2023 ANNUAL REPORT
(APRIL-DECEMBER)

CARRERAS
A BETTER TOMORROW

ANNUAL REPORT 2023

April-December

GROWTH

INNOVATION

SUSTAINABILITY

CHAPTER 1

Contents

Corporate Data

LOCATIONS
Corporate Office
13A Ripon Road
Kingston 5
Telephone: (876) 749 9800
Fax: (876) 906 9284
E-Mail: Carreras@bat.com
Website: www.carrerasja.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

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

BOARD OF DIRECTORS
Patrick Smith - Chairman
N. Patrick McDonald
Paul Hanworth
Raoul Glynn
Andres Lorenzo
Franklin Murillo
Verona Williamson

COMPANY SECRETARY
Imega Breese McNab

MANAGEMENT TEAM
Franklin Murillo
Managing Director

Verona Williamson
Finance Director

Daidrey Miller
HR Business Partner

Manuel Ruiz
Head of Trade

Imega Breese McNab
Legal and External Affairs Manager

Notice of Annual General Meeting

Notice is hereby given that the Sixty-Second Annual General Meeting of the Stockholders of CARRERAS LIMITED will be held at the AC Hotel, 38-42 Lady Musgrave Road, Kingston, on Wednesday, June 5, 2024 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 period ended December 31, 2023.**

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 period ended December 31, 2023, 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 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 financial year Decmber 31, 2023, for emoluments received by the Non-Executive Directors for their services as Directors be and is hereby approved."

4. **To elect Directors**

(a) Mr. Paul Hanworth and Mr. Patrick Smith are due to retire in accordance with the provisions of Article 101 of the Articles of Incorporation and, being eligible, offer themselves for re-election.

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

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

ii. "THAT Mr. Patrick Smith be and is hereby re-elected a Director of the Company."

(b) Mr. Andres Lorenzo was appointed a Director of the Company since the last Annual General Meeting of the Company to fill a casual vacancy and, being eligible, offers himself for election.

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

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

To consider and (if thought fit) pass the following Resolution: "THAT the interim dividends of $0.21 paid on July 5, 2023; $0.19 paid on Sept 12, 2023; $0.23 paid on Dec. 19, 2023, making a total of $0.63 for the period, be and are hereby ratified."

By Order of the Board

Imega Breese McNab
Company Secretary
Registered Office: 13A Ripon Road, Kingston 5.
March 1, 2024

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.

Managing Director of Carreras, Franklin Murillo and Chairman of the Board, Patrick Smith, engaging in discussions at the Sixty-First Annual General Meeting.

Finance Director, Verona Williamson engages shareholders in the question and answer session at the Sixty-First Annual General Meeting. Looking on is Raoul Glynn, Head of Caribbean.

Senior Management Team poses for a picture at the Sixty-First Annual General Meeting. From left Imega Breese McNab - Legal and External Affairs Manager, Olivia Bertrand - AIT Manager and Franklin Murillo - Managing Director.

CARRERAS
A BETTER TOMORROW

SUSTAINABILITY

CHAPTER 2


CARRERAS
A BETTER TOMORROW

CARRERAS
A BETTER TOMORROW

Our Vision

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

Our Strategy

To create shareholder value, deliver 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. We continue to develop and utilize innovative, differentiated products and offer our consumers added value from our brands.

Productivity

The Company's overall approach to productivity is the effective utilization of our global resources to increase profits and generate funds for reinvesting.

Sustainability

We will continue to balance our commercial objectives to ensure a sustainable business that meets stakeholders' expectations.

Winning Organisation

To achieve our vision, we ensure we employ the right people to build great teams and make Carreras a great place to work.

OUR ETHOS

We are **BOLD**

We are **FAST**

We are **EMPOWERED**

We are **DIVERSE**

We are **RESPONSIBLE**

Our Policies and Principles

Below are the three (3) 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. Marketing will make clear that it originates from British American Tobacco and that it is intended to promote the sale of our brands.

Our Standards of Business Conduct

Our Standards and Business Conduct express the high standards of business integrity that British American Tobacco (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.

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 had to complete 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 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. These areas are:

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

Anti-Financial Crime Procedure

How we deliver our business results is fundamental to achieving our purpose of A Better Tomorrow: acting ethically and in line with the values expressed by our ethos will deliver a long-term sustainable business that meets the expectations of our consumers, employees, investors and society as a whole.

Throughout the year, 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 in our Standards of Business Conduct (SoBC) and in our mandatory Third Party Anti-Financial Crime Procedure (the Procedure).

This Procedure sets out Group-wide minimum mandatory steps required for our dealings with Third Parties. Awareness of information that suggests a Third Party Relationship may create risk for BAT (Red Flags) and escalating these Red Flags applies to all of our Third Party Relationships. Many Third Party Relationships are also required to go through a risk assessment process, leading to risk-based mitigations, when the Relationships are created (Creation – akin to 'onboarding'), or renewed (Recertification).

> "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."

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

"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..."

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.

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

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 commitments 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 of Suppliers 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


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DISPOSABLE VAPE
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GROWTH

CHAPTER 3

Chairman's Message

In 2023, the Company demonstrated robust performance, guided by a steadfast commitment to enhancing business processes, fostering innovation, and nurturing talent. Amidst a stable operating environment characterized by continued economic growth, we seized opportunities to invest in infrastructure, diversify our product portfolio, and amplify shareholder value.

Our leadership team's strategic vision, centered on delivering high-quality, risk reduced products tailored to consumer demands, coupled with impactful marketing initiatives targeting both customers and retailers, bolstered our brands' resilience and propelled sustained revenue growth. Concurrently, we intensified efforts to fortify relationships with pertinent enforcement agencies and introduce ultra-low products to combat the persistent threat of illicit trade, prioritizing the reclamation of market share from duty-not-paid (DNP) products.

As we champion reduced-risk products and advocate for tobacco harm reduction, we remain vigilant of regulatory dynamics that may impact our industry. We are committed to advocating for balanced and equitable tobacco regulations that accommodate our mission.

The achievements of 2023 owe much to our dedicated and engaged team, whose ongoing development and empowerment remain paramount. We pledge to remain responsive to both our team's needs and the imperatives of our business to sustain our momentum.

Our enduring commitment to societal and environmental stewardship was evident through initiatives such as our longstanding Scholarship Programme and strategic partnerships with key stakeholders. Internal initiatives, like the modernization of our fleet to include electric vehicles, not only underscore our responsibility but also yield tangible cost savings, which we aim to build upon in 2024.

Buoyed by a stable regulatory, fiscal, and macro-economic landscape and the diligent execution of our strategic imperatives, we realized sustained revenues throughout the 9-month financial year, achieving $13.84 billion in revenue and $3.53 billion in profit after tax. Furthermore, our dedication to shareholder value is evidenced by this year's dividend payout of $3.06 billion.

OUTLOOK

Looking ahead to 2024, we anticipate both challenges and opportunities within our industry. Yet, we are poised to lead the transformation towards "A Better Tomorrow" by fostering innovation, practicing responsible corporate citizenship, and giving back to our communities. As we embark on this new chapter, Carreras remains steadfast in its commitment to building a lasting legacy.

I extend my sincere gratitude to our shareholders for your unwavering support. 2023 marked a year of innovation, growth, and sustainability, and I eagerly anticipate our continued success in the years to come.

Patrick Smith
Chairman

"Buoyed by a stable regulatory, fiscal, and macro-economic landscape and the diligent execution of our strategic imperatives, we realized sustained revenues throughout the 9-month financial period, achieving $13.84 billion in revenue and $3.53 billion in profit after tax."

Board of Directors

OTHER APPOINTMENTS: Mr. Smith is a Director of CAC2000 Limited, for which he is Chairman of the Remuneration Committee and Member of the Audit Committee. He was a Director at the Export-Import Bank of Jamaica, and Jamaica Promotions Limited, Chairman of both 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, Dunhill Cigars in Switzerland, and Caribbean Business Unit Director in Trinidad. Formerly a Director of both The West Indian Tobacco Company Limited in Trinidad and Carreras Limited in Jamaica, Mr. Smith served as Chairman of Demerara Tobacco Company Limited in Guyana and Carisma Marketing Services in St. Lucia. Prior to joining BAT, he was 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; Member, Audit Committee; Member, Corporate Governance Committee; Trustee, Carreras Limited Superannuation Fund.

PATRICK A. H. SMITH, Chairman

Mr. Smith has been the Independent Non-Executive Chairman of Carreras Limited since November 11, 2021.

