the digital space, modernizing how consumers engage with our brands from their smart devices. We continue to educate, entertain and reward our consumers and trade partners through our varied activities as well as take the opportunity to capture their feedback to continuously evaluate and ensure that we are providing the products and services they demand.

We have increased our fleet of music buses, gaming assets and reward items to increase the scale and frequency of our activations. Bringing our brands to life in the spaces our consumers socialize remains at the core of how we interact and connect our brand ethos in a way that truly matters to our target adult consumers.

Our committed and energized team of marketeers are committed to the continued development of our business and our brands. Through unbreakable and consultative relationships with our customers and consumer base we will continue to deliver value for a win-win outcome for Carreras, our brands, consumers and trade partners for years to come.

2000s

Legacy promotion for Craven "A" Menthol.

Legal And External Affairs

The Regulatory Environment (Tobacco Control Act) Regulations

In 2020, the Minister of Health tabled for Parliament's consideration, the Tobacco Control Act (Bill) 2020. The referenced Bill, which purports to satisfy Jamaica's obligations under the WHO FCTC introduced prohibitions on, inter alia, tobacco sales, advertising, promotions and sponsorships, display bans, and a ban on investment in the Tobacco Industry. While governments are best placed to make public health policy, we know the tobacco business, and are therefore well placed to evaluate proposed policies that would regulate the tobacco industry. The Company is not opposed to regulation. Carreras Limited, in its review and assessment of the Bill has identified and is advocating for changes to the following nine (9) areas, which are deemed disproportionate and unconstitutional in any free and democratic society:

1. Sale of tobacco products in Public Place (all-encompassing interpretation of Public Place);
2. Disruption of relationships with key business partners through the prohibition of incentives and discounts;
3. Ban on sponsorship and Corporate Social Responsibility initiatives;
4. Regulation of reduced risk products (RRPs) with tobacco;
5. Autonomy of the Minister of Health to prescribe and regulate the industry;
6. Ingredient reporting;
7. Display ban and the growth of the illicit trade;
8. Increase in the size of the Graphic Health Warnings (GHWs) from 60% to 90%
9. Prohibition on investment in the tobacco industry by public entities and employees

1. Product sales in public places

Sales bans and unreasonable regulation of bars, restaurants and other entertainment outlets will only serve to drive away customers and business in places that are already suffering as a result of the current crisis. We must rethink and amend provisions that do not consider the sustainability of these establishments and the employment that they provide.

Based on these restrictions, over 10,000 bars, restaurants and hotels will be forced to discontinue selling the tobacco category, robbing them of an estimated 29% of their revenue base needed to sustain their business and families. This drastic drop in revenue will threaten businesses and livelihoods.

We insist that the ban on the sale of tobacco in public places is removed from the draft as it stands to severely affect small to medium enterprises at an already vulnerable time for entertainment.

Part V of the draft tobacco bill speaks to the intent to create "tobacco smoke-free" environments in public places. Notwithstanding, owners and operators of bars, restaurants, clubs and tourist establishments may establish outdoor smoking areas. Our concerns with the stipulations for these designated areas is the fact that sale and promotion of our products are prohibited as well as the distance from non-smoking areas. There is a reasonable need for smoking areas to be established that do not infringe on the rights of smokers especially since all patrons to these establishments are above the legal age.

Ten (10) metres (approx. 32 feet) is an unreasonable and unrealistic distance to ask smokers to remove themselves in order to smoke. In the cases of restaurants, bars and areas where patrons are above the legal age, it is our view that outdoor smoking areas are designated so as not to infringe on the rights of smokers. This practice has been developed in other jurisdictions with the objective of creating a smoke-free environment for non-smokers while also making adequate provision for smokers. Consideration should also be given to the impact of this 10 metre (32ft) distance on tourists who patronize such entertainment channels and are accustomed to designated smoking areas within reasonable distances of enclosed spaces.

As it relates to distribution, promotion, branding or sale of tobacco products in designated smoking areas, we believe that marketing and promotional practices should be aimed at adult smokers so they can select their brands. Since the area is designated for smokers and it has been established that minors are not allowed to enter, it should be permissible to communicate with adult consumers regarding lawful products. The proposed provision restricts the carrying on of trade and business.

2. Disruption of relationships with key business partners

Another way in which this draft legislation is attempting to put small business at a permanent disadvantage is the way it is attempting to prohibit Carreras from offering retailer incentives and promoting discounted products.

We take issue specifically with some of the provisions in the Fourth Schedule that restrict business relations with our wholesale and retail outlets in the form of prohibiting us from offering incentives, promoting discounted products, retailer incentive programmes etc. In our view, there are less trade restrictive alternatives which are proportionate, effective, and feasible.

The wholesale and retail business models are predicated on the ability of business owners to negotiate the price of the product as well as the margins they collect from sales. There is no precedent for this prohibition with any other category of retail item and it is dangerous to set one now. All FMCGs utilize these models to drive business and to prevent one category from utilizing it is discriminatory.

Part VII of the draft tobacco bill introduces provisions with the intent of banning tobacco advertising and promotion. While Carreras agrees to the need for proportionate restrictions on advertising, for instance to ensure that minors cannot be targeted by tobacco advertising, we are opposed to the introduction of the proposed measures, as it appears to prohibit all forms of tobacco product advertising and promotion and ban the display of tobacco products in retail outlets.

We believe that the Schedule as currently drafted is unnecessary and unwarranted to meet the stated objective of meeting Jamaica's obligations under the World Health Organisation ("WHO") Framework Convention on Tobacco Control ("FCTC") or the public health objective of reducing smoking, and would be likely to lead to unintended adverse consequences.

3. Ban on sponsorship and Corporate Social Responsibility Initiatives

Part VII and the Fourth Schedule of the draft tobacco bill introduces restrictions on sponsorship. It prohibits acceptance of any sponsorship contribution. Carreras Limited is a responsible corporate citizen and is proud of the Corporate Social Responsibility initiatives that it is has rolled out out throughout the years. We are particularly proud of our scholarship programme that provides much needed funding to well deserving students in need. We have invested over $250 million and it is hoped that we can continue this initiative and others like it.

Early 2000s

Steadfast in strengthening relationships with key stakeholders.

4. Reference to relevant products

The reference to "relevant products" after tobacco products would appear to suggest that the Act would also cover products that are not tobacco products, such as electronic nicotine delivery systems (ENDS). Carreras believes that this reference should be eliminated as such products fall outside the remit of tobacco control measures.

Given the fundamental differences in product characteristics (i.e. they contain no tobacco, do not rely on combustion and do not generate smoke) and the lower risk profile of the product category. Nicotine products that do not contain tobacco, such as ENDS, should either be excluded from the Act altogether or, if they are included, they should not be subject to the same provisions as those that apply to tobacco products, meaning that a discrete set of provisions would need to be drawn up.

Regulating ENDS with the same regulations for tobacco products would send an incorrect message. This would give the incorrect impression that both product categories have the same risk profile. Moreover, subjecting electronic delivery system to the same restrictive regulations would prevent the significant potential public health benefits that this product category may offer from materializing.

Public Health England backs vaping as being 95% safer than cigarettes based on today's best estimates. Only good quality products supported by appropriate regulation can drive harm reduction, and without them tobacco harm reduction will never be a reality.

5. Autonomy of the Minister of Health to prescribe and regulate the industry

Part II of the draft tobacco bill outlines the Power of the Minister. The provisions, specifically the reference to the regulation of design features; the labelling, packaging, sale, distribution and advertising controls; testing methods and standards, prohibition of constituents and ingredients and levels of tar, nicotine and other contents and emissions relate to substantive areas of law which affect the rights of interested parties. As such, they cannot be the object of Ministerial regulation, which ought to be limited to measures aimed at implementing the substantive obligations laid down in the law.

Carreras by no means opposes the adoption of evidence-based tobacco control measures on the above matters. However, this should not be done by Ministerial fiat, but ought to be mandated directly by the Parliament.

Carreras also wishes to reiterate that, in accordance with the best regulatory practices, any Regulation that the Minister proposes must be the object of consultation and all interested parties must be given an opportunity to be heard.

6. Ingredient Reporting

Part VIII of the draft tobacco bill introduces provisions that speak to reports and information to be provided by the industry. It goes on to require disclosure of product characteristics in great detail.

As it is currently drafted, this form of reporting is unnecessary and onerous. As a practical matter, how useful is this provision to the actual implementation of the Act? How will the information be used? Fundamentally this provision is asking Carreras to share its trade secrets. Understandably, we are concerned about confidentiality concerns.

We find that these types of provisions are not considering regulations that can be effectively implemented and are not adding value to the regulatory process.

7. Display ban and the growth of the illicit trade

Part VI of the draft tobacco bill introduces a ban on the display of tobacco products. Carreras believes that this clause is disproportionate, as it prohibits the display of tobacco products for sale. The effect of this clause is to treat the product as an illegal product.

Display bans would increase the illicit tobacco trade by driving legal tobacco sales 'under the counter'. In particular, display bans would incentivize illicit trade by:

i. Impeding the ability of enforcement agencies to identify illegal stock;

ii. Preventing adult smokers from distinguishing between counterfeit and genuine tobacco products before making a purchase;

iii. Making it easier for unscrupulous retailers to mix illicit 'under-the-counter' tobacco products with legitimate stock; and

iv. Blurring the distinction between legitimate and illicit products, which would all be 'under cover', making it harder to reinforce public appreciation that smuggling, counterfeit and piracy are crimes.

Display bans disproportionately penalize small retailers and specialist tobacconists. Small retailers, who derive

a large portion of their revenue from tobacco products, would be less likely to be able to bear the costs of compliance involved in re-fitting their stores. Small retailers would also be more likely to lose sales to larger stores, as the display of products helps counter the incorrect assumption that larger stores have a bigger range of products available. Specialist tobacconists, whose business is reliant on their ability to stock a wide range of tobacco products, will be at a particular disadvantage compared to other retailers.

8. Increase in the size of the Graphic Health Warnings (GHWs)

The GHWs that are on our current tobacco products occupy 60% of the front and back of our packs. It is the intent of this draft tobacco bill to increase the GHWs to 80%. Health warnings should only be used to inform smokers about the health risk associated with the consumption of tobacco products. Taking a considerable space of the pack or requiring measures as the ones in clause 20 and First schedule of an 80% goes too far and is unnecessary. Furthermore, health warnings should be implemented only after consultation with all involved stakeholders including tobacco manufacturers.

It should be noted that the FCTC requires only a text health warning that covers no more than 30% of the principal display areas of a tobacco package.

Health warnings such as those proposed in this clause and First Schedule unreasonably restrict producers' ability to display their trademark due to the fact that they go beyond the FCTC requirement of 30% health warnings, without there being a clear need to do so, due to the fact that there is near-universal awareness about the risks associated with smoking.

Indeed, there is no deficit of information among consumers about the health risks associated with smoking that large graphic health warnings could address. Awareness of these risks is nearly universal. Precisely because there is no information deficit, studies show that graphic health warnings are not effective in achieving an actual reduction in smoking prevalence.

