



INTERIM REPORT

**(SIX MONTHS)
SEPTEMBER 30, 2022**

PERFORMANCE HIGHLIGHTS

Gross Operating Revenue



\$3.45B

Net Profit



\$1.6B

Closing Stock Price



\$8.77

Total Assets



\$4.61B

Equity



\$1.96B

Earnings per stock



33.5¢

CARRERAS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited)

	Notes	6 months to Sept. 30, 2022 \$'000	6 months to Sept. 30, 2021 \$'000	3 months to Sept. 30, 2022 \$'000	3 months to Sept. 30, 2021 \$'000
Operating revenue	4	7,526,156	7,189,724	4,036,425	3,761,776
Cost of operating revenue		(4,074,695)	(3,720,558)	(2,150,703)	(1,940,409)
Gross operating profit		3,451,461	3,469,165	1,885,722	1,821,367
Other operating income		17,248	71,905	5,336	47,932
		3,468,710	3,541,070	1,891,058	1,869,299
Administrative, distribution and marketing expenses		(1,306,187)	(999,191)	(660,646)	(467,307)
Impairment loss on trade receivables		(1,481)	(289)	(958)	38
PROFIT FROM OPERATIONS		2,161,041	2,541,591	1,229,454	1,402,030
Interest income		26,386	21,049	14,224	2,773
Interest expense		(9,447)	(9,185)	(5,389)	(4,593)
NET FINANCE COST		16,938	11,863	8,835	(1,819)
PROFIT BEFORE TAXATION		2,177,980	2,553,454	1,238,291	1,400,210
Taxation	5	(558,508)	(650,381)	(315,185)	(359,663)
NET PROFIT FOR THE PERIOD		1,619,472	1,903,073	923,106	1,040,547
EARNINGS PER ORDINARY STOCK UNIT	6	33.4¢	39.2¢	19.0¢	21.4¢

CARRERAS LIMITED


GROUP STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022
(Unaudited)

	Notes	Unaudited September 30, 2022 \$000	Unaudited September 30, 2021 \$000	Audited March 31, 2022 \$000
ASSETS				
Deferred tax asset		82,435	87,603	89,923
Retirement benefit asset		83,600	92,500	83,600
Property, plant and equipment		728,931	710,267	761,313
Non-Current Assets		894,966	890,370	934,836
Cash and cash equivalents		1,039,027	1,120,027	1,698,031
Accounts receivable		2,190,785	1,767,585	1,460,978
Income tax recoverable		25,624	2,536	2,535
Inventories		458,626	727,302	1,131,647
Current Assets		3,714,062	3,617,450	4,293,191
TOTAL ASSETS		4,609,028	4,507,820	5,228,027
EQUITY				
Share capital	7	121,360	121,360	121,360
Unappropriated profits		1,837,034	1,891,950	1,965,146
Total attributable to stockholders of parent		1,958,394	2,013,310	2,086,506
LIABILITIES				
Lease liability		260,078	243,205	225,348
Retirement benefit obligation		325,600	326,100	325,600
Non-current liabilities		585,678	569,305	550,948
Accounts payable		1,048,176	944,691	1,518,708
Income tax payable		986,630	949,117	1,038,865
Current portion of lease liability		30,149	31,397	33,000
Current Liabilities		2,064,956	1,925,205	2,590,573
TOTAL LIABILITIES		2,650,634	2,494,510	3,141,521
TOTAL EQUITY and LIABILITIES		4,609,028	4,507,820	5,228,027

Approved for issue by the Board of Directors on 10th November 2022 and signed on its behalf by:



Paul Hanworth
Director



Raoul Glynn
Director

CARRERAS LIMITED

Group Statement of Changes in Equity
SIX MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited)

	Share Capital \$000	Unappropriated Profits \$000	Total \$000
Balances at March 31, 2021	121,360	1,979,182	2,100,542
Profit for the period	-	1,903,073	1,903,073
Total comprehensive income for the period	-	1,903,073	1,903,073
Transactions with owners			
Dividends paid, being total transactions with owners (note 8)	-	(1,990,305)	(1,990,305)
Total transactions with owners	-	(1,990,305)	(1,990,305)
Unaudited Balances at September 30, 2021	121,360	1,891,950	2,013,310
Balances at March 31, 2022	121,360	1,965,146	2,086,506
Profit for the period	-	1,619,472	1,619,472
Total comprehensive income for the period	-	1,619,472	1,619,472
Transactions with owners			
Dividends paid, being total transactions with owners (note 8)	-	(1,747,584)	(1,747,584)
Total transactions with owners	-	(1,747,584)	(1,747,584)
Unaudited Balances at September 30, 2022	121,360	1,837,034	1,958,394

CARRERAS LIMITED

Group Statement of Cash Flows
SIX MONTHS ENDED SEPTEMBER 30, 2022
(Unaudited)