SKILLS & EXPERIENCE: Franklin Murillo was appointed Managing Director of Carreras Limited effective October 1, 2022. He first joined the BAT group as an Executive in 2005. He has years of experience mainly in Trade Marketing & Distribution which included responsibility for the Caribbean Island markets in 2009. In 2014, he was appointed the Country Manager for Costa Rica where he ensured growth contributing to the success of the Caribbean and Central American Area. Some of his other numerous assignments within BAT are his appointment as Head of Trade/Activation Marketing and Distribution for the Caribbean and Central Regions in 2017 and appointment as Partnership/ Multi-Category Manager for Latin America North and the Caribbean in 2018. With this appointment, he is returning to the Caribbean after a very successful stint as Brand Development and Activation Manager for all nicotine products including the next generation of harm reduced risk products such as electronic devices across Iberia markets that include Spain, Canary Islands, Portugal, Andorra, and Gibraltar.

QUALIFICATIONS: Business Administration Degree, Universidad Latina, Costa Rica.

COMMITTEES: Invitee - Audit Committee; Corporate Governance Committee; and Nominations and Compensation Committee.

FRANKLIN MURILLO, Managing Director

Mr. Murillo has been a Director of Carreras Limited since October 1, 2022.

SKILLS & EXPERIENCE: Imega Breese McNab was appointed the Company Secretary for Carreras Limited on December 1, 2023. She joined Carreras Limited as the Legal and External Affairs Manager August 8, 2023 after over eighteen (18) years serving at the helm of leading advocacy and business support organizations such as the Jamaica Manufacturers and Exporters Association and The Private Sector Organisation of Jamaica.

During her tenure she successfully fostered constructive relationships amongst relevant stakeholders which has led to significant policy and programme development at the national level.

Mrs. Breese McNab serves as a Director of the Board of the Jamaica Productivity Center and Project Social Transformation and Renewal (STAR).

QUALIFICATIONS: MSc Degree In Governance and a BSc Degree in Political Science with a minor in Economics, both from the University of the West Indies.

COMMITTEES: Invitee - Audit Committee; and Corporate Governance Committee.

IMEGA BREESE McNAB, Company Secretary

Mrs. Breese McNab was appointed the Company Secretary of Carreras Limited on December 1, 2022.

SKILLS & EXPERIENCE: Verona was appointed Finance Director of Carreras Limited on April 1, 2022. Verona initially joined the Company as Senior Finance Analyst in 2014 and in 2017, was seconded to The West Indian Tobacco Company Limited in Trinidad & Tobago, as the 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, Verona re-joined Carreras as Finance Planning Manager. In April 2021, she assumed the position of Corporate Finance Manager for the WITCO Exports Unit, with responsibility for the financial management of 21 markets of the English, French and Dutch speaking Caribbean.

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

COMMITTEES: Invitee - Audit Committee and Corporate Governance Committee.

VERONA WILLIAMSON, Director

Ms. Williamson was appointed a Director of Carreras Limited on August 9, 2022.

OTHER APPOINTMENTS: Board Member and Managing Director of The West Indian Tobacco Company Limited since October 2022. Board Member of Demerara Tobacco Company since February 2017. Director of Solvista Park Limited. Director of the Trinidad and Tobago Manufacturing Association.

SKILLS & EXPERIENCE: Mr. Glynn currently holds the positions of Managing Director of The West Indian Tobacco Company Limited, based in Trinidad and Tobago, and Head of the Caribbean for the British American Tobacco Group.

Mr. Glynn has distinguished himself through his performance in various roles, namely: Executive at West Indian Tobacco Company in Trinidad in 2002; Area Manager at Carisma Marketing Services Unit in January 2004; Trade Marketing and Distribution Manager at Demerara Tobacco (DTC) Guyana in April 2006, and Country Manager at Carisma Marketing Services, responsible for the general management of 21 markets of the English, French and Dutch speaking Caribbean. Having earned the opportunity, Mr. Glynn 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 as 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, he 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. Based on his stellar performance in February 2020, he assumed the position of Managing Director of Carreras Limited.

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

COMMITTEES: Member, Corporate Governance Committee; Invitee, Audit Committee; Trustee, Carreras Limited Superannuation Fund.

RAOUL GLYNN, Director

Mr. Glynn has been a Director of Carreras Limited since February 1, 2020.

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 and a partner at Jamaican law firm, Hart Muirhead Fatta. He practices mainly in corporate and commercial law, and his experience includes advising in respect of capital markets transactions, mergers and acquisitions, corporate reorganizations, financing transactions, company law and corporate governance.

He has conducted 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 several 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. Holder of the degree of Bachelor of Laws (Hons.) awarded by the University of the West Indies and the Legal Education Certificate, after attending the Norman Manley Law School.

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

N.PATRICK MCDONALD, Director

Mr. McDonald has been an Independent Non-Executive Director of Carreras Limited since September 1, 2021.

OTHER APPOINTMENTS Director and Investment Committee member of Pan Jamaica Group Limited (PanJam), an investment holding company listed on the Jamaican Stock Exchange, and Trustee of 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. 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 the Deputy Chief Executive. In those roles he spearheaded several add-on 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 business. He started his career in Jamaica in 1998 with the ICD Group, where he restructured the 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 mergers, acquisitions, 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 and Chairman, Carreras Limited Superannuation Fund

PAUL R. HANWORTH, Director

Mr. Hanworth has been an Independent Non-Executive Director of Carreras Limited since September 20, 2021.

Andres joined BAT Argentina in 2004 as an intern, and since then he has performed several roles within Finance across South America. In 2018, he was appointed Head of Commercial Finance for the Americas and Sub-Saharan Africa (AmSSA). In 2021, he became VP Commercial Finance for Reynolds American Inc. (Reynolds) where he played a key role in designing a Total Nicotine Retail Program which strengthened Reynolds' competitive position in the market. In August 2022, Andres was appointed Area Finance Director for Latin American North and Caribbean (LANCAR).

COMMITTEES: Member - Audit Committee.

ANDRES LORENZO, Director

Mr. Lorenzo has been a Director of Carreras Limited since May 26, 2023.

Directors' Report

The Directors are pleased to submit their Report and Audited Financial Statements for the 9-month financial period ended December 31, 2023. The following are selected highlights:

Financial Results

	9-months Year Ended December 31, 2023 $'000	12-months Year Ended March 31, 2023 $'000
Revenue	**13,840,881**	**16,225,315**
Profit before income tax	4,706,483	4,856,479
Net Profit for the year attributable to stockholders	3,527,591	3,635,715
Revenue reserves at beginning of the year	1,921,154	1,965,146
Total revenue reserves	5,448,745	5,600,861
Appropriations have been made as follows:		
Dividends and distributions	(3,058,272)	(3,786,432)
Remeasurement of employee benefit assets and obligations, net of tax	(42,096)	106,725
Unappropriated profits for the year	**2,348,377**	**1,921,154**
Earnings per stock unit	**72.67¢**	**74.90¢**

The following payments were made during the year:

First quarter ending June 30, 2023	- $0.21 per stock unit (Ordinary)
Second quarter ending September 30, 2023	- $0.19 per stock unit (Ordinary)
Third quarter ending December 31, 2023	- $0.23 per stock unit (Ordinary)

No further final dividend payment was proposed in respect to 2023.

The Directors have approved an interim dividend of $0.25 per stock unit, to be paid on April 4, 2024.

Auditors

KPMG has expressed their willingness to continue in office and offer themselves for re-appointment.

Directors

Mrs. Nirala Singh resigned, and the Board wishes to express its appreciation to her for the invaluable contribution to the Company.

Mr. Andres Lorenzo was appointed on April 24, 2023, and being eligible, offers himself for election.

The Directors due to retire in accordance with the provisions of the Articles of Incorporation are Messrs. Patrick Smith and Paul Hanworth and being eligible, offer themselves for re-election.