Instead of enacting proportionate and evidence-based restrictions, these measures would almost entirely prevent the Company from being able to communicate with adult consumers with regards to its lawful products and is therefore disproportionate.

9. Prohibition on investment in the tobacco industry by public entities and employees

Finally, we take issue with the unnecessary and disproportionate prohibition on investment in the tobacco industry. Part II of the draft tobacco bill includes a provision that prevents a person employed with a public body from investing in the tobacco industry or related ventures. This is of grave concern as one of Carreras' longstanding investors is Jamaica's National Insurance Fund (NIF) which is the investment arm of Jamaica's National Insurance Scheme (NIS). This will also impact thousands of

Early 1990s

Steadfast in strengthening relationships with key stakeholders.

shareholders who are employed by public bodies from investing and supplementing their income. The draft bill is too subjective for too many people. Legislation cannot be created that turns into a subjective interpretation.

Based on our concerns, we commenced advocating for the enactment of a balanced, fair and practical TCA, whilst emphasizing that we are not averse to Regulations, as we are fully compliant with the current Tobacco Control Regulations in force. Further, we ensure the full compliance of our employees with our own International Marketing Principles that set out guidelines governing the responsible marketing and distribution of our products.

Based on the consultative approach taken, it is our hope that at the end of the democratic process a balanced and comprehensive bill will be enacted, a bill which seeks to support the intent of the lawmakers while continuing to allow a balanced market environment for the legal industry, and one which continues to ensure that illicit and tax evading activities are hindered.

Continued cooperation with the industry will often be necessary to ensure that policies achieve their desired objectives and do not produce unintended consequences. It is through interaction, consideration and discussion of the issues that the most balanced policy is made.

Tobacco Excise and Government Revenue

The Ministry of Finance (MoF) must be applauded for its astute fiscal management of the economy particularly in the throes of a global pandemic. Jamaica's economy has been one of the better managed in the region, and from all indicators, the future is bright as the country emerges from the worst of this pandemic. Equally, the Ministry must also be applauded for recognizing the direct correlation between excise shocks and the growth of the illicit trade and the resultant reduction in government revenue.

Anti-Illicit Trade

The unprecedented crisis which came with COVID-19 has undoubtedly contributed to the rise in smuggling worldwide, affecting all aspects of society. Criminal networks that smuggle for profit continued to thrive as they re-organized themselves amidst restrictions in order to sustain their operations.

Illicit trade continues to be a threat to the Company and for this reason, it remains our main priority. We are aware of the dynamic environment in which we operate and the continuing fight against this trade is critical. We see it as a significant and growing problem for governments, law enforcement agencies, our business, and our partners and those who operate legally.

The illicit trade in tobacco products has been and continues to be a major challenge for Jamaica. It has been independently estimated that 1 in 5 of all cigarettes consumed on the island does not pay the requisite duties. Further, in certain areas of the island such as Kingston, Saint Catherine and their environs, the ratio of duty not paid (DNP) cigarettes can increase to 2 in 5. Notably, this illicit trade in cigarettes, which is conservatively estimated to be more than 2 billion dollars per annum, robs the state of much needed revenue required for growth and development.

For years the statistics have brought to bear the magnitude of the illicit trade on the island which has been exacerbated by the COVID-19 pandemic. The imposed restrictions and reductions in the labour force have resulted in changing consumer preferences as the price gap between licit and illicit products increased. These conditions have lured consumers into purchasing cheaper alternatives that evade taxes and excise. As the country continues its road to economic recovery, we believe that the Government has an opportunity to further accelerate this process by addressing the loss of revenue to the illicit trade and injecting same into critical social programs.

The key to this illicit fight must be enforcement, which includes the protection of the borders and ensuring that the marketplace is kept clear of these smuggled offers. Equally important is the need for severe penalties for those caught engaging in this industry, as the current penalties are diminutive; which when combined with the value of the industry makes for a very lucrative risk/reward equation.

The consequences of this trade range from national security, economic loss from tax evasions, trademark infringements, undermining of brand investments, and detrimental quality issues associated with poor manufacturing conditions. Smugglers are well coordinated, and the criminal nature of the illicit cigarette trade has a significant detrimental effect on society and should be the focus of collective effort and attention by all stakeholders.

Corporate Social Responsibility

Carreras Scholarship Cross Country Brings Cheer to Eleven (11) 2021 Scholarship Recipients

For the reporting period, fifty-six (56) students were awarded Carreras scholarships and bursaries, valued at over fifteen million Jamaican Dollars (JMD$15,000,000).

The annual scholarships are presented to students pursuing various fields of study at numerous tertiary level institutions across Jamaica, including Teachers' Colleges, Community Colleges, and Universities.

The scholars all have an exemplary academic record and are in need of financial assistance. They are also Jamaican citizens, eighteen (18) years and older who have achieved at least a B average or a 3.0 GPA in the previous academic year.

The scholarships have been in existence for almost sixty (60) years, but for the first time in history, a new scholarship initiative was implemented - The Carreras Scholarship Cross Country.

Unlike previous years where scholars have been recognized at an awards ceremony, this year steps were taken by Carreras to visit select scholars at their homes to personally present them with their scholarship cheques and certificates.

According to Managing Director Raoul Glynn, the gesture is a unique way of acknowledging the scholars, and it was also fully compliant with the COVID-19 restrictions at the time.

He says, "The Company was determined to find a way to congratulate the scholars. Not only did it guarantee the safety of the scholars and our employees, but it was also a special way of expressing how proud we are of the scholars for their outstanding academic performance despite the challenges posed by the COVID-19 pandemic". It also gave Carreras the opportunity to interact with the parents, caregivers and communities, all of which were instrumental in creating the fertile landscape from which these students continue to flourish. Carreras is proud to be able to do its part.

Eleven (11) of the fifty-six (56) scholars were selected from various Universities across Jamaica for the personalized handovers, namely Alyanna Mighty, Tiana Rae Campbell, Paris Clare, Jamila Turner, Derron Jackson, Tahj Monique McCauley, Tiphaney Lewis, Tasseika Dunn, Julian Francis, Stephanie Wright and McKeeley Foster.

JAMAICA BEAT MAGAZINE – JUNE TO JULY 1990

rreras Post Grad. Scholars

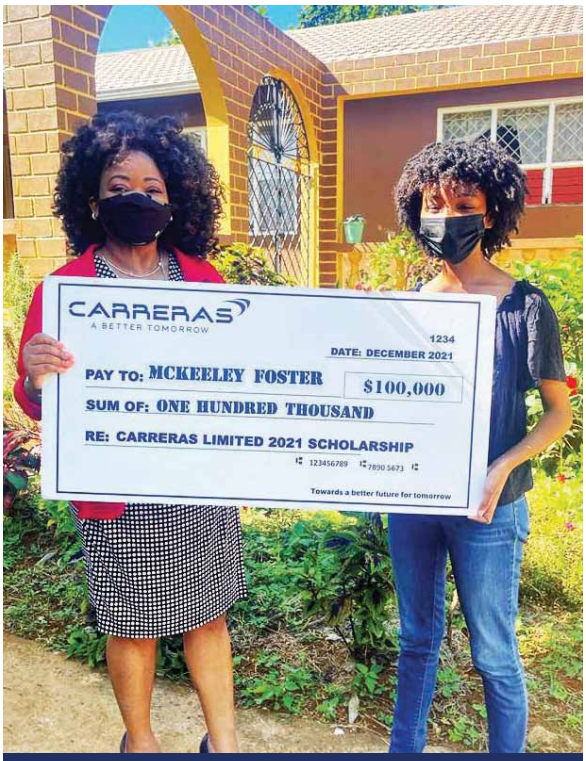
Mischa Mills

Peter Sangster

Early 1990s

Legacy Corporate Social Responsibility initiatives.

Managing Director and MP Graham presenting cheque to scholarship awardee



HR Business Partner presenting cheque to scholarship awardee

LEX Manager presenting cheque to scholarship awardee

Each member of the Carreras Leadership Team visited the scholars at his or her home, workplace, or school in order to make the presentations. The Member of Parliament or Councillor for each scholar was also invited to join in the short handovers which were carried out in December 2021.

Since the handovers, the commendations from the scholars, Members of Parliament and Councillors have been never ending. Each scholar has also expressed their utmost appreciation to Carreras for the financial assistance they have received and for the kind gesture they have been shown.

According to Nursing student at the Excelsior Community College, Derron Jackson, "I am truly grateful to be one of the recipients of this scholarship because it has helped to put me one step closer to achieving my dream of becoming a Registered Nurse, so a big thank you to Carreras Limited".

Tasseika Dunn, a third-year student pursuing Medicine and Surgery at the University of the West Indies, Mona Campus, has expressed that "Last year this time I was actually rejected for Medicine, and I had to take a whole other route... and without this scholarship my dreams would not have been realized, so I'm grateful and I hope to help others in the same way that you have helped me."

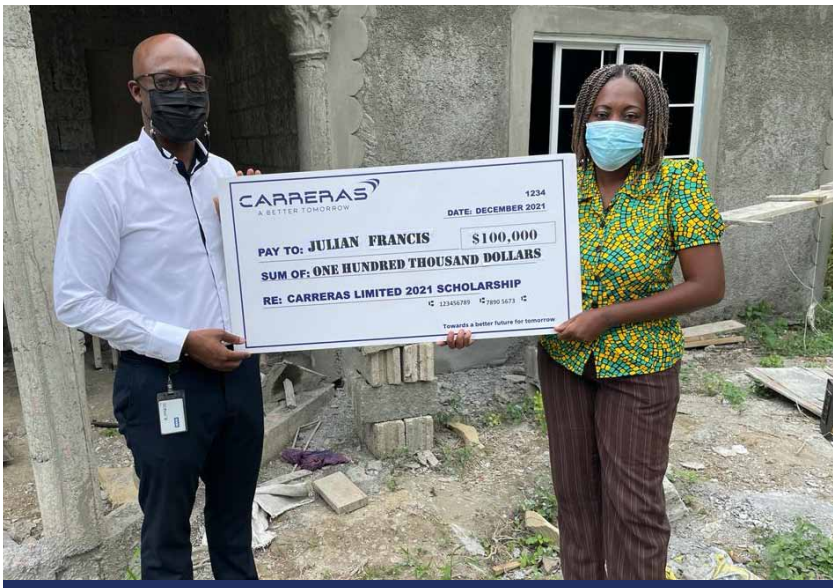
Similar sentiments were shared by Tiphaney Lewis, a student at the Montego Bay Community College. "Thanks to Carreras for giving me this opportunity to achieve my academic goal of becoming a Social Worker, I really really appreciate it", she says.

As a result of the positive feedback and the unique opportunity the Carreras leadership team had in meeting and interacting with the scholars during the handovers, Carreras hopes to make the Scholarship Cross Country a lasting tradition.