	6 months to Sept 30, 2022 \$'000	6 months to Sept 30, 2021 \$'000
Cash flows from operating activities:		
Profit for the period	1,619,472	1,903,073
Adjustments for items not affecting cash:		
Depreciation	97,305	80,899
Employee benefits	0	0
Gain on disposal of property and plant	8,252	4,505
Foreign exchange gain	(15,468)	25,033
Taxation	(558,508)	650,381
Interest expense	9,447	9,185
Investment income earned	(26,386)	(21,049)
	1,134,115	2,652,027
Changes in working capital components:		
Accounts receivable	(795,942)	(408,471)
Inventories	673,021	(136,461)
Accounts payable	(407,008)	(521,413)
Cash generated from operations	604,186	1,585,683
Taxation paid	490,673	(587,377)
Net cash provided by operating activities	1,094,859	998,305
Cash provided by investing activities		
Investment income received	30,120	19,702
Additions to property, plant and equipment	(23,569)	(83,804)
Proceeds of disposal of property, plant and equipment	1,132	(2,795)
Net cash provided by investing activities	7,683	(66,896)
Cash used by financing activities		
Payment of lease liabilities	(28,308)	(24,142)
Dividends paid, being net cash used by financing activities	(1,747,584)	(1,990,305)
Net cash utilised by financing activities	(1,775,892)	(2,014,447)
Net (decrease) in cash and cash equivalents before effect of foreign exchange rate changes	(674,470)	(1,083,038)
Effect of exchange rate changes on cash and cash equivalents	15,467	(25,089)
Cash and cash equivalents, at beginning of period	1,698,031	2,228,153
Cash and cash equivalents, at end of period	1,039,027	1,120,027

CARRERAS LIMITED
Notes to the Unaudited Financial Statements
Six months ended September 30, 2022

1. General

Carreras Limited ("the company") is incorporated and domiciled in Jamaica and is a 50.4% subsidiary of Rothmans Holdings (Caricom) Limited, which is incorporated in St. Lucia. The ultimate parent company is British American Tobacco plc, incorporated in the United Kingdom. The principal activities of the company are the marketing and distribution of cigarettes.

The principal place of business and the registered office of the company is 13A Ripon Road, Kingston 5, Jamaica.

2. Statement of compliance and basis of preparation

(a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended September 30, 2022, has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

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

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

(b) Current year disclosures

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

Details	1 April 2022	30 September 2022
	\$'000	\$'000
Freehold land, buildings and leaseholds	<u>227,870</u>	<u>250,291</u>

The group incurred depreciation charges of \$21,724,000 on the right-of-use assets and interest expense of \$9,447,000 on the lease liability during the period.

Notes to the Unaudited Financial Statements (Continued)
Six months ended September 30, 2022

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

(c) Accounting estimates and judgments:

The preparation of financial statements in conformity with IFRS and the Companies' Act requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the period then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates. The unaudited financial results for the three-month period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, except for the impact of the application of IFRS 16 which is described under note 2 (b), the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustments in the next period are as follows:

(i) Key source of estimation uncertainty

Employee benefits:

The amounts recognised in the balance sheet and income statement for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized insofar as the defined benefit section of the fund include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-employment obligations and the expected rate of increase in medical costs for post-employment medical benefits.

Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

It is reasonably possible that outcomes within the next financial period that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

Notes to the Unaudited Financial Statements (Continued)
Six months ended September 30, 2022

(c) Accounting estimates and judgments (cont'd):

- (ii) There are no critical accounting judgments in applying the group's and the company's accounting policies.

Except as highlighted in note 2, the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual audited financial statements.

(d) 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 \$3,352,881,000 (2021: \$3,158,575,000).

(e) Taxation

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

	<u>2022</u> \$'000	<u>2021</u> \$'000
Current:		
Provision for charge on current period's profit at 25%	551,020	646,367
Tax arising on capital distribution at 5%	<u>-</u>	<u>-</u>
	551,020	646,367
Deferred:		
Origination and reversal of temporary differences	<u>7,488</u>	<u>4,014</u>
Taxation expense for the period	<u>558,508</u>	<u>650,381</u>

(f) Earnings per stock unit

The calculation of earnings per stock unit is based on the net profit for the period attributable to stockholders and the 4,854,400,000 issued and fully paid ordinary stock units.

Notes to the Unaudited Financial Statements (Continued)
Six months ended September 30, 2022

(g) Share capital

	<u>2022</u> \$'000	<u>2021</u> \$'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	<u>121,360</u>	<u>121,360</u>

(h) Dividends and Distributions

	<u>2022</u> \$'000	<u>2021</u> \$'000
Declared and paid: First quarter ended June 30, 2022* Ordinary – 23¢ (2021: 25¢)	1,116,512	1,213,600
Second quarter ended Sept. 30, 2022 Ordinary – 13¢ (2021: 16¢)	631,072	776,704
Total dividends to shareholders	<u>1,747,584</u>	<u>1,990,304</u>

(i) Subsidiary Companies

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

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