ON BEHALF OF THE BOARD

Imega Breese McNab
Company Secretary

Disclosure of Shareholdings

RANK	SHAREHOLDER	HOLDINGS	%AGE
1	Rothmans Holdings (Caricom) Limited	2,446,508,260	50.40%
2	National Insurance Fund	214,184,690	4.41%
3	Sagicor Pooled Equity Fund	179,484,650	3.41%
4	SJIML A/C 3119	107,854,360	2.22%
5	L.B.J. Overseas Limited	102,518,376	2.10%
6	JCSD Trustee Services Ltd - SIGMA EQUITY	90,724,997	1.87%
7	Resource In Motion Limited (R.I.M.)	80,134,852	1.65%
8	GraceKennedy Pension Scheme	78,648,740	1.62%
9	Sagicor Select Fund Ltd - ('Class C' Shares) Manufacturing & Distribution	51,556,419	1.06%
10	NCB Insurance Co. Ltd. A/C WT 109	47,500,000	0.98%
	Total Top Ten Shareholders	3,384,714,083	69.72%
	Others	1,469,685,917	30.28%
	TOTAL	**4,85,400,00**	**100%**

GROWTH INNOVATION SUSTAINABILITY

DIRECTORS AND CONNECTED PERSONS

DIRECTORS	CONNECTED PARTIES	SHAREHOLDING
Mr. Patrick Smith - Chairman	Nil	173,320
Mr. Franklin Murillo	Nil	Nil
Mr. Raoul Glynn	Nil	Nil
Mr. Paul Hanworth	Nil	Nil
Mr. N. Patrick McDonald	Nil	320,000
Mr. Andres Lorenzo	Nil	Nil
Ms. Verona Williamson	Nil	Nil

EXECUTIVE & SENIOR MANAGEMENT

	CONNECTED PARTIES	SHAREHOLDING
Mr. Franklin Murillo	Nil	Nil
Ms. Verona Williamson	Nil	Nil
Ms. Daidrey Miller	Nil	Nil
Mr. Manuel Ruiz	Nil	Nil
Mrs. Imega Breese McNab	Nil	Nil

Corporate Governance

As a responsible and transparent listed company, the Board of Directors provides oversight for Carreras Limited ("CL" or "the Company"), and considers 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 its 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 Company 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 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 the achievement of CL's strategic aims as determined by the Board;

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

c) reviewing management performance and holding them accountable for outcomes; and

d) upholding the company's values and standards and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met.

To better assist the Board as a whole in discharging its duty, the following committees of the Board have been established to govern areas of its operations:

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

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 executive and independent non-executive Directors.

Independent Board member:

An independent non-executive Director is someone who satisfies criteria agreed by the Board, and includes the following:

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

(b) a Director who 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 who 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 (defined to mean a person beneficially 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.

> "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. "

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 Company'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 as a whole, taking into consideration the interests of the Company's shareholders, employees and the wider community. 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 and Committees to obtain the information they need to carry out their roles effectively. The Secretary 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 and any other rules and guidelines applicable to the Company.

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.

One of the principal objectives of the evaluation is to ensure that (i) individual Directors have a clear sense of how they are performing as directors (ii) the Board as a whole understands its strengths, weaknesses, areas where it does well and areas which require attention, and gains an insight into how well they are performing in helping the Company to achieve its goals and objectives, and (iii) the Chairman has data points to assist in determining how well or otherwise the Board is functioning and what, if any, changes may need to be made in respect of the functioning and/or structure of the Board and its meetings in the interests of improving the governance of the Company.

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, audited financial statements and quarterly unaudited financial statements 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.

BOARD COMMITTEES

Committee Chairmen

The Board Committee Chairmen are 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 Chairmen are 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 its terms of reference 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 & RESPONSIBILITIES

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 its 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 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 material information regarding the Company's operations is disclosed in a timely manner to the public and regulatory entities.
- Keeping abreast of the latest regulatory requirements and issues, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.

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

- Ensuring that the Board is structured and selected to ensure effectiveness, independence, and protection of stakeholders' 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 the 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, including adjustments to the terms of reference 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, decides the frequency and timing of its meetings, whilst having regard to the Terms of Reference applicable to the CGC.

The members of the CGC during the 2023 financial year were Mr. N. Patrick McDonald (Chairman), Mr. Patrick Smith and Mr. Raoul Glynn. Mr. Franklin Murillo (in his capacity as Managing Director) and Ms. Verona Williamson (in her capacity as Company Secretary until November 30th, 2023) were permanent invitees to the meetings.

The key activities for this period included:

1. Recommending the implementation of a more cost-efficient Board Management system.

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

3. Reviewing and amending the Audit Committee and CGC Terms of Reference (TOR) to ensure the correct functions are adequately captured within each TOR.

4. Reviewing and approving (i) recommended updates to Company Remuneration Policy and (ii) proposed Data Protection Policy.

5. Reviewing and analysing the Corporate Governance Index rating assigned to the Company by the Jamaica Stock Exchange and making recommendations to the Board and management for actions to be taken in response.

6. Facilitating the conduct of a Board evaluation by an external consultant, reviewing and discussing with the Board the results of the evaluation and making recommendations to the Chairman and other members of the Board.

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. More specifically, in the 2024 financial year the CGC will complete a thorough review of the Company's Board Charter, and work on this project has already begun.

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 decided by the Board, 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.

> "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

(a) To monitor the integrity of the financial statements of the Company;

(b) Reviewing any formal announcements relating to the Company's financial performance and any significant financial reporting judgements contained in them;

(c) To review the Company's internal financial controls and risk management systems and processes;

(d) To monitor and review the effectiveness of the Company's internal audit function;

(e) To make recommendations to the Board to be put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor and to approve the remuneration and terms of engagement of the external auditor;

(f) 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;

(g) 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;and

(h) 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 are identified by the Board as independent directors, including the Chairman of the Audit Committee.

Meetings of the Audit Committee

The Chairman of the Audit Committee, in consultation with the Company Secretary, decides the frequency and timing of its meetings having regard to the provisions of the Committee's terms of reference.

Three (3) 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 membership of the Audit committee during the reporting year are; Mr. Paul Hanworth (Chairman), Mr. Patrick Smith, Mr. Patrick McDonald, Mr. Andres Lorenzo and Mr. Franklin Murillo (Managing Director). Ms. Verona Williamson (Finance Director) and Mr. Raoul Glynn (Head of the Caribbean) were permanent invitees to the meetings.

Key activities for the financial year included:

- Recommended to the Board for approval:
  - Dividend payments
  - Related Party Transactions
- Reporting to the Board periodically on the ranking of Key Business Risks, including risk mitigation and management measures in respect of such 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; and
- 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 the Company's Corporate Governance Committee on related governance matters.

> "The fee structure is reviewed every two years to ensure the adequacy of amounts, given our industry and size, compared to general market."

Directors' Compensation

Fees are determined with reference to the level of work required by members to discharge Board and/or Sub-committee duties. The fee structure is reviewed every two years to ensure the adequacy of amounts, given our industry and size, compared to general market. Fees are not paid to Non-Executive Director appointments within the BAT Group. A fixed annual amount is agreed for the Chairman and members of the Board and sub-committees on the assumption of there being a fixed number of meetings in the year. If additional meetings are held, payment is made for those additional meetings on a per meeting basis, using the implied 'per meeting' fee determined by dividing the fixed annual fee by the fixed number of meetings. The total fees paid to non-executive Directors for the 2023 financial year was $7.9M, the details of which can be seen in note 17 of the enclosed financial statements.

Nomination and Succession

I. Develop and annually review the competency profile for the Board of Directors and submit recommendations to the Board for addressing any gaps identified.

II. Ensure that the Board is structured, and Directors selected to foster effectiveness, independence, and protection of stakeholder'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 membership of the NCC during the reporting period are Mr. Patrick Smith (Chairman) and Mr. Patrick McDonald. Mr. Franklin Murillo was a permanent invitee.

Key activities during the financial year

After the resignation of the Legal and External Affairs Manager, the NCC reviewed and made recommendations for a suitably qualified permanent replacement of this key management position.

Please note that our Corporate Governance guidelines are available on our website at www.carrerasja.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
Patrick Smith	11	3	3	1
Paul Hanworth	11	3	n/a	n/a
Patrick McDonald	10	3	3	1
Raoul Glynn	11	3	n/a	0
Andres Lorenzo	7	1	n/a	n/a
Franklin Murillo	11	3	3	1
Verona Williamson	11	3	n/a	0

Number of meetings held during the Financial Year

Board	11
Audit Committee	3
Nomination and Compensation Committee	3
Corporate Governance Committee	1

Risk Management

The effective management of risks is crucial to the fulfillment of Carreras Limited's Mission and Vision. Our risk management framework supports our strategy for maintaining a long-term sustainable business. 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 Group's risk management framework. During the year, the Directors carried out a robust assessment of the key risks and uncertainties facing the Group, including those that threaten its business model, future performance, solvency, or liquidity.

In relation to capital management, the Group's objectives are to safeguard its ability to continue as a going concern to provide returns for shareholders. Shareholder value is created only when the returns achieved exceed the returns required to compensate for the risks taken. The Board monitors the return on capital, defined as net profit divided by shareholders' equity. For the 9-month financial period, the return on capital was 143% (12-month financial year ended March 2023 - 178%).

The Board of Directors believes 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 continue into the foreseeable future.