One hundred and twenty-five (125) tertiary-level Carreras scholarships valued at thirty million dollars ($30 million) have been awarded to students over the past three (3) years alone and the Carreras Tertiary Student Scholarship Programme has contributed approximately two hundred and fifty million dollars ($250 million) in educational empowerment to date.

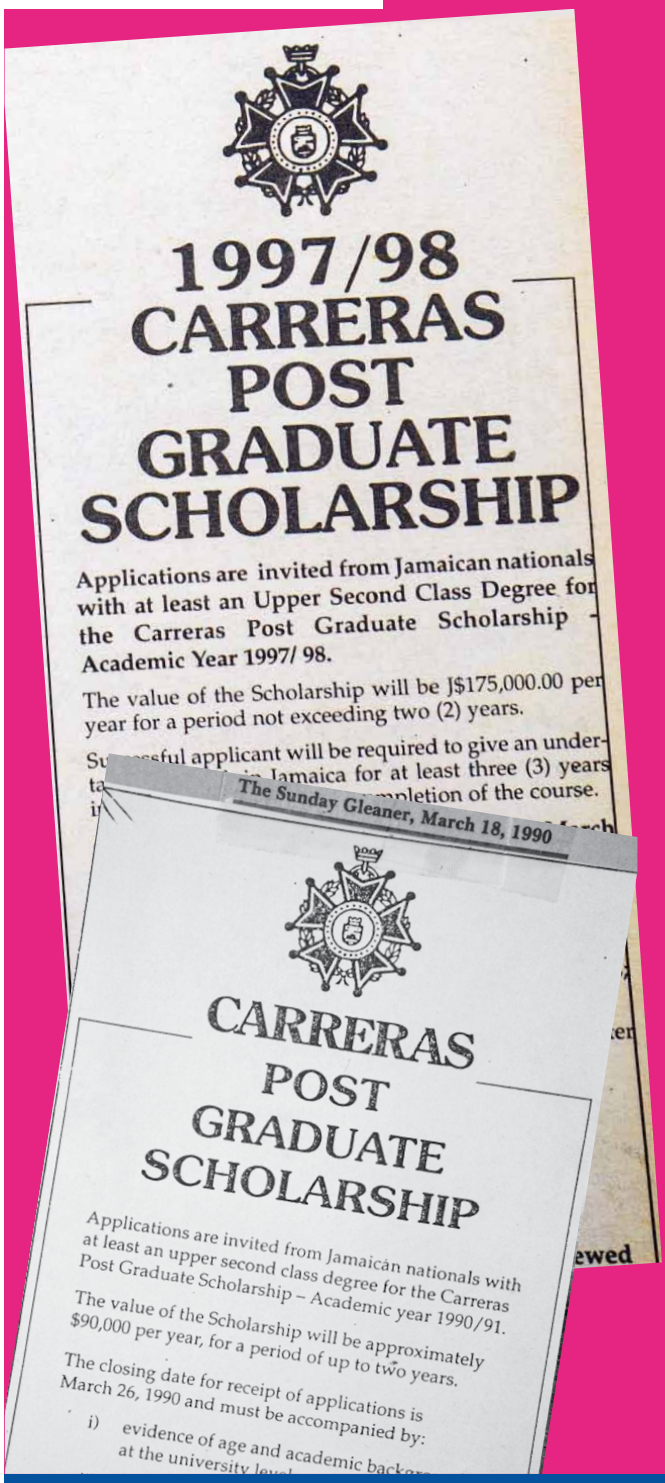
According to Managing Director Raoul Glynn, as Jamaica continues to battle an ongoing pandemic, "Our young people need all the academic support they can get now more than ever, and we will continue to do as much as we can, as long as we can for the promising young men and women of Jamaica who just need our help".

Head of Trade and MP Samuda presenting cheque to scholarship awardee



Marketing Deployment Manager presenting cheque to scholarship awardee

Managing Director presenting scholarship cheque to awardee and her mother



1997/98 CARRERAS POST GRADUATE SCHOLARSHIP

Applications are invited from Jamaican nationals with at least an Upper Second Class Degree for the Carreras Post Graduate Scholarship – Academic Year 1997/ 98.

The value of the Scholarship will be J$175,000.00 per year for a period not exceeding two (2) years.

The Sunday Gleaner, March 18, 1990

CARRERAS POST GRADUATE SCHOLARSHIP

Applications are invited from Jamaican nationals with at least an upper second class degree for the Carreras Post Graduate Scholarship – Academic year 1990/91.

The value of the Scholarship will be approximately $90,000 per year, for a period of up to two years.

The closing date for receipt of applications is March 26, 1990 and must be accompanied by:

i) evidence of age and academic back

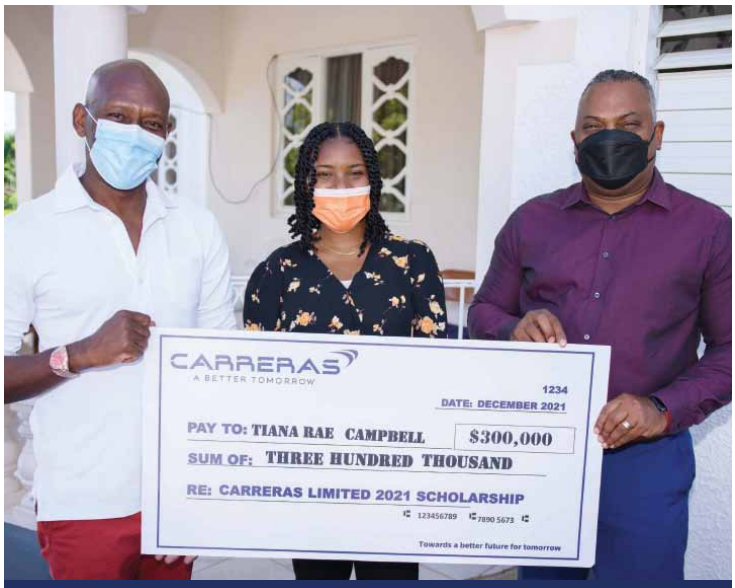
1990s

Strong legacy of contributing to Jamaica through the CARRERAS Scholarship program.

HR Business Partner and MP Office Manager presenting cheque to scholarship awardee

LEX Manager presenting cheque to scholarship awardee

LEX Manager and Councillor Crawford presenting cheque to scholarship awardee



Managing Director and MP Graham presenting cheque to scholarship awardee

LEX Manager and Councillor Slop presenting cheque to scholarship awardee

Electric Vehicle Initiative

Driven by the lean, clean methodology of continuous improvement and environmental sustainability, in 2021 Carreras Limited started exploring the possibility of utilizing electric vehicles in our fleet.

The research has shown that utilizing these vehicles would increase our delivery capacity by 300%, decrease our fleet operating cost per year between 30 – 40% and reduce our CO^2 emission by three (3) CO^2 tonnes per year, per vehicle.

In the same year we joined in partnership with JAMECO, a local vehicle supplier to procure these vehicles, and received the first set of five (5) in June 2022. The vehicles are currently being retrofitted so as to be compliant with our EHS and safety requirements, after which they will be assigned to the Kingston routes, which go as far as St. Thomas and into the hills of St. Catherine.

The vehicles are expected to be in full use by the latter part of July 2022. Drivers will be fully briefed on the use of these vehicles with the assistance of JAMECO and XERGY ENERGY, who are consultant partners to the Government of Jamaica.

Carreras Limited is proud to be one of the first companies in Jamaica to launch such an initiative.

CARRERAS
THROUGH THE YEARS

Portraits in Partnership

CARRERAS AND THE COMMUNITY

ADDICTION ALERT
Chief Executive Officer of the Carreras Group of Companies Mr John D Hall and Mrs Sonia Abrahams-Morin, Executive Director of the Addiction Alert Organization, in animated discussion during a recent meeting between the two at Mr Hall's New Kingston Offices. The main purpose of Mrs Abrahams-Morin's visit was to collect a cheque for $150,000 to be used by Addiction Alert in its Adolescent Programme, which aims to prevent substance abuse among teenagers in targeted schools. The donation marked the second such contribution from the Carreras Group of Companies, and in thanking Mr Hall for Carreras' civic mindedness, Mrs Abrahams-Morin pointed to the fact that the amount would assist Addiction Alert in implementing programmes which will fulfil the goal of educating youngsters to the dangers of substance abuse

EDEN GARDEN SOCIAL SERVICES CENTRE
Eden Garden Social Services Centre Chairman Mrs Fay Saunders, is all smiles as she accepts a cheque for $125,000 from Chief Executive Officer of the Carreras Group of Companies, Mr John D Hall. The Eden Garden Social Services Centre is run by Webster Memorial United Church at their Half Way Tree Road premises and provides medical, dental and optical services either free of charge or at a very nominal cost to members of the Kencot and adjoining communities. Among some of the other services offered by the Centre are a hot meal and food package project and drug abuse counselling originally established primarily for the benefit of the Kencot residents, but now covering a much wider area. Well over 5000 persons benefit from this Centre annually and Carreras has assisted with its financing for more than 10 years.

UNITED WAY
President and Chief Executive Officer of United Way, Mrs Avis Henriques (left) listens keenly to a point being made by Mr John D Hall, Chief Executive Officer of the Carreras Group of Companies, regarding some of the difficulties being faced by rural schools, this at a recent presentation ceremony held at Carreras' New Kingston offices. Mrs Henriques and Mrs Sheila Nicholson (right) a Vice-President at United Way, received a cheque for $50,000 to continue prov ding assistance to the Primary School Gardens Project. Carreras Group, through United Way, has assisted several schools including Osbourne Store *At Age;* Fort Hill *Primary; Rock River All Age; Good Hope* and Marley Mount *Primary* in their attempts at trying to provide their schools nutritional needs. Many of the schools currently have well established gardens, but are experiencing problems in trying to maintain these.

WOMAN INC.
Vice President, Fundraising, of WOMAN INC., Ms Lisa Lakhan in deep discussion with Carreras Group of Companies Chief Executive Officer, Mr John D Hall, on the occasion of Mr Hall's recent visit to Woman Inc's Crisis Centre. Mr Hall, after extensive discussions with both Ms Lakhan and other employees of the Centre contributed $25,000 on behalf of Carreras to the ongoing work being carried out by Woman Inc. Ms Lakhan used the opportunity to explain to Mr Hall that Woman Inc is a charitable, non-profit organization, whose primary objective is to promote the welfare of women. Since 1985 the Crisis Centre for Women has been in operation and that in 1987 a Crisis Shelter was also established. These facilities, Ms Lakhan explained, are to assist by way of counselling victims of incest, rape, domestic crisis and domestic violence. There is also a Hostel/Skills Training Centre for young women between the ages of 18 and 25 which Woman Inc established in 1991. Woman Inc recently held their annual trade fair, which is their principal fund raising event, at the Pegasus Hotel.

JAMAICA FAMILY PLANNING ASSOCIATION
Jamaica Family Planning Association Board Chairman, Mr Peter Myers (left) shares a light moment with CEO John D Hall and Mrs Sonia Ffolkes, Fund Raising Coordinator of the Association. Mr Myers had accompanied Mrs Ffolkes to Carreras Head Office to collect a cheque in the amount of $50,000 to assist with Jamaica Family Planning Associations Rural Outreach Programme. This programme takes family planning services and counselling to homes in deep rural St Ann and Trelawny where transportation is either limited or non-existent. Carreras has contributed to this

JAMBISCO
Mr. Patrick Smith, (second right) General Manager of the Jamaica Biscuit Company (JAMBISCO), a member of the Carreras Group of Companies, receiving a crash course on the use of this piece of dental equipment that his company recently presented to Jamaica College (JC) for use in the School's dental clinic. Following upon a request from the Jamaica College Parent Teachers Association, Jambisco purchased over $60,000 worth of equipment and supplies for use in the clinic which is free to all students of JC who make use of the facilities. Others participating in the handing over function are from right Mr Colin Morris, President of the Parent Teachers Association, Ms Beverley Johnson, Dental Nurse employed to the school and

1990s

CARRERAS history of being a pillar of Jamaican society and community.

Human Resources

Against the backdrop of an ongoing pandemic, we focused our agenda on building on the foundations laid in 2020 in areas such as Talent Management, Communication and Employee Engagement as we worked to build an organization of engaged and capable people, delivering consistent and sustainable business performance.

Talent Agenda

Our aspiration to deliver a robust talent pipeline from which key roles can be filled using internal talent remain our strategic priority, along with our work on succession bench strength for senior and key roles. In 2021, we deepened our commitment to developing talent through challenging local and overseas assignments and to preferentially fill vacancies with internal talent. To this end, we are proud to have filled nineteen (19) vacancies with internal candidates via lateral moves or promotions. Additionally, we secured short term assignments overseas for Legal Coordinator, Bjorn Spence and Trade Marketing Representative, Kurt Sutherland and will continue to seek such opportunities for our people in the coming year.

Our drive to bring critical skills and experiences into the organization through externally sourced talent continued as we welcomed twelve (12) such new hires who have added to our talent pool and organizational capability. We are proud to have increased our workforce, equipping our business for the future, at a time when so many Jamaican workers faced job insecurity, downsizing and lay-offs.

Communication and Engagement

For a second year in a row, the challenges of the pandemic resulted in new and innovative ways to enable consistent communication, as we used available technology to create a compelling vision of the future for our employees while working to build a sense of community and unity within the organization. Our digital town hall meetings remained the formal forum for delivering business updates, sharing our progress against targets, and building on the ideas from the entire organization. Through our recently convened Employee Engagement Committee we launched the Carreras Champions League Awards which recognizes performance excellence and tangible contributions to business results in all functions. These awards have added a new dimension to our Town Hall meetings as we recognize and celebrate these performances as a team. During the year we have taken our internal communication mobile leveraging our Teams and Whatsapp groups to deliver key messages, business updates and employee awareness materials, in real time in a modern and engaging format. Led by our Employee Engagement Committee we have also

Head of Trade presenting award to Champion's League recipient

Commercial Finance Manager presenting award to Champion's League recipient

Carreras Champion's League awardee with prize

developed a vibrant employee engagement calendar designed to consistently celebrate successes, build comradery and provide respite from the daily routine.

COVID-19

In response to the evolving situation with COVID-19 we have maintained our approach of control, monitoring, education and support throughout the period. We continued to implement best practices from Jamaica and across BAT to deliver a proactive, flexible and fit for purpose pandemic response serving the needs of our business and safeguarding the health of our employees. Our Communication and Awareness Programme was largely focused on vaccine education as we worked tirelessly to overcome the widespread vaccine hesitancy affecting the wider Jamaican population. Our participation in the Private Sector Vaccine Initiative provided our employees with ready access vaccines in convenient locations and under comfortable conditions. We are pleased to have over 70% of our employees fully vaccinated, and this is well above the national average of 23% .

During the period April 2021 to March 2022, Carreras Limited recorded 13 cases of Covid-19.

In 2022, we will continue to strengthen our foundations as we work toward our aspiration of building a culture of engaged, sustained, winning, performance. Our focus areas include:

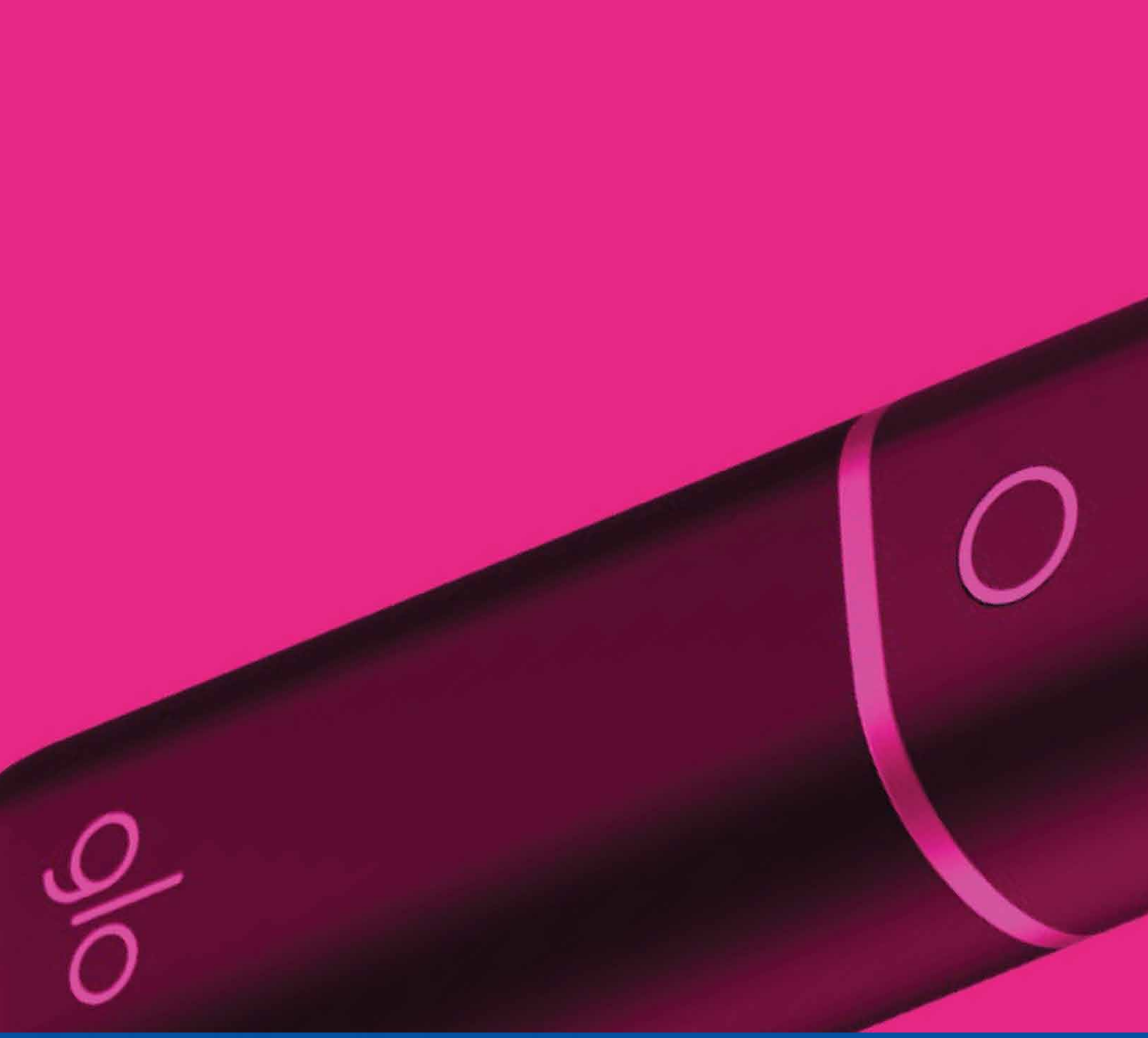
- Compensation and Benefits
- Organizational Culture

Staff members receiving covid-19 sanitization packages

International Women's Day photoshoot for female staff

2000s

CARRERAS strong legacy of dedicated employees.



Chapter 6

Financial Statements
March 31st 2022

Contents

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INDEPENDENT AUDITORS' REPORT

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carreras Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 93 to 134, which comprise the group's and company's statement of financial position as at March 31, 2022, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at March 31, 2022, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of defined benefit pension asset and other retirement benefit obligations

Key audit matter	**How the matter was addressed in our audit**
The group operates a defined benefit pension plan that provides retirement benefits to the members. The group also provides medical and life benefits for its pensioners. The valuation of these benefits depends on a number of factors and assumptions. The key assumptions include life expectancy, discount rates, inflation, and future increases in salaries, pensions and medical benefits premium. Due to the complexity of the calculations, management appointed an external actuarial expert to measuring the employee benefit asset and obligations at the reporting date. The use of significant assumptions increases the risk that management's estimate can be materially misstated. [See notes 2(c), 9 and 21(n)]	Our audit procedures in response to this matter, included: • Evaluating the independence and objectivity of the appointed actuarial expert. • Using our own actuarial specialists to assist in determining that the actuarial valuation was performed in accordance with the requirements of IAS 19 Employee Benefits. • Testing employee data and assets information provided by management to the actuarial expert. • Assessing key assumptions used by the actuary, including inflation and discount rates, by comparing them to information from independent sources. • Assessing whether disclosures in the financial statements are appropriate in respect of the group's employee benefit arrangements.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 91 to 92, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Nyssa Johnson.

KPMG

CHARTERED ACCOUNTANTS
Kingston, Jamaica

May 30, 2022

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2022

	Notes	2022 $'000	2021 $'000
Operating revenue	3	15,754,978	13,971,292
Cost of operating revenue	4	(8,179,374)	(7,158,983)
Gross operating profit		7,575,604	6,812,309
Other operating income	5	183,908	219,389
		7,759,512	7,031,698
Administrative, distribution and marketing expenses	6	(2,244,402)	(1,991,389)
Lease interest expense	11	(18,370)	(20,584)
Impairment loss reversed/ (recognised) on trade receivables	18	3,181	(2,927)
Employee benefits expense	9(i)(e),9(ii)(c)	(71,300)	(56,900)
		(2,330,891)	(2,071,800)
Profit before income tax		5,428,621	4,959,898
Income tax	7(a)	(1,355,342)	(1,221,622)
Profit for the year		4,073,279	3,738,276
Other comprehensive income/ (loss)			
Items that will never be reclassified to profit or loss:			
Change in effect of asset ceiling	9(i)(f)	235,300	59,100
Remeasurement (loss)/ gain on plan assets	9(i)(f)	(279,500)	348,900
Remeasurement gain/ (loss) on obligation	9(i)(f),9(ii)(d)	96,100	(424,200)
Income tax on other comprehensive income/ (loss)	15(b)	(12,975)	4,050
Other comprehensive income/ (loss), net of tax		38,925	(12,150)
Total comprehensive income for the year		4,112,204	3,726,126
Profit attributable to:			
Stockholders' interests in parent	8	4,073,279	3,738,276
Total comprehensive income attributable to:			
Stockholders' interests in parent		4,112,204	3,726,126
Earnings per ordinary stock unit	8	83.91¢	77.01¢

The accompanying notes form an integral part of the financial statements.