RISK MANAGEMENT APPROACH

The Risk Management Committee (RMC), which is comprised of the senior management team has the responsibility to identify, assess and evaluate, and manage and monitor risks likely to face the Group, and implement effective mitigating controls to manage these risks. Clear accountability is attached to each risk through the appointment of a risk owner. The deliberations of RMC meetings are reported to the Board of Directors through the Audit Committee of the Board.

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

KEY BUSINESS RISKS

The RMC has identified risks and is actively monitoring and mitigating these risks. These risks, along with Management's mitigation measures are assessed at least on a quarterly basis.

Based on the Group's risk appetite and risk tolerance, key business risks covering the External Environment, Regulatory, People and Processes, and Operational are managed and monitored.

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

Regulatory Risks

Regulatory risk is the exposure to the enactment of tobacco regulation which significantly impairs the Group's ability to communicate with consumers, differentiate our products in the marketplace or launch future products which pose a risk to the Group's long-term sustainability. These could lead to an adverse impact on the ability to compete within the legal tobacco industry, including the traditional cigarettes and the modern e-cigarette industry, as well as increasing volumes in the illicit trade.

Regulatory risk also speaks to the Group's exposure to unexpected and/or significant excise increases or changes to the structure thereof. Excise increases for the three consecutive years 2015 to 2017 resulted in transfer of volumes from the legal industry to the illicit trade in cigarettes. This was particularly marked 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.

Carreras ensures that there is robust stakeholder engagement and litigation strategy for balanced regulations as well as ongoing monitoring of marketing plans to ensure compliance with internal self-regulations and local legislation.

> "Carreras ensures that a robust Anti-Illicit Trade strategy is in place and active engagements with key external stakeholders, cross-industry, and multi-sector cooperation. We also ensure that security risk assessments are conducted..."

Business Execution Risks

Business execution risk results from factors that impedes the Company's ability to execute its operational activities. One such risk arises from the illicit trade, as, with affordability being a major issue for the Jamaican cigarette consumer, 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 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 made in trade marketing and distribution execution is undermined.

The Group also faces business execution risk in the possible increase in crimes leading to increased volatility on routes plied. Though the Jamaican economy has seen a decline in the total number of serious crimes, this risk is monitored and is characterized for the possible attacks on our staff members leading to impacts including loss of life, financial losses due to loss of assets, limited access to market and disruption to normal business processes and operations. Overall sustained crime and violence will threaten business sustainability.

Carreras ensures that a robust Anti-Illicit Trade strategy is in place and active engagements with key external stakeholders, cross-industry, and multi-sector cooperation. We also ensure that security risk assessments are conducted, our sales vehicles are equipped with security features, and that other security measures are in place.

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. The Group has a significant concentration of credit risk with large credit customers with material balances both individually and in aggregate.

Carreras ensures that there is continuous engagement with large customers, on-going assessment of recoverability of balances which may be impacted by changes in the economic and business environment and, expansion of the distribution network, and implementation of Credit Risk Insurance, and of processes and programs to enable faster debt recovery/ collections by working closely with customers.

Information Technology and Cyber Security Risks

With the evolution of technology, the risk of disruptions, including compromise by cyber threat, via intentional or unintentional actions that result in the loss of confidentiality, availability or integrity of systems and data, has increased tremendously. There is a constant exposure to cybercrime due to the economy's reliance on technology for everyday tasks.

The Group has implemented physical, technical, and administrative safeguards to mitigate the risk of cyber security incidents, including measures such as encryption, authentication and backup and recovery systems, the promotion of awareness through trainings/sharing information with employees and the development of Business Continuity Plans, to protect the confidentiality, integrity and availability of the IT systems and networks.

Internal Audit Overview

Carreras Limited is committed to the achievement of sustainable growth and value creation for our shareholders. Internal Audit plays a crucial role in maintaining a robust control environment within the Group. Internal audit has been established as a risk based and objective assurance activity designed to add value and improve operational activities and processes. The objective of any internal audit is to work collaboratively with management to jointly identify areas for improvement and oversee the implementation of corrective actions. The unit functions under the guidance of the Audit Committee and continuously monitors the environment in which the Group operates to:

- *Identify emerging risk(s).*
- *Devise and Implement mitigation plan to identified risks.*
- *Assess the effectiveness of existing controls.*

In monitoring the effectiveness of the control mechanisms of the Group, the Internal Audit Unit addresses each risk factor on two (2) main levels: the *Above Market Approach*, and the *Operational & Compliance Approach*.

Above Market Approach

The Above Market approach incorporates procedures aimed at achieving the overall strategic objectives of the Group. This includes the process of developing and cascading operating procedures and the measurement of these procedures through means such as, Key Performance Indicators (KPIs) 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 objective of the GMA Audit is to ensure that there is an appropriate balance of risks and controls in the Company's processes and transactions. The Audit will assess the design and effectiveness of controls in place to mitigate broadly the main risks that may impede the business objectives. This exercise is conducted to ensure that the current ways of doing business are sufficiently robust to safeguard its assets in a fluid business environment.

The Internal Audit unit employs a direct review strategy of each business unit, where each business unit is thoroughly reviewed for control deficiencies or areas for improvement. Some of the control processes that fall within the scope of the GMA Audit review include:

- *Order to Cash*
- *Understanding the Trade Landscape*
- *Manage Security*
- *Tackle Illicit Trade*
- *Manage Regulatory Agenda*
- *Record to Report*
- *Procure to Pay Process*
- *Supply Chain*

These GMA Audits are conducted on a random basis with the most recent carried out in 2019. The next GMA Audit review is slated for 2024.

> "Our sales force forms part of the Group's overall commercial risk management and therefore, the Internal Audit Unit designs and executes procedures to ensure compliance by the respective personnel."

Control Navigator

On an annual basis, the Internal Audit Unit executes a comprehensive evaluation of each business unit, with the aim of assessing the control environment, using Control Navigator (CN), a Management self-assessment auditing tool. The main objection of CN is to provide the Senior Management with reasonable assurance that Carreras is operating within a controlled environment and aligned to the corporate governance code.

This tool requires each business unit to provide feedback on their level of compliance with the established operating procedures as it relates to the Financial, Operational and Compliance aspects of the Group. The Internal Audit Unit reviews supporting documented evidence to determine the accuracy of the feedback received. Examples of the key control processes that fall within the scope of Control Navigator (CN) include:

- *Governance, Risk and Compliance*
- *Legal and External Affairs*
- *Corporate Strategy*
- *Corporate Finance*
- *Forecast to Stock*
- *Human Resources*
- *Information Technology*
- *Market to Cash*
- *Procurement*
- *Record to Report*
- *Requisition 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 Group's revenue stream and to ensure compliance with both internal and external requirements. This approach to risk management results in annual audit plans being developed with a more commercial perspective and executed by the Internal Audit Unit.

Our sales force forms part of the Group's overall commercial risk management and, the Internal Audit Unit designs and executes procedures to ensure compliance by 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*

Additionally, to ensure compliance with established procedures, the Internal Audit Unit also conducts Credit Audit Reviews. A Credit Audit Review process will entail members of the Internal Audit Unit visiting credit customers with the aim of gathering direct feedback on transactions to ensure the appropriateness of customer information captured in our financial and other systems.

All trade and promotional activities fall within the purview of the Internal Audit Unit and as such, the processes involved in the execution of these activities are reviewed to ensure compliance with set guidelines and 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 proper inventory management records.	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 Requirements	The monitoring of all controls covered under the AEO program to ensure compliance and recertification.	Bi-annually
Ad Hoc Investigation	Provides support to any business unit that requires clarification on a possible compliance issue.	As needed

Ten Year Financial Review

FINANCIAL YEAR	9-months ending	12 months ending	
	Dec 31 2023	Mar 31 2023	Mar 31 2022
INCOME STATEMENT SUMMARY			
GROSS OPERATING REVENUE	13,840,881	16,225,315	15,754,978
TRADING PROFIT	4,628,661	4,866,219	5,482,684
INVESTMENT & INTEREST INCOME	101,412	60,560	17,237
OPERATING PROFIT	4,730,073	4,926,779	5,499,921
EMPLOYEE BENEFIT (INCOME)/ LOSS	(23,590)	(70,300)	(71,300)
PROFIT BEFORE TAXATION	4,706,483	4,856,479	5,428,621
PROFIT AFTER TAXATION	3,527,591	3,635,715	4,073,279
PROFIT ATTRIBUTABLE TO STOCKHOLDERS	**3,527,591**	**3,635,715**	**4,073,279**
FINANCIAL POSITION SUMMARY			
FIXED ASSETS	727,324	706,058	761,313
SHARE CAPITAL	121,360	121,360	121,360
RESERVES	2,348,377	1,921,154	1,965,146
STOCKHOLDERS' EQUITY	2,469,737	2,042,514	2,086,506
FINANCIAL RATIOS			
TRADING PROFIT MARGIN	33.4%	30.0%	34.8%
PROFIT BEFORE TAX/OPERATING REVENUE	34.0%	30.0%	34.9%
STOCKHOLDERS' RETURN ON EQUITY	142.8%	178.0%	195.2%
EARNINGS PER STOCK UNIT (from normal operations)	72.7¢	74.9¢	83.9¢
P/E RATIO	11.4	10.9	10.7
DISTRIBUTION - PER STOCK UNIT	63.0¢	78.0¢	85.0¢
OTHER DATA			
SHARE CAPITAL			
STOCK UNITS IN ISSUE ('000)*	4,854,400	4,854,400	4,854,400
CLOSING STOCK PRICE ($) - PERIOD END	8.25	8.19	8.94
DIVIDEND PAID	3,058,272	3,786,432	4,126,240
DEPRECIATION CHARGED	122,933	187,400	144,000
EXCHANGE GAIN / (LOSS)	(5,021)	(33,577)	17,831
WEIGHTED AVERAGE BUYING EXCHANGE RATES:	153.5857	149.9642	152.8316

*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)

12 months ending						
Mar 31 2021	Mar 31 2020	Mar 31 2019	Mar 31 2018	Mar 31 2017	Mar 31 2016	Mar 31 2015
INCOME STATEMENT SUMMARY						
13,971,292	14,126,523	12,906,497	12,550,132	13,509,228	11,980,138	11,208,369
4,976,511	4,737,849	4,499,362	4,587,300	4,933,927	3,736,050	3,804,121
40,288	66,794	67,467	89,326	108,262	176,612	146,141
5,016,798	4,804,642	4,566,829	4,676,626	5,042,189	3,912,662	3,950,262
(56,900)	(44,700)	(50,900)	(39,300)	(32,300)	(9,100)	(11,900)
4,959,898	4,759,942	4,515,929	4,637,326	5,009,889	3,903,562	3,938,362
3,738,277	3,583,183	3,406,902	3,484,630	3,806,322	3,011,333	2,942,960
3,738,277	**3,583,183**	**3,406,849**	**3,484,596**	**3,806,233**	**3,011,191**	**2,942,914**
FINANCIAL POSITION SUMMARY						
709,072	598,894	383,017	337,251	300,150	236,485	248,256
121,360	121,360	121,360	121,360	121,360	121,360	121,360
1,979,182	1,651,136	1,214,144	1,920,034	2,006,755	1,654,302	3,050,396
2,100,542	1,772,496	1,335,504	2,041,394	2,128,115	1,775,662	3,171,756
FINANCIAL RATIOS						
35.6%	33.5%	34.9%	36.6%	36.5%	31.2%	33.9%
35.9%	34.0%	35.4%	37.3%	37.3%	32.7%	35.2%
178.0%	202.2%	255.1%	170.7%	178.9%	169.6%	92.8%
77.01¢	73.8¢	70.2¢	71.8¢	78.4¢	62.0¢	60.6¢
11.3	9.0	13.3	14.8	9.4	10.7	6.6
70.0¢	64.0¢	85.0¢	74.0¢	71.0¢	89.4¢	80.9¢
OTHER DATA						
4,854,400	4,854,400	4,854,400	4,854,400	485,440	485,440	485,440
8.68	6.61	9.43	10.61	74.0	66.15	39.97
3,398,081	3,106,816	4,126,240	3,592,256	3,446,624	4,342,104	3,930,709
170,865	136,457	88,156	77,084	57,407	62,506	65,887
20,709	57,607	(16,705)	(7,632)	52,202	30,692	45,591
143.1730	132.5275	123.5735	124.6545	127.7664	122.0421	115.0435

INNOVATION

CHAPTER 4


vuse GO
vuse GO

Managing Director’s Overview

It is with great pride that I reflect on the accomplishments of Carreras over the past year as I am reminded of the dedication and commitment of our team in realizing our vision of A Better Tomorrow.

Throughout the year, our unwavering focus remained on delivering quality, innovative products, and ensuring profitability, all while upholding our responsibilities to society and the environment. I am privileged to lead a team that embodies these values and works tirelessly to achieve our goals.

OUR PEOPLE

Our team at Carreras exemplifies the essence of our company - bold, fast, empowered, diverse, and responsible. They have consistently surpassed expectations, driving value for our shareholders while embracing our transition to a multi-category company. We are committed to nurturing this talent, providing opportunities for growth, and fostering a culture of safety and wellness.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

At Carreras, we recognize the importance of investing in communities and protecting the environment. Through initiatives such as the Tertiary Scholarship Awards Programme and our partnership with the Private Sector Organisation of Jamaica (PSOJ) and the Jamaica Constabulary Force (JCF) Project Social Transformation and Renewal (STAR), we continue to make a positive impact on society. Our dedication to environmental stewardship is evident in our participation in events like the National Labour Day Project and beach clean-ups.

MARKETING AND TRADE

Our marketing and trade teams have been instrumental in responding to evolving consumer trends with innovative campaigns and offerings. The expansion of our product line, including the introduction of Matterhorn Rhythm and Pall Mall, reflects our commitment to meeting the diverse needs of our customers. Furthermore, the launch of VUSE demonstrates our dedication to providing safer alternatives to traditional cigarettes, in our journey towards A Better Tomorrow.

FINANCIAL PERFORMANCE

Driven by our focus on innovation, customer satisfaction, and operational excellence, Carreras achieved significant financial success in 2023. We recorded revenues of $13.84 billion for the 9-month financial period ended December 31, 2023. Our profit after tax amounted to $3.53 billion, with earnings per share standing at 72.67¢. Additionally, our share price closed at $8.25, and we paid out dividend totaling $3.06 billion.

OUTLOOK

As we look ahead, Carreras remains steadfast in our commitment to delivering value while prioritizing the interests of our shareholders. We will continue to drive innovation, productivity, and sustainability, ensuring a better tomorrow for all. With over sixty-one years of proud Jamaican heritage, we are determined to build upon our legacy.

Franklin Murillo
MANAGING DIRECTOR

Leadership Team

FRANKLIN MURILLO,
Managing Director

SKILLS & EXPERIENCE: Franklin Murillo was appointed Managing Director of Carreras Limited effective October 1, 2022. He first joined the BAT group as an Executive in 2005. He has years of experience mainly in Trade Marketing & Distribution which included responsibility for the Caribbean Island markets in 2009. In 2014, he was appointed the Country Manager for Costa Rica where he ensured growth contributing to the success of the Caribbean and Central American Area. Some of his other numerous assignments within BAT are his appointment as Head of Trade/Activation Marketing and Distribution for the Caribbean and Central Regions in 2017 and appointment as Partnership/Multi-Category Manager for Latin America North and the Caribbean in 2018. With this appointment, he is returning to the Caribbean after a very successful stint as Brand Deployment and Activation for the next generation of electronic devices across Iberia markets that include Spain, Canary Islands, Portugal, Andorra, and Gibraltar.

QUALIFICATIONS: Business Administration Degree, Universidad Latina, Costa Rica

VERONA WILLIAMSON,
Finance Director

SKILLS & EXPERIENCE: Verona was appointed Finance Director of Carreras Limited on April 1, 2022. Verona initially joined the Company as Senior Finance Analyst in 2014 and in 2017, was seconded to The West Indian Tobacco Company Limited in Trinidad & Tobago, as the Finance Business Partner – Operations. Verona returned to Jamaica in 2018, assumed the role of Commercial Finance Manager which she held until her departure in 2019. In June 2020, Verona re-joined Carreras as Finance Planning Manager. In April 2021, she was assumed the position of Corporate Finance Manager for the WITCO Exports Unit, with responsibility for the financial management of 21 markets of the English, French and Dutch speaking Caribbean.

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

COMMITTEES: Invitee - Audit Committee and Corporate Governance Committee.

DAIDREY MILLER,
Human Resource Business Partner

SKILLS & EXPERIENCE: Daidrey Miller was appointed Human Resources Business Partner of CARRERAS Limited on August 15, 2022. She is a Human Resource Generalist who has close to eighteen years of experience in the discipline with over thirteen being at the senior level. She has led the Human Resource Portfolio in industries such as Manufacturing and Production, Information Technology as well as Retail and Micro-Finance. Her experience encompasses private and public companies operating in heavily unionized environments with organizations who maintain a presence in the Caribbean, Latin America and the United States. She has hands on experience with Change Management, Divestment Exercises and the execution of HR functions within a centralized capacity.