Group Statement of Financial Position
March 31, 2022

	Notes	2022 $'000	2021 $'000
Assets			
Deferred tax asset	15	89,923	91,617
Employee benefits asset	9(i)(a)	83,600	92,500
Property, plant and equipment	10	533,443	443,021
Right-of-use assets	11	227,870	266,051
Non-current assets		934,836	893,189
Cash and cash equivalents	12	1,698,031	2,228,153
Accounts receivable	13	1,460,978	1,357,768
Income tax recoverable		2,535	2,479
Inventories	21(e)	1,131,647	590,841
Current assets		4,293,191	4,179,241
Total assets		5,228,027	5,072,430
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		1,965,146	1,979,182
Total equity		2,086,506	2,100,542
Liabilities			
Lease liabilities	11	225,348	261,604
Employee benefits obligation	9(ii)(a)	325,600	326,100
Non-current liabilities		550,948	587,704
Accounts payable	16	1,518,708	1,466,104
Current portion of lease liabilities	11	33,000	27,955
Income tax payable		1,038,865	890,125
Current liabilities		2,590,573	2,384,184
Total liabilities		3,141,521	2,971,888
Total equity and liabilities		5,228,027	5,072,430

The financial statements on pages 93 to 134, were approved for issue by the Board of Directors on May 30, 2022, and signed on its behalf by:

_____ Director
Paul Hanworth

_____ Director
Raoul J. Glynn

The accompanying notes form an integral part of the financial statements.

Group Statement of Changes in Equity
Year ended March 31, 2022

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2020	121,360	1,651,136	1,772,496
Profit for the year	-	3,738,276	3,738,276
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	(12,150)	(12,150)
Total comprehensive income for the year	-	3,726,126	3,726,126
Transactions with owners			
Dividends and distributions (note 19)	-	(3,398,080)	(3,398,080)
Balances at March 31, 2021	121,360	1,979,182	2,100,542
Profit for the year	-	4,073,279	4,073,279
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	38,925	38,925
Total comprehensive income for the year	-	4,112,204	4,112,204
Transactions with owners			
Dividends and distributions (note 19)	-	(4,126,240)	(4,126,240)
Balances at March 31, 2022	121,360	1,965,146	2,086,506

The accompanying notes form an integral part of the financial statements.

CARRERAS
A BETTER TOMORROW

Group Statement of Cash Flows
Year ended March 31, 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		4,073,279	3,738,276
Adjustments for:			
Depreciation	10,11	144,000	170,865
Employee benefits		60,300	46,500
Income tax expense	7(a)	1,355,342	1,221,622
Foreign exchange gain	5	(17,831)	(20,709)
Gain on disposal of property, plant and equipment	5	(8,805)	(1,351)
Interest expense	11	18,370	20,584
Investment income earned	5	(17,237)	(40,288)
		5,607,418	5,135,499
Changes in:			
Accounts receivable		(116,382)	(356,174)
Inventories		(540,806)	(126,385)
Accounts payable		52,604	331,000
Cash generated from operations		5,002,834	4,983,940
Income tax paid		(1,217,939)	(1,192,783)
Net cash provided by operating activities		3,784,895	3,791,157
Cash flows from investing activities			
Investment income received		30,409	34,000
Additions to property, plant and equipment	10	(200,462)	(174,844)
Proceeds of disposal of property, plant and equipment		13,026	6,119
Net cash used by investing activities		(157,027)	(134,725)
Cash flows from financing activities			
Payment of lease liabilities, net	11(d)	(49,581)	(75,376)
Dividends and distributions	19	(4,126,240)	(3,398,080)
Net cash used by financing activities		(4,175,821)	(3,473,456)
Net (decrease)/ increase in cash and cash equivalents before effect of foreign exchange rate changes		(547,953)	182,976
Effect of exchange rate changes on cash and cash equivalents		17,831	20,709
Cash and cash equivalents at beginning of year		2,228,153	2,024,468
Cash and cash equivalents at end of year	12	1,698,031	2,228,153

The accompanying notes form an integral part of the financial statements.

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2022

	Notes	2022 $'000	2021 $'000
Operating revenue	3	15,754,978	13,971,292
Cost of operating revenue	4	(8,179,374)	(7,158,983)
Gross operating profit		7,575,604	6,812,309
Other operating income	5	179,666	210,045
		7,755,270	7,022,354
Administrative, distribution and marketing expenses	6	(2,244,374)	(1,991,353)
Lease interest expense	11	(18,370)	(20,584)
Impairment loss reversed/ (recognised) on trade receivables	18	3,181	(2,927)
Employee benefits expense	9(i)(e),9(ii)(c)	(71,300)	(56,900)
Profit before income tax		5,424,407	4,950,590
Income tax	7(d)	(1,355,342)	(1,221,622)
Profit for the year		4,069,065	3,728,968
Other comprehensive income/ (loss)			
Items that will never be reclassified to profit or loss:			
Change in effect of asset ceiling	9(i)(f)	235,300	59,100
Remeasurement (loss)/ gain on plan assets	9(i)(f)	(279,500)	348,900
Remeasurement gain/ (loss) on obligation	9(i)(f),9(ii)(d)	96,100	(424,200)
Income tax on other comprehensive gain/ (loss)	15(b)	(12,975)	4,050
Other comprehensive income/ (loss), net of tax		38,925	(12,150)
Total comprehensive income for the year		4,107,990	3,716,818

The accompanying notes form an integral part of the financial statements.

Company Statement of Financial Position
March 31, 2022

	Notes	2022 $'000	2021 $'000
Assets			
Deferred tax asset	15	89,923	91,617
Employee benefits asset	9(i)(a)	83,600	92,500
Property, plant and equipment	10	533,443	443,021
Right-of-use assets	11	227,870	266,051
Investment in subsidiaries	20	15,549	15,549
Non-current assets		950,385	908,738
Cash and cash equivalents	12	1,596,071	2,130,346
Accounts receivable	13	1,461,121	1,357,911
Inventories	21(e)	1,131,647	590,841
Current assets		4,188,839	4,079,098
Total assets		5,139,224	4,987,836
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		1,876,363	1,894,613
Total equity		1,997,723	2,015,973
Liabilities			
Lease liabilities	11	225,348	261,604
Employee benefits obligation	9(ii)(a)	325,600	326,100
Non-current liabilities		550,948	587,704
Accounts payable	16	1,518,708	1,466,104
Current portion of lease liabilities	11	33,000	27,955
Income tax payable		1,038,845	890,100
Current liabilities		2,590,553	2,384,159
Total liabilities		3,141,501	2,971,863
Total equity and liabilities		5,139,224	4,987,836

The financial statements on pages 93 to 134, were approved for issue by the Board of Directors on May 30, and signed on its behalf by:

_____ Director
Paul Hanworth

_____ Director
Raoul J. Glynn

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity
Year ended March 31, 2022

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2020	121,360	1,575,875	1,697,235
Profit for the year	-	3,728,968	3,728,968
Other comprehensive loss:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	(12,150)	(12,150)
Total comprehensive income for the year	-	3,716,818	3,716,818
Transactions with owners			
Dividends paid (note 19)	-	(3,398,080)	(3,398,080)
Balances at March 31, 2021	121,360	1,894,613	2,015,973
Profit for the year	-	4,069,065	4,069,065
Other comprehensive loss:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	38,925	38,925
Total comprehensive income for the year	-	4,107,990	4,107,990
Transactions with owners			
Dividends paid (note 19)	-	(4,126,240)	(4,126,240)
Balances at March 31, 2022	121,360	1,876,363	1,997,723

The accompanying notes form an integral part of the financial statements.

CARRERAS
A BETTER TOMORROW

Company Statement of Cash Flows
Year ended March 31, 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit for the year		4,069,065	3,728,968
Adjustments for:			
Depreciation	10,11	144,000	170,865
Employee benefits		60,300	46,500
Gain on disposal of property, plant and equipment	5	(8,805)	(1,351)
Foreign exchange gain	5	(13,614)	(11,353)
Income tax expense	7(d)	1,355,342	1,221,622
Interest expense	11	18,370	20,584
Investment income earned	5	(17,212)	(40,312)
		5,607,446	5,135,523
Changes in:			
Accounts receivable		(116,382)	(356,174)
Inventories		(540,806)	(126,385)
Accounts payable		52,604	331,000
Cash generated from operations		5,002,862	4,983,964
Income tax paid		(1,217,878)	(1,192,838)
Net cash provided by operating activities		3,784,984	3,791,126
Cash flows from investing activities			
Investment income received		30,384	34,024
Additions to property, plant and equipment	10	(200,462)	(174,844)
Proceeds from disposal of property, plant and equipment		13,026	6,119
Net cash used by investing activities		(157,052)	(134,701)
Cash flows from financing activities			
Payment of lease liabilities, net	11(d)	(49,581)	(75,376)
Dividends and distribution paid	19	(4,126,240)	(3,398,080)
Net cash used by financing activities		(4,175,821)	(3,473,456)
Net increase in cash and cash equivalents before effect of foreign exchange rate changes		(547,889)	182,969
Effect of exchange rate changes on cash and cash equivalents		13,614	11,353
Cash and cash equivalents at beginning of year		2,130,346	1,936,024
Cash and cash equivalents at end of year	12	1,596,071	2,130,346

The accompanying notes form an integral part of the financial statements.

1. **Identification and principal activity**

Carreras Limited ("the company") is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It 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 and listed on the London Stock Exchange. The principal activities of the company are the marketing and distribution of cigarettes.

The address of 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) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

A summary of significant accounting policies is included in note 21.

(b) Basis of measurement and functional currency:

The financial statements are presented on the historical cost basis. Unless otherwise stated, the financial statements are presented in thousands of Jamaica dollars ($'000), which is the functional currency of the company.

(c) Accounting estimates and judgements:

The preparation of the financial statements in accordance with IFRS requires management to make judgements, 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 reporting date and the income and expenses for the year 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. 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.

Key sources of estimation uncertainty:

- Employee benefits [see notes 9 and 21(n)]:

  The amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include 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 would impact the amounts recorded in the financial statements for these obligations.

2. **Statement of compliance and basis of preparation (continued)**

(c) Accounting estimates and judgements (continued):

- Allowance for impairment losses [see notes 13 and 21(o)]:

Allowances for doubtful accounts are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL").

Under the ECL model, the group analyses its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the applicable ageing bracket.

3. **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 $6,901,245,000 (2021: $6,105,684,000).

4. **Cost of operating revenue**

	The Group and the Company	
	2022	2021
	$'000	$'000
Special consumption tax	6,901,245	6,105,684
Customs administration fee	428,143	393,728
Material and related costs	849,986	659,571
	8,179,374	7,158,983

Inventory write-off recognised in profit or loss is $858,000 (2021: $2,838,000).

5. **Other operating income**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest income	17,237	40,288	17,212	40,312
Exchange gain	17,831	20,709	13,614	11,353
Gain on disposal of property, plant and equipment	8,805	1,351	8,805	1,351
Unclaimed dividends written back (note 16)	36,267	91,036	36,267	91,036
Miscellaneous income	103,768	66,005	103,768	65,993
	183,908	219,389	179,666	210,045

6. **Expense by Nature:**

(a) Administrative Expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Staff costs	381,517	333,138	381,517	333,138
Directors' fees	9,737	10,857	9,737	10,857
Depreciation	72,491	61,649	72,491	61,649
Auditors' remuneration	9,900	9,000	9,900	9,000
Occupancy costs	41,094	30,341	41,094	30,341
Transportation, travel and entertainment	21,433	27,071	21,433	27,071
Security	25,700	19,332	25,700	19,332
Insurance	1,327	19,603	1,327	19,603
Legal, professional and consultancy fees	70,102	85,754	70,102	85,754
Technical and advisory fees	199,192	174,931	199,192	174,931
Business support services	174,230	106,819	174,230	106,819
Repairs and maintenance	16,457	4,823	16,457	4,823
Shared service centre	42,671	46,583	42,671	46,583
Information technology	144,389	110,945	144,389	110,945
Bank charges	34,642	18,062	34,642	18,062
Other expenses	11,939	46,653	11,911	46,617
	1,256,821	1,105,561	1,256,793	1,105,525

(b) Distribution expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Staff costs	495,690	431,200	495,690	431,200
Depreciation	71,509	109,216	71,509	109,216
Occupancy costs	34,324	26,554	34,324	26,554
Transportation and travel	119,619	75,575	119,619	75,575
Repairs and maintenance	1,711	1,689	1,711	1,689
Security	95,034	91,964	95,034	91,964
Insurance	13,270	4,250	13,270	4,250
Legal, professional and consultancy fees	24,966	24,165	24,966	24,165
Information technology	2,692	2,143	2,692	2,143
Other expenses	1,937	9,505	1,937	9,505
	860,752	776,261	860,752	776,261

(c) Marketing expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Sponsorship	111,911	74,827	111,911	74,827
Promotions	9,892	31,531	9,892	31,531
Product development	5,026	3,209	5,026	3,209
	126,829	109,567	126,829	109,567
Total administrative, distribution and marketing expenses	2,244,402	1,991,389	2.244,374	1,991,353

7. **Income tax**

The Group:

(a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	2022 $'000	2021 $'000
Current:		
Provision for charge on current year's profit	1,366,623	1,250,180
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(11,281)	(28,558)
Income tax expense for the year	1,355,342	1,221,622

(b) Reconciliation of actual tax charge and effective tax rate:

	2022 $'000	2021 $'000
Profit before income tax	5,428,621	4,959,898
Computed "expected" tax charge at 25%	1,357,155	1,239,975
Taxation difference between profit for financial statements and tax reporting purposes on:		
Depreciation and capital allowances	14,142	18,970
Foreign exchange gains	135	2,339
IFRS 16, Leases	(9,534)	(12,321)
Items not allowed for tax purposes	(6,556)	(27,341)
Actual tax charge	1,355,342	1,221,622
Effective tax rate	24.97%	24.63%

(c) At March 31, 2022, taxation losses in subsidiaries, subject to agreement by Tax Administration Jamaica, amounted to approximately $777,748,000 (2021: $777,748,000). These losses may be carried forward indefinitely. The amount that can be utilised in any one assessment year is restricted to 50% of chargeable income (before utilising any prior year losses) of that assessment year.

The Company:

(d) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	2022 $'000	2021 $'000
Current:		
Provision for charge on current year's profit	1,366,623	1,250,180
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(11,281)	(28,558)
Income tax expense for the year	1,355,342	1,221,622

7. **Income tax (continued)**

The Company (continued):

(e) Reconciliation of actual tax charge and effective tax rate:

	2022 $'000	2021 $'000
Profit before income tax	5,424,407	4,950,590
Computed "expected" tax charge at 25%	1,356,101	1,237,648
Taxation difference between profit for financial statements and tax reporting purposes on –		
Depreciation and capital allowances	14,142	18,970
Foreign exchange gains	135	-
IFRS 16, Leases	(9,534)	(12,321)
Items not allowed for tax purposes	(5,502)	(22,675)
Actual tax charge	1,355,342	1,221,622
Effective tax rate	24.99%	24.67%

8. **Earnings per ordinary stock unit**

Earnings per ordinary stock unit is calculated as follows:

	2022	2021
Profit for the year attributable to stockholders	$4,073,279,000	3,738,276,000
Ordinary stock units in issue	4,854,400,000	4,854,400,000
Earnings per stock unit	83.91¢	77.01¢

9. **Employee benefits**

The Carreras Group Limited Superannuation Scheme ("the old scheme") was discontinued with effect from December 31, 2006 and is being wound up in accordance with the rules, applicable legislation and subject to the oversight of the Financial Services Commission ("FSC"). Benefit improvements have been agreed for the pensioners, deferred pensioners and active members of the old scheme.

A replacement fund, the Carreras Limited Superannuation Fund ("the new fund") was established with effect from January 1, 2007. The new fund is divided into two sections – a defined benefit (DB) section and a defined contribution (DC) section. The employees who were members of the old scheme are now participating in the DB section of the new fund whilst the individuals employed after December 31, 2006, are participating in the DC section of the new fund.

The liabilities in respect of current pensioners and deferred pensioners, who opted to transfer the value of their pension entitlement in the old scheme to the DB section of the new fund to provide for all future pension payments, have been transferred to the DB section. The liabilities in respect of the active members who became members of the new fund and opted to transfer the total or a part of their past service to the new fund have also been transferred.

9. **Employee benefits (continued)**

The amounts recognised are computed as follows:

	The Group and the Company	
	2022	2021
	$'000	$'000
Pension benefits	(83,600)	(92,500)
Post employment health and group life insurance benefit	325,600	326,100

The amounts recognised are computed as follows:

(i) Pension benefits:

(a) Asset recognised in the statement of financial position:

	The Group and the Company	
	2022	2021
	$'000	$'000
Present value of funded obligations	3,666,000	3,632,200
Fair value of plan assets	(6,220,300)	(6,218,700)
Present value of net obligations	(2,554,300)	(2,586,500)
Unrecognised amount due to limitation	2,470,700	2,494,000
Asset recognised in statement of financial position	(83,600)	(92,500)

(b) Movements in the net asset recognised in the statement of financial position:

	The Group and the Company	
	2022	2021
	$'000	$'000
Net asset at beginning of the year	(92,500)	(86,800)
Contributions paid	(1,200)	(1,300)
(Income)/expense recognised in the statement of profit or loss and other comprehensive income	10,100	(4,400)
Net asset at end of the year	(83,600)	(92,500)

(c) Movements in present value of funded obligation:

	The Group and the Company	
	2022	2021
	$'000	$'000
Balance at start of year	3,632,200	3,254,400
Current service cost	9,900	8,200
Interest cost	300,300	205,200
Re-measurements -		
Loss from change in financial assumptions	(58,000)	376,700
Members' contributions	600	600
Benefits paid	(219,000)	(212,900)
Balance at end of year	3,666,000	3,632,200

9. **Employee benefits (continued)**

(i) Pension benefits (continued):

(d) Movements in plan assets:

	The Group and the Company	
	2022	2021
	$'000	$'000
Fair value of plan assets at beginning of the year	6,218,700	5,738,500
Interest income on plan assets	518,500	365,400
Contributions paid	3,000	3,200
Benefits paid	(219,000)	(212,900)
Administrative expenses	(21,400)	(24,400)
Remeasurement gain/(loss) on assets	(279,500)	348,900
Fair value of plan assets at end of the year	6,220,300	6,218,700
Plan assets consist of the following:		
Equities	2,546,600	2,612,700
Pooled pension investments	617,900	690,000
Real property	729,800	685,500
Resale agreements	84,000	36,800
Government and corporate bonds	2,133,500	2,076,600
Net current assets	108,500	117,100
	6,220,300	6,218,700

(e) Expense recognised in profit for the year:

	The Group and the Company	
	2022	2021
	$'000	$'000
Current service costs	8,700	6,900
Interest cost on obligation	300,300	205,200
Interest income on assets	(518,500)	(365,400)
Interest on effect of asset ceiling	212,000	155,800
Administrative expenses	21,400	24,400
	23,900	26,900

(f) Remeasurements recognised in other comprehensive income:

	2022	2021
	$'000	$'000
Change in effect of asset ceiling	(235,300)	(59,100)
Remeasurement loss/(gain) on plan assets	279,500	(348,900)
Remeasurement (gain)/loss on obligation	(58,000)	376,700
	(13,800)	(31,300)

9. **Employee benefits (continued)**

The amounts recognised are computed as follows (continued):

(i) Pension benefits (continued):

(g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022 %	2021 %
Discount rate	8.00	8.50
Future salary increases	6.00	6.50
Future pension increases	5.00	5.50

Assumptions regarding future mortality are based on GAM 94 Tables with ages reduced by five years (2021: five years).

At March 31, 2022, the weighted average duration of the defined benefit obligation (pension fund) was 14 years (2021: 14 years). In addition, the weighted average duration of the defined benefit obligation (medical and life) was 17 years (2021: 17 years).

(h) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One-half percentage point increase		One-half percentage point decrease	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Discount rate	(226,000)	(226,200)	252,600	253,200
Salary increases	5,500	5,700	(5,300)	(5,600)
Pension increases	246,700	246,900	(221,300)	(221,100)

(i) Plan assets include ordinary stock units issued by the company with a fair value of $307,301,000 (2021: $304,892,000).

(ii) Post employment health and group life insurance benefits:

(a) Liability recognised in the statement of financial position:

	The Group and the Company	
	2022 $'000	2021 $'000
Present value of future obligations, being liability recognised in statement of financial position	325,600	326,100

9. **Employee benefits (continued)**

The amounts recognised are computed as follows (continued):

(ii) Post employment health and group life insurance benefits:

(b) Movements in the net liability recognised in the statement of financial position:

	The Group and the Company	
	2022	2021
	$'000	$'000
Net liability at the beginning of the year	326,100	257,700
Contributions paid	(9,800)	(9,100)
Income recognised in the statement of profit or loss and other comprehensive income	9,300	77,500
Net liability at the end of the year	325,600	326,100

(c) Expense recognised in profit for the year:

	The Group and the Company	
	2022	2021
	$'000	$'000
Current service costs	18,500	12,700
Interest on obligation	28,900	17,300
	47,400	30,000

(d) Remeasurements recognised in other comprehensive income:

	The Group and the Company	
	2022	2021
	$'000	$'000
Remeasurement (gain)/loss on obligation	(38,100)	47,500

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	8.00	8.50
Annual increase in health-care cost	7.00	7.50

Actuarial assumptions regarding mortality, inflation, etc., follows the same basis on those outlined in note 9(i)(g).