QUALIFICATIONS: Bachelor of Science Degree in International Relations and Political Science from the University of the West Indies, Mona Campus and a Diploma in Human Resource Management from the University of the Commonwealth Caribbean.

MANUEL RUIZ,
Head of Trade

SKILLS & EXPERIENCE: Manuel joined BAT in 2013 as a Marketing Trainee and since that time has progressed to various roles across the business, which include Business Development, Demand Planning Manager and Junior Brand Manager. His latest role was that of Lancar New Categories Consumer Experience Manager.

QUALIFICATIONS: Manuel holds a Bachelor of Science Degree in Accounting & Business Management from the University of the Ozarks in Clarksville, Arkansas, USA.

IMEGA BREESE McNAB,
Legal and External Affairs Manager

SKILLS & EXPERIENCE: Imega Breese McNab joined BAT on August 8, 2023 after over eighteen (18) years serving at the helm of leading advocacy and business support organizations such as the Jamaica Manufacturers and Exporters Association and The Private Sector Organisation of Jamaica.

During her tenure she successfully fostered constructive relationships amongst relevant stakeholders which has led to significant policy and programme development at the national level.

Mrs. Breese McNab serves as a Director of the Board of the Jamaica Productivity Center and Project Social Transformation and Renewal (STAR).

QUALIFICATIONS: MSc Degree In Governance and a BSc Degree in Political Science with a minor in Economics, both from the University of the West Indies.

Management Discussion and Analysis

Operating Environment

Economic Overview

Despite major global economic challenges, including higher borrowing costs, climate-related events and geopolitical tensions, the Jamaican economy showed resilience with its fourth consecutive year of growth since the pandemic-induced decline in 2020.

The Statistical Institute of Jamaica (STATIN), reported that the economy grew by 2.1% for the third quarter in 2023. The Services and Goods Producing Industries recorded growth 0.7% and 2.6% respectively, predominantly supported by the "Mining and Quarrying" sector which grew by 103.1%. Additionally the country's debt as a percentage of GDP continues to decline, creating additional room for investment in infrastructure, health care, educational and other ritical social services.

While the country has gained recognition as a result of its positive indicators, uncertainties include increased global conflicts, rising commodity prices and growing risk aversion.

Employment

4.2%
Unemployment Rate

Jamaica's labor market has shown significant improvement, with the unemployment rate reaching a new record low of 4.2% in October 2023, signaling a stronger job market and increased economic vitality. This is a decrease from 4.5% in April and July 2023. The Statistical Institute of Jamaica (STATIN) attributes this to an increase in various sectors, notably in service and construction, pointing to a diversified growth path. The male unemployment rate stood at 3.1%, while the female rate was 5.4%. Youth unemployment was reported at 12.6%.

Inflation

6.2%
Inflation Rate

As of December 2023, Jamaica's 12-month point-to-point inflation rate was 6.9%, slightly exceeding the Bank of Jamaica's target range of 4.0% to 6.0%. This outcome reflects several contributing factors, including higher regulated prices such as public passenger vehicle (PPV) fares and wage increases across the economy. BOJ's expectation is for the annual inflation to fall just outside its target range over the next two quarters. While inflation is just one of the variables that affect our input costs, our company remains strong with sufficient capital and a dedicated team committed to deliver uncompromised quality products to our consumers.

Net International Reserves and Exchange Rate

US$4.8 billion
NIR

The Bank of Jamaica (BOJ) has reported that the foreign exchange rate has remained relatively stable over the past two years, while net international reserves (NIR) of Jamaica have generally shown movements indicative of the country's economic resilience and capacity to handle external shocks.

As of December 2023, the Bank of Jamaica (BOJ) reported reserves of US$4.8 billion, representing an increase of 3.5% or US$161 million. This represents 23.9 weeks of goods and services, twice the 12-week benchmark and exceeds the standard measure of adequacy by approximately 15%. This signals a robust inflow primarily attributed to the recovery in tourism, which is a significant earner of foreign exchange for the nation. It is projected that the reserves will remain adequate over the medium term.

The BOJ's weighted average selling rate closed at J$154.95 ending December 2023, representing a devaluation of 1.9% relative to J$152.05 at the end of December 2022. This movement comes against a slower-than-expected fall in remittance inflows and several interventions by the central bank, supplying a total of US$937 million over the period.

Outlook

Despite the positive growth and unemployment trends, the global economic environment poses challenges for Jamaica. The World Bank warns of a slowdown in global growth, affecting developing countries like Jamaica. The global economy is expected to grow by only 2.4% in 2024, with developing economies growing at 3.9%, indicating potential challenges ahead for Jamaica's economic outlook.

Cautious Optimism

The country's economic resilience in the face of these challenges will likely depend on its ability to attract new investment, resilient tourism and remittances, managing its debt levels and fostering a supportive environment for business and trade.

Resilience

Jamaica's economic narrative for 2024 to 2025 is one of cautious optimism.

The country's growth, while moderate, underscores its resilience amid global economic slowdowns and inflationary challenges. With strategic policy responses and a focus on sustainable development, Jamaica aims to maintain its path of economic stability and growth, contributing positively to the broader Caribbean region's economic landscape.

In conclusion, while Jamaica's economy shows signs of continued growth and improving labor market conditions, global economic trends remain challenging. Policymakers, businesses and investors must remain vigilant and responsive to external shocks and trends to sustain growth and economic stability.

Sources:
Bank of Jamaica
International Monetary Fund
The Statistical Institute of Jamaica