9. **Employee benefits (continued)**

The amounts recognised are computed as follows (continued):

(ii) Post employment health and group life insurance benefits (continued):

(f) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One-half percentage point increase		One-half percentage point decrease	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Discount rate	(25,900)	(25,400)	29,800	28,800
Health-care cost increases	26,200	28,600	(29,100)	(25,200)
Salary increases	3,500	100	3,300	(100)

Impact on post-employment obligation of a one year increase/decrease in life expectancy:

The post-employment obligation would increase by about $104,700,000 (2021: $102,600,000) or decrease by about $105,000,000 (2021: $102,800,000). In addition, the post-employment obligation (medical and life) would increase by about $10,900,000 (2021: $10,900,000) or decrease by about $10,800,000 (2021:$10,900,000).

10 **Property, plant and equipment**

The Group and The Company:

	Freehold land, buildings and leaseholds $'000	Work-in-progress $'000	Machinery, furniture, equipment and vehicles $'000	Total $'000
Cost:				
March 31, 2020	174,944	20,441	608,338	803,723
Additions	299	152,235	22,310	174,844
Transfers	89,066	(144,377)	55,311	-
Disposals	-	-	(11,626)	(11,626)
March 31, 2021	264,309	28,299	674,333	966,941
Additions	7,185	180,192	13,085	200,462
Transfers	34,755	(160,658)	125,903	-
Disposals	-	(2,511)	(27,583)	(30,094)
March 31, 2022	306,249	45,322	785,738	1,137,309
Depreciation:				
March 31, 2020	93,313	-	333,939	427,252
Charge for the year	17,238	-	86,288	103,526
Eliminated on disposals	-	-	(6,858)	(6,858)
March 31, 2021	110,551	-	413,369	523,920
Charge for the year	26,647	-	79,172	105,819
Eliminated on disposals	-	-	(25,873)	(25,873)
March 31, 2022	137,198	-	466,668	603,866
Net book values:				
March 31, 2022	169,051	45,322	319,070	533,443
March 31, 2021	153,758	28,299	260,964	443,021

Freehold land, buildings and leaseholds for the group and the company include freehold land in the amount of $700 (2021: $700).

11. **Leases**

The Group and The Company:

(i) As a lessee

The group and the company leases property and equipment. The leases typically run for 3 to 10 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

Information about leases for which the group is a lessee is presented below.

(a) Right-of-use assets

	Leasehold land and buildings
	$'000
Balance at April 1, 2020	222,423
Additions to right-of-use assets	110,967
Depreciation charge for the year	(67,339)
Balance at March 31, 2021	266,051
Depreciation	(38,181)
Balances at March 31, 2022	227,870

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	2022 $'000	2021 $'000
Less than one year	49,484	48,171
One to five years	211,129	220,349
More than five years	68,075	107,262
	338,688	375,782
Less: future interest	(70,340)	(86,223)
Total discounted lease liabilities at March 31	258,348	289,559
Less: current portion	(33,000)	(27,955)
Non-current	225,348	261,604

(c) Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Interest on lease liabilities	18,370	20,584
Expenses relating to short-term leases	9,764	3,137

(d) Amounts recognised in the statement of cash flows

	2022 $'000	2021 $'000
Total cash outflow for leases	49,581	75,376

11. **Leases (continued)**

The Group and The Company:

(i) As a lessee (continued)

(e) Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where deemed appropriate, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group and the company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group and the company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The group and the company have estimated that potential future lease payments, should it exercise extension options in these leases, would result in an increase in lease liability of $33,140,000 (2021: $48,190,000).

12. **Cash and cash equivalents**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Demand and call deposits	1,698,031	2,228,153	1,596,071	2,130,346

The group and the company has given guarantees in the ordinary course of business under banking arrangements in favour of the Collector of Customs in the amount of $1,286,000,000 (2021: $1,674,000,000).

13. **Accounts receivable**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade accounts receivable	1,146,693	1,145,697	1,146,693	1,145,697
Interest and other investment income receivable	1,427	14,599	1,427	14,599
Prepayments	174,161	167,276	174,161	167,276
Related parties	24,640	19,611	24,783	19,754
General consumption tax recoverable	62,401	-	62,401	-
Other receivables and advances:				
Other	56,034	18,143	56,034	18,143
	1,465,356	1,365,326	1,465,499	1,365,469
Less: Allowance for impairment losses	(4,378)	(7,558)	(4,378)	(7,558)
	1,460,978	1,357,768	1,461,121	1,357,911

During the year, net bad debts recognised in profit or loss aggregated $3,472,000 (2021: $2,927,000) for the group and the company.

Allowances for doubtful accounts are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

13. **Accounts receivable (continued)**

Under this ECL model, the group and the company uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at March 31, 2022 to apply against the accounts receivable balance (see note 18).

14. **Share capital**

	2022 $'000	2021 $'000
Authorised:		
4,854,400,000 (2021: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (2021: 4,854,400,000) stock units of no par value	121,360	121,360

15. **Deferred tax asset/(liability)**

(a) Deferred tax assets and liabilities are attributable to the following:

The Group and the Company :

	Assets		Liabilities		Net	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Accounts payable	3,812	3,861	-	-	3,812	3,861
Property, plant and equipment	19,230	21,631	-	-	19,230	21,631
Leases, net	7,608	5,877	-	-	7,608	5,877
Employee benefits	81,400	81,525	(20,900)	(23,125)	60,500	58,400
Accounts receivable	853	1,439	(356)	(3,650)	497	(2,211)
Unrealised foreign exchange gain/(loss)	-	4,059	(1,724)	-	(1,724)	4,059
Deferred tax asset/(liability)	112,903	118,392	(22,980)	(26,775)	89,923	91,617

(b) Movements in temporary differences during the year are as follows:

The Group and the Company:

	2022			
	Opening balance $'000	Recognised in equity $'000	Recognised in profit or loss [note 7(d)] $'000	Closing balance $'000
Accounts payable	3,861	-	(49)	3,812
Property, plant and equipment	21,631	-	(2,401)	19,230
Employee benefits	58,400	(12,975)	15,075	60,500
Leases, net	5,877	-	1,731	7,608
Accounts receivable	(2,211)	-	2,708	497
Unrealised foreign exchange (loss)/gain	4,059	-	(5,783)	(1,724)
	91,617	(12,975)	11,281	89,923

15. **Deferred tax asset/(liability) (continued)**

(b) Movements in temporary differences during the year are as follows:

The Group and the Company:

	2021			
	Opening balance $'000	Recognised in equity $'000	Recognised in profit or loss [note 8(a)] $'000	Closing balance $'000
Accounts payable	2,992	-	869	3,861
Property, plant and equipment	19,670	-	1,961	21,631
Employee benefits	42,725	4,050	11,625	58,400
Leases, net	2,740	-	3,137	5,877
Accounts receivable	(1,146)	-	(1,065	(2,211)
Unrealised foreign exchange gain	(7,972)	-	12,031	4,059
	59,009	4,050	25,588	91,617

(c) The group has not recognised a deferred tax asset arising in subsidiaries amounting to $194,370,000 (2021: $194,370,000) in respect of unutilised tax losses of subsidiaries because it is not probable that the subsidiaries will have sufficient taxable profits in the foreseeable future to realise this benefit [see note 7(c)].

16. **Accounts payable**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade accounts payable	52,313	97,009	52,313	97,009
General consumption tax payable	-	62,792	-	62,792
Related parties (see also note 17)	227,083	587,362	227,083	587,362
Employee related	60,017	55,914	60,017	55,914
Unclaimed dividends*	456,527	449,110	456,527	449,110
Other	722,768	213,917	722,768	213,917
	1,518,708	1,466,104	1,518,708	1,466,104

*Article 117 of the Articles of Association provides that dividends declared after the date of adoption of this Article, which remain unclaimed after a period of twelve years from the date of declaration, shall be forfeited and revert to the company (see also note 5).

17. **Related party transactions and statutory disclosures**

The financial statements include the following transactions with related parties in the ordinary course of business:

	The Group and the Company	
	2022	2021
	$'000	$'000
Royalties	33,899	33,316
Purchases from related companies – cigarettes	833,928	707,244
Technical fees paid to ultimate parent company	199,192	174,931
Technical fees and business support services paid to other related company	174,230	104,421
IT support fees paid to other related company	187,060	155,330
Pension schemes:		
Dividends paid	29,250	24,088
Directors' remuneration:		
Fees	9,787	10,857
Management remuneration	67,547	55,397
Key management personnel:		
Short-term employee benefits	189,463	171,482
Post-employment benefits	400	-

All related party transactions were undertaken in the normal course of business.

Related party balances are shown in note 16 and are unsecured, interest free and repayable within 12 months of the reporting date.

18. **Financial instruments and risk management**

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's and the company's risk management framework. Senior management has responsibility for monitoring the group's risk management policies and report to delegates of the Board of Directors on its activities, on a monthly basis.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the group's activities.

(i) Credit risk:

Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the group's receivables from customers, cash and investment securities.

18. **Financial instruments and risk management (continued)**

(i) Credit risk (continued):

The maximum exposure to credit risk at the reporting date is represented by the carrying value of its financial assets.

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered a credit facility. Each customer is given a credit period which represents the maximum time allowed for having balances outstanding; these are reviewed monthly. Management has procedures in place to restrict customer orders if the customers have not cleared outstanding debts within the credit period. Customers that fail to meet the group's benchmark creditworthiness may transact business with the group on a cash basis.

The group's average credit period on the sale of goods is 28 days for certain established large (wholesale) customers and 7 days for other (retail) customers. Credit risk is monitored according to each customer's characteristics, such as whether it is an individual or company, its geographic location, industry, aging profile and financial history.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	The Group and the Company	
	2022	2021
	$'000	$'000
Wholesale customers	879,809	856,616
Retail customers	266,884	289,081
	1,146,693	1,145,697

The group and company uses an allowance matrix to measure expected credit losses (ECLs) in respect of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at March 31:

	The Group and the Company 2022			
Age categories	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.11%	1,009,130	1,092	No
1 - 30 days	1.14%	133,073	1,513	No
31-60 days	12.13%	3,957	480	No
61-90 days	0%	-	-	No
Over 90 days	72.61%	533	387	Yes
		1,146,693	3,472	

18. **Financial instruments and risk management (continued)**

(i) Credit risk (continued):

The following table provides information about the exposure to credit risk and ECL for trade receivables as at March 31 (continued):

	The Group and the Company 2021			
Age categories	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.02%	954,414	146	No
1 - 30 days	0.78%	165,918	1,315	No
31-60 days	15.41%	22,760	3,507	No
61-90 days	62.37%	42	27	No
Over 90 days	100.00%	2,563	2,563	Yes
		1,145,697	7,558	

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group and the Company	
	2022 $'000	2021 $'000
Balance at 1 April	7,558	4,631
Impairment loss (reversed)/recognised	(3,181)	2,927
Bad debts recovered	(905)	-
Balance at 31 March	3,472	7,558

Cash and cash equivalents

Management has an investment policy in place and the group's and the company's exposure to credit risk is monitored on an ongoing basis. Cash and cash equivalents are held with reputable financial institutions. Credit risk is considered to be low. The allowance for impairment is immaterial.