2023 Financial Performance Highlights

Total Assets

2023: J$7.2B
March 2023: J$5.5B

Operating Revenue

2023: J$13.8B
March 2023: J$16.2B

Current Ratio

2023: 1.5
March 2023: 1.5

Market Capitalization

2023: J$40B
March 2023: J$39.8B

Net Profits

2023: J$3.5B
March 2023: J$3.6B

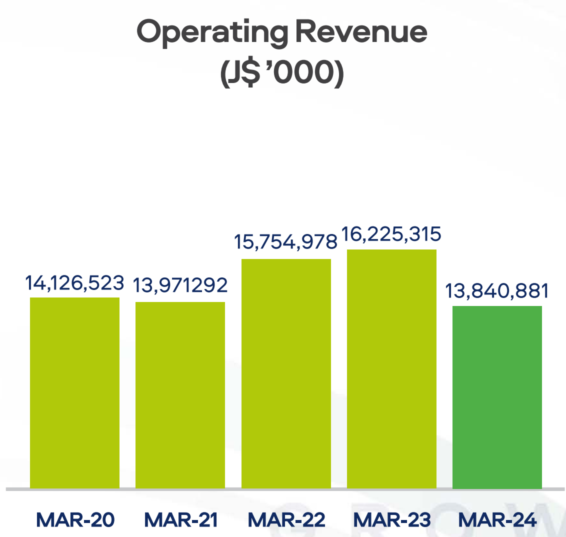
Share Price

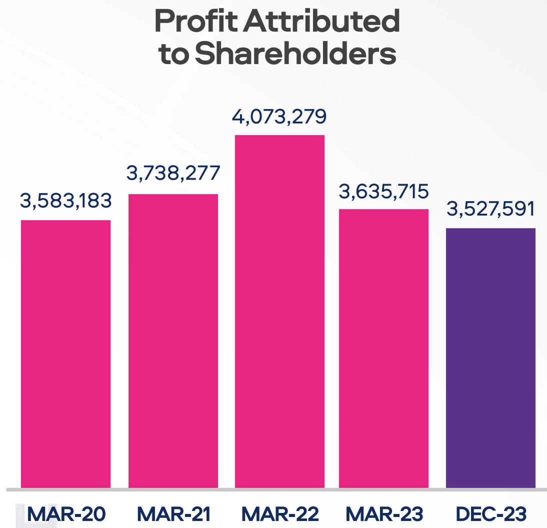
2023: J$8.25
March 2023: J$8.19

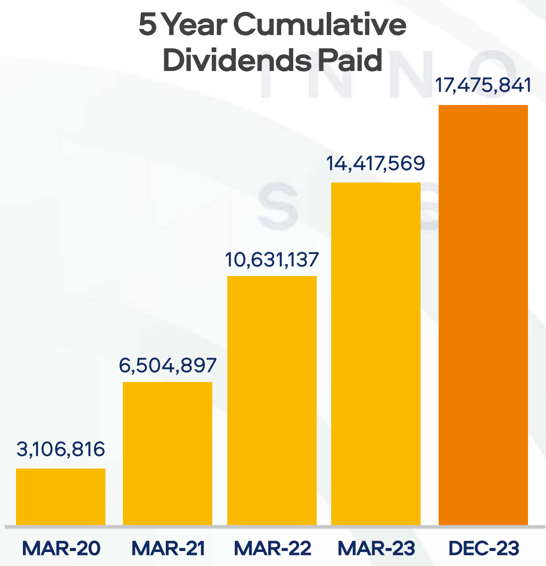
Earnings per Stock Unit

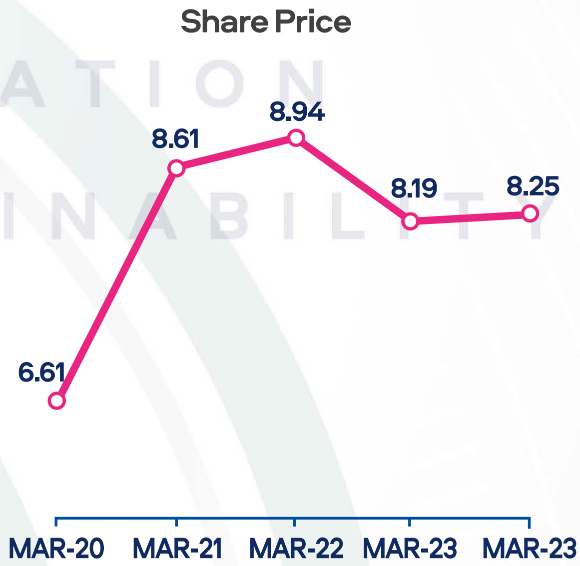
2023: 73¢
March 2023: 75 ¢

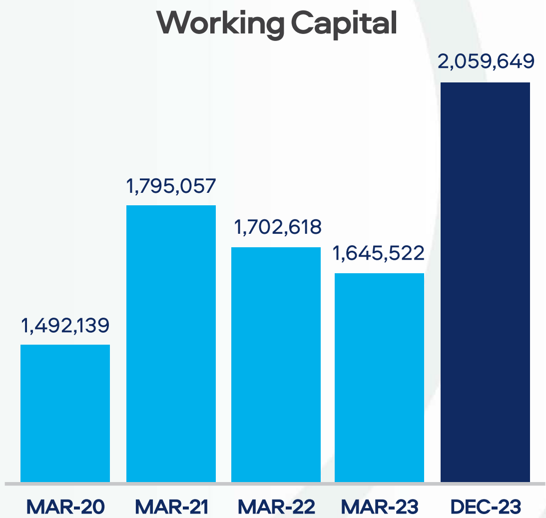
2023 Financial Performance Highlights

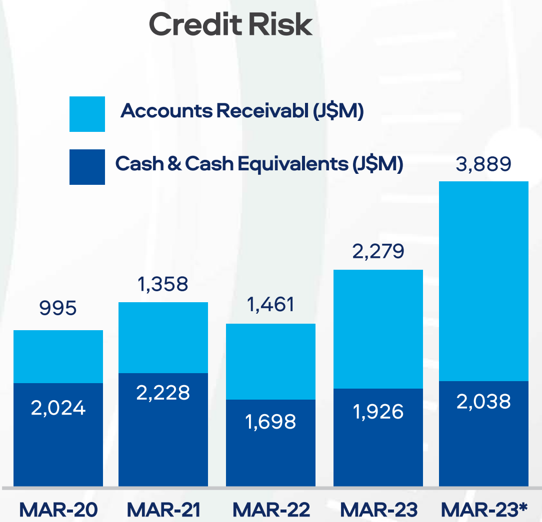












Financial Performance and Analysis

Overview

Carreras Limited, the distinguished leader in the nicotine industry, changed its financial reporting year-end in 2023 from March 31 to December 31. The current period results presented in this report are therefore for the 9 months to December 31, 2023, compared to the 12 months to March 31, 2023.

This change in reporting is designed to provide a clearer perspective going forward on financial outcomes in the calendar year, and mirrors the reporting period of our parent Group, British American Tobacco plc. For the 9-month reporting period under review, we will examine the reported results for the 9-month period ended March 31, 2023, proforma results for the 12 months to December 31, 2023, with a comparative analysis against the previous audited 12-month cycle ended March 31, 2023. The figures provided for the 12 months ended December 31, 2023, are for illustrative purposes only.

A Better Tomorrow

This report endeavours to provide a comprehensive analysis of the Group's financial health, operational efficiency, and strategic positioning, drawing from its income statement, statement of financial position, and other relevant financial data.

Performance Overview

	AUDITED		UNAUDITED/PRO FORMA
	9 months December 2023	12 months March 2023	12 months December 2023
	$'000	$'000	$'000
Operating Revenue	13,840,881	16,225,315	17,535,979
Cost of goods sold	(7,005,820)	(8,670,561)	(8,948,429)
Gross Margin	6,835,061	7,554,754	8,587,550
Profit before income tax	4,793,327	4,858,418	5,972,880
Income Tax	(1,178,892)	(1,220,764)	(1,461,515)
Profit for the period/year	3,614,435	3,637,654	4,511,365

Revenue & Profitability

The Group displayed commendable financial performance for the 9-month financial period ended December 2023, with operating revenue of $13.8 billion, a 14.7% decline when compared to the financial year ended March 2023, but an increase of 8.1% to $17.5 billion for the 2023 calendar year.

This achievement is a testament to our team's innovative approaches and their ability to adapt in a rapidly changing environment.

$13.8 Billion Operating Revenue

The Group's management of operational costs was evident in the reported cost of sales and overhead expenses, which allowed us to deliver net profit of $3.6 billion for the 9-month period ended December 31, 2023, a decline of just 3% when compared to the financial year ended March 31, 2023. (Net profit for the 2023 calendar year was $4.5 billion, an increase of 24.0% versus the financial year ended March 31, 2023).

We continue to strive to maintain a competitive advantage, ensure sustainable growth and maximize shareholder value.

Cost of Goods Sold

Operational Efficiency Through Prudent Management

Cost of Goods Sold (COGS) is comprised principally of product manufacturing and importation costs, and taxes. Taxes include the Special Consumption Tax (SCT) and Customs Administrative Fee (CAF), representing the statutory levies imposed by the Government of Jamaica, and which have a significant influence on our operational cost structure.

Cost of goods sold for the financial period was $7.0 billion, a decrease of 19.2% compared to the year ended March 2023. (Cost of goods sold for the 2023 calendar year was 3.2% higher when compared to the financial year ending March 2023).

Gross Margin

The Group realised improvements in gross margin during the 9-month period ended December 31, 2023. Gross margin of $6.8 billion, or 49.4% of operating revenue, compares to $7.6 million, 46.6%, for the financial year ended March 31, 2023 and $8.6 million, 49.0%, for the proforma calendar year 2023, driven by both pricing improvement and cost containment in the current financial period.

Marketing, Distribution & Engagement

Our strategic investments in brand development have continually fortified our position within the nicotine industry. The introduction of the globally recognized Vuse brand is a testament of our commitment, not only to the marketing of our products, but to innovation and consumer satisfaction. This move diversifies our product portfolio and aligns us with our goal of "A Better Tomorrow" as we move towards offering healthier nicotine products.

VUSE

Throughout the period we were relentless in maintaining a strong engagement with our valued clients, a direct consequence of our unwavering focus on meeting the sophisticated needs of adult smokers. By delivering products that resonate with our consumers' preferences, we have not only retained but also expanded our loyal customer base.

Our reported 9-month Administrative, Distribution and Marketing Expenses of $2.2 billion represents a 20.7% decrease compared to the prior financial year ended March 2023. (Expenses for the 2023 calendar year were 1.5% higher when compared to the financial year ending March 2023).

Our distribution model has undergone rigorous enhancements, proving instrumental in scaling our operations and augmenting our market share. This evolution in distribution efficiency has been pivotal in our fight against illicit trade practices and ensuring that our products are delivered with integrity and reliability.

Strategic Initiatives and Shareholder Value

Strategic initiatives are the lynchpin of the Group's corporate narrative and our concerted efforts have culminated in producing a robust operating revenue performance. Our investment in key growth areas has been assertive yet prudent, ensuring that the Group not only thrives in the present landscape but is also well-equipped for future economic climates.

10 Years $37 Billion In Dividends

The result of our financial strategies is evidenced by our long history of impressive dividend distributions. The expression of our fiscal health has not only allowed us to declare healthy dividends totalling $0.63 per unit for the 9-month period ending December 2023, but we are truly proud to have a record of returning over $3 billion to our shareholders for each year in the last 10 years.

Our resolve to enhance shareholder wealth remains undeterred, as we have not only delivered on past promises but also laid down the groundwork for future sustainable growth and shareholder enrichment. We continue to navigate through local and international headwinds with an adaptive approach, ensuring that each strategic decision is synchronized with shareholder interests.

Tax Obligations

Understanding the importance of contributing to the economic health of the communities in which we operate will always play a key role within our business. Alongside adherence to our fiscal responsibilities, we are committed to regulatory compliance. The income tax obligation for the 9-month period under review was $1.2 billion, similar to the previous financial year ended March 31, 2023.

In 2023 we paid over $10 billion in taxes.

Upholding all regulatory requirements underscores our commitment to lawful conduct and acknowledgment of the significant role that tax contributions play in supporting Jamaica's public services and infrastructural development. Total obligations, encompassing Special Consumption Tax (SCT), Customs Administrative Fee (CAF), General Consumption Tax (GCT), Corporate Income Tax (CIT), and other withholding taxes and statutory tax liabilities, of over $10 billion were paid to the tax authorities during the 2023 calendar year.

By ensuring that these payments are made accurately and on time, Carreras stands as a proud corporate citizen that acknowledges the impact of its operations within the broader societal context.

Financial Position

For the 9-month financial period ended December 31, 2023, the Group's financial position remained strong to provide the necessary support to implement and support its strategic initiatives. Net cash provided by operating activities totalled $3.3 billion, while cash and cash equivalents amounted to $1.8 billion, a 6% increase compared to the $1.93 billion held at the end of the prior financial year ended March 31, 2023.

Current assets and current liabilities grew by 37.69% and 40%, respectively, leading to a strengthened working capital base, which improved by 25%. The Group' current ratio remained stable at 1.5: 1 at the 9-month financial period ended December 2023 and the 12-month financial year ended March 31, 2023. The increase in current assets was due to increases in trade receivables, due to higher value of the inventory sold to customers, as well as higher cash and cash equivalent balances held. Movement in current liabilities was seen as the Group made effective use of corporate credit card used in the settlement of tax obligations.

Credit Risk Management

The Group's approach to credit risk management underscores its commitment to financial stability and risk mitigation. Credit risk, defined as the potential for financial loss resulting from a counterparty's failure to fulfil its contractual obligations, is a pivotal concern for the Group. As of December 31, 2023, the Group's credit risk from trade receivables, cash and cash equivalents totalled $5.9 billion.

Carreras has had a Credit Risk Insurance Policy in place since 2018. This policy encompasses a Financial Interest Clause designed to safeguard the

Credit Risk Insurance

Group against unforeseen credit losses, thereby enhancing our financial security and investor confidence.

The rigor with which we oversee our credit policies is testament to our proactive stance on counterparty risk. These policies are not static but are continuously evaluated and refined to ensure they remain robust against the backdrop of dynamic market conditions.

Share Price

$8.25 Closing Share Price

The Group's share price closed at $8.25 on December 31, 2023, compared to $8.19 on March 31, 2023, with a p/e ratio of 11x.

At the end of December 31, 2023, the Group's market capitalization was approximately $40.0 billion, an increase of $291 million compared to the prior financial year amount of $39.8 billion. The number of outstanding shares remains the same compared to last year.

Shareholders' Equity

$2.5 Billion Shareholders' Equity

Shareholders' equity amounted to approximately $2.5 billion as at December 31,2023, representing an increase of 21% compared to the March 31, 2023, of $2.04 billion. Profits for the reporting period and distributions to our shareholders were the main components which accounted for the changes in value.

Outlook and Conclusion

The Group's focus on cost containment, innovation, and strategic market positioning has laid a solid foundation for sustained growth and profitability.

The Group's proactive manoeuvres in the nicotine industry, particularly the successful launch and integration of the Vuse brand, underscore our innovative edge in a competitive landscape. This agility positions Carreras to capitalize on evolving consumer preferences and the expanding market for alternative nicotine products.

A Better Tomorrow

As we look ahead, Carreras is poised to capitalize on emerging market opportunities. The Group remains resolute in its commitment to operational excellence and cost stewardship. These efforts are not merely responsive but are designed to shape our core structure proactively. We will continue to harness technological advancements and consumer insights to streamline our processes, elevate our brand portfolio, and deliver on our promise of "A Better Tomorrow."

> "At the end of December 31, 2023, the company's market capitalization was approximately $40.0 billion, an increase of $291 million"

People and Talent

Carreras will continue to position itself as a forward-thinking organization, fit for growth through partnership with our internal stakeholders who are the DNA of the company. We are focused on our talent agenda and building on the principles of honesty, integrity, commitment as well as engendering a founder's mentality within the hearts and minds of each of our valued team members. Together we will utilize the concept of engagement as an engine for performance as we continue to deliver on and excel at our company objectives.

Great Place to Work is a vision on the horizon and we remain steadfast in achieving this goal through all our endeavors and partnerships with our teams across all locations. We see in our future another successful sixty-two years and beyond and encourage our internal and external stakeholders as well as shareholders that the future of Carreras remains bright.

Engagement as an Engine for Performance

Our commitment to engagement continues to dominate as we embark on various activities within the organization. Our activities range from those promoting corporate social responsibility, outdoor adventures and ensuring that our workforce is trained and prepared for our new product offerings and building a "Better Tomorrow."

Carreras Team Members doing a clean- up of the Palisadoes strip for Labour Day May 2023

Carreras support staff walking a mile in our Sales Teams' shoes as we participate in our "Street Fighter" initiative in May 2023

The Carreras Trade Team being trained on the new customer platform "Connected" in June of 2023

The Carreras Team at Yaaman Adventure Park in August of 2023

The Carreras Team along with our Area Directors at the Vuse Staff Launch

Team Carreras engaged in health checks.

Employee Well Being & Health Agenda

The health and wellbeing of our valued team members remains a foremost pillar in our journey towards a Great Place to Work and as such we promote a balanced lifestyle. In October 2023, Carreras partnered with Essential Medical Services to execute in-house clinics across all our locations.

Our team benefited from basic health screenings to detect and diagnose noncommunicable diseases, weight management, health plans and other vital services.

International Men's Day Activities

The leadership of Carreras is committed to ensuring that the high stress demands of the job are balanced by relaxation and rejuvenation activities.

In November 2023 on International Men's Day, our male population which is over sixty percent (60%) of our operations, were treated to a spa day.

As we strive to maintain and achieve our vision, our strategy involves a very active agenda facilitated through the company to ensure the best-in-class services are provided to our staff.

The men on the Carreras Team being pampered for Men's Day.

Carreras staff having a celebratory moment at Yaaman Adventures.

Carreras staff with Managing Director at Yaaman Adventure Park.

Talent Agenda

We maintain our agenda of delivering a robust talent pipeline from which key roles can be filled using internal resources as succession coverage for senior and business critical roles. We continue to grow and develop these identified resources and tailor our recruitment strategy to recognize talent with the capabilities to matriculate into more senior positions.

We continue to strengthen our partnerships through the importing and exporting of Caribbean talent through overseas assignments as well as filling vacancies with internal talent. To this end, we are proud to have filled over five (5) local vacancies with internal candidates via promotions within the period May to December 2023. Additionally, we continue to export talent across the group with two (2) international assignments being undertaken within our Area Office in Monterrey, Mexico and one (1) being undertaken through our affiliate West Indian Tobacco Company (WITCO) in Trinidad and Tobago. We will continue to enrich our baseline so that we may be able to fulfill these commitments for years to come.

Our drive to bring critical skills and experiences into the organization through externally sourced talent remains and we continue to build our recruitment strategy to source the best within the market. We proudly continue to increase our work force as we expand into new categories to update our product offerings and business viability.

Carreras Team along with LANCAR Area Directors at our internal Vuse Launch.

Carreras Team at the internal Vuse Launch.

"Our drive to bring critical skills and experiences into the organization through externally sourced talent remains and we continue to build our recruitment strategy to source the best within the market."

Legal and External Affairs

The Legal and External Affairs Department continued to focus on ensuring compliance with local laws, making representation on the Tobacco Control Act (2020), combatting illicit trade through excise management as well as continuing to make a positive impact through environment, social and governance (ESG) initiatives.

Regulatory Environment

During the course of the year, the clause by clause review of the Tobacco Control Act (2020) continued with two sittings of the Joint Select Committee. The Act which seeks to satisfy Jamaica's obligations under the World Health Organization's Framework Convention on Tobacco Control (WTO FCTC) proposes to regulate reduced risk products along with tobacco. Some key areas within the Act include a ban on sponsorship, incentives, corporate social responsibility, sale in public spaces and