(ii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

18. **Financial instruments and risk management (continued)**

(ii) Market risk (continued):

(a) Interest rate risk (continued):

At the reporting date the interest profile of the company's and the group's interest-bearing financial instruments was:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Fixed rate instruments:				
Cash and cash equivalents	809,022	793,775	706,617	698,438

(b) Foreign currency risk:

The group incurs foreign currency risk primarily on purchases that are denominated in a currency other than the Jamaica dollar. The principal foreign currency risks of the group, represented by balances in the respective currencies, are as follows:

The Group:

	2022		2021	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	3,374	-	4,433	20
Related party receivables	92	30	65	30
Related party payables	(1,448)	(3)	(471)	(25)
Other payables	(42)	-	(229)	-
Exposure, net	1,976	27	3,798	25

The Company:

	2022		2021	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	2,708	-	3,767	20
Related party receivables	92	30	65	30
Related party payables	(1,448)	(3)	(471)	(25)
Other payables	(42)	-	(229)	-
Exposure, net	1,310	27	3,132	25

Sensitivity analysis

Strengthening or weakening of the currencies against the Jamaica dollar would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

18. **Financial instruments and risk management (continued)**

(ii) Market risk (continued):

(a) Foreign currency risk (continued):

The Group:

	2022		2021	
	Increase/(decrease) in profit		Increase/(decrease) in profit	
	8% Strengthening $'000	2% Weakening $'000	4% Strengthening $'000	2% Weakening $'000
US ($)	24,159	(6,039)	32,627	(10,876)
GBP (£)	428	(107)	287	(96)

The Company:

	2022		2021	
	Increase/(decrease) in profit		Increase/(decrease) in profit	
	8% Strengthening $'000	2% Weakening $'000	4% Strengthening $'000	2% Weakening $'000
US ($)	16,016	(4,004)	26,906	(8,969)
GBP (£)	428	(107)	287	(96)

Exchange rates, in terms of Jamaica dollars, were as follows:

	US$	£
At March 31, 2022:	152.8316	198.2163
At March 31, 2021:	143.1730	195.1613

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity problems may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed facilities. The group manages its liquidity risk by maintaining a substantial portion of its financial assets in highly liquid assets.

The contractual outflows as at March 31, 2022 and 2021 for trade accounts payable, General Consumption Tax payable, due to related parties, employee related payables, unclaimed dividends and other payables are represented by their carrying amounts and may require settlement within 12 months of the reporting date.

(iv) Capital management:

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

18. **Financial instruments and risk management (continued)**

(iv) Capital management (continued):

There were no changes in the group's approach to capital management during the year. Also, the group is not exposed to any externally imposed capital requirements.

(v) Fair value disclosure:

Due to their short term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable, related party balances, and accounts payable are considered to approximate to their fair values. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

19. **Dividends and distributions**

	2022 $'000	2021 $'000
Declared and paid:		
First quarter ended June 30, 2021:		
Ordinary – 25¢ (2020: 20¢)	1,213,600	970,880
Second quarter ended September 30, 2021:		
Ordinary – 16¢ (2020: 12¢)	776,704	582,528
Third quarter ended December 31, 2021 :		
Ordinary – 21¢ (2020: 17¢)	1,019,424	825,248
Fourth quarter ended March 31, 2022:		
Ordinary – 23¢ (2021: 21¢)	1,116,512	1,019,424
Total dividends to stockholders	4,126,240	3,398,080

20. **Investment in subsidiaries**

This represents costs of investment in subsidiaries as at the reporting period.

The subsidiary companies, all of which are incorporated in Jamaica, are as follows:

Name of company	Principal activity	Percentage of ordinary shares held by Company		Subsidiary	
		2022 %	2021 %	2022 %	2021 %
Sans Souci Development Limited and its subsidiary,	Dormant	100.00	100.00	-	-
Sans Souci Limited	Dormant	-	-	100.00	100.00

21. Significant accounting policies

Certain new and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements. The adoption did not result in any changes to the amounts recognised or disclosed in these consolidated financial statements.

Set out below is an index of the significant accounting polices, the details of which are available on the pages that follows:

(a) Basis of consolidation:

Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements combine the financial position of the company and its subsidiaries as at March 31, 2022 and their results of operations and cash flows for the year then ended, after eliminating significant intra-group amounts. The company and its subsidiaries are collectively referred to in the financial statements as “the Group”.

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. The amounts included are short-term fixed deposits.

21. **Significant accounting policies (continued)**

(c) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 21(o)].

(d) Accounts payable:

Accounts payable are measured at amortised cost.

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(e) Inventories:

Inventories comprising finished products are measured at the lower of cost, determined principally on the weighted average cost basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Investment in subsidiaries:

The company's investment in subsidiaries is measured at cost.

(g) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(i) A person or a close member of that person's family is related to a reporting entity if that person:

(a) has control or joint control over the reporting entity;

(b) has significant influence over the reporting entity; or

(c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions applies:

(a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

21. **Significant accounting policies (continued)**

(g) Related parties (continued):

(ii) An entity is related to a reporting entity if any of the following conditions applies:

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(f) The entity is controlled, or jointly controlled, by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity or any member of a group of which it is a part, provides key management services to the entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The company has related party relationships with its ultimate parent company, British American Tobacco plc (BAT) and other subsidiaries and affiliates of the BAT Group, its subsidiaries, directors and key management personnel and companies with common directors, and its pension schemes. "Key management personnel" comprises the group's leadership team which includes executive directors and specified senior officers.

(h) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

With the exception of freehold land and work-in-progress, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets, at the following annual rates:

Buildings	1.4% to 2.5%
Leasehold improvements	8% to 11%
Right-of-use-assets	9% to 14% and 63%
Machinery, furniture and equipment	3.3% to 33.3%
Motor vehicles	20% to 33.3%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date.

21. **Significant accounting policies (continued)**

(i) Income tax:

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

(i) Current income tax:

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax:

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The group's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling at that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

Nature and timing of satisfaction of performance obligations, including significant payment terms

Revenue is recognised at a point in time in the amount of the price before tax on sales expected to be received by the group for the supply of goods, as contractual performance obligations are fulfilled,when the goods are delivered and have been accepted by the customers.

Invoices are usually payable within 7 to 45 days.

21. **Significant accounting policies (continued)**

(l) Other operating income:

Other operating income is mainly comprised of interest income, gains on disposal of property, plant and equipment and refund of pension surplus. Interest income is recognised as it accrues, using the effective interest method.

(m) Leases:

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

21. **Significant accounting policies (continued)**

(m) Leases (continued):

i. As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group's and the company's post-employment benefits assets and obligations as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report.

(i) Pension assets:

The company and its subsidiaries are participating employers in a pension scheme, the assets of which are held separately from those of the group, and remain under the full control of the appointed trustees.

The group's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of unconditional future benefits available to the group in the form of any future refunds from the scheme or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The discount rate applied is the yield at the reporting date on long-term government instruments that have maturity dates approximating the terms of the group's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

21. **Significant accounting policies (continued)**

(n) Employee benefits (continued):

(i) Pension assets (continued):

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in profit or loss as incurred.

(ii) Other post-retirement health and group life insurance benefits:

The group provides post-retirement health care and group life insurance benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position.

Actuarial gains and losses are recognised in a manner similar to the defined benefit pension plan.

(iii) Other employee benefits:

Employee leave entitlements are recognised as they accrue to employees. A provision is made for the estimated liability for vacation and sick leave, as a result of services rendered by employees up to the reporting date.

(o) Impairment:

Financial assets

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward looking information.

21. **Significant accounting policies (continued)**

(o) Impairment (continued):

Financial assets (continued)

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or

- the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

21. **Significant accounting policies (continued)**

(o) Impairment (continued):

Financial assets (continued)

Write-off (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Non- financial assets

The carrying amount of the group and company's non-financial assets (other than inventories and deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(p) Determination of profit or loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(q) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The group's activities are limited to the distribution of cigarettes to Jamaican consumers, operating in a single segment As such no additional segment information is provided.

(r) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents and accounts receivable. Similarly, financial liabilities mainly comprise accounts payable.

21. **Significant accounting policies (continued)**

(r) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

21. **Significant accounting policies (continued)**

(r) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Business Model assessment (continued)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

The group's objective is to hold financial assets to collect contractual cash flows. In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which mainly comprise accounts payables is recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(iii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

21. **Significant accounting policies (continued)**

(r) Financial instruments (continued):

(iii) Derecognition (continued)

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(s) Fair value:

Definition of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value:

The group's financial instruments lack an available trading market. The fair value of all financial instruments included in current assets and current liabilities are considered to approximate their carrying values, due to their short-term nature. The fair values of amounts due from and due to subsidiary companies are assumed to approximate carrying values.

(t) Dividends and distributions:

Dividends and distributions are recognised in the period in which they are declared.

22. New and amended standards issued but not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The group is assessing the impact that this amendment will have on its 2023 financial statements.

- Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The group is assessing the impact that this amendment will have on its 2024 financial statements.

22. New and amended standards issued but not yet effective (continued):

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The group is assessing the impact that this amendment will have on its 2024 financial statements.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The group is assessing the impact that this amendment will have on its 2024 financial statements

Notes

ANNUAL GENERAL MEETING
Form of Proxy

I/We_____

of_____

being a Member/Members of Carreras Limited hereby appoint

_____

of _____

or failing him/her_____

of_____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held via a hybrid session on Friday, September 9, 2022 at 2:00 p.m and at any adjournment thereof.

SIGNED this_____day of_____2022.

SIGNATURE OF SHAREHOLDER _____

RESOLUTIONS	FOR	AGAINST
1		
2		
3 (a) (i)		
3 (a) (ii)		
3 (b)		
4		
5		

Place Stamp here $100

NOTE:

1. Where a proxy is appointed by a corporate member, this form should be executed under seal. A Proxy need not be a member of the Company.

2. To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagicor Bank Jamaica Limited, Group Legal Trust & Corporate Services, 28 – 48 Barbados Avenue, Kingston 5 not less than 48 hours (excluding non-business days) before the time fixed for holding the Meeting.

3. The form of proxy should bear stamp duty of $100.00. The stamp duty may be paid by adhesive stamps which should be affixed to this Form.

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1962 YEARS 2022

CARRERAS

A BETTER TOMORROW

2022 ANNUAL REPORT

60 YEARS 1962 2022

CARRERAS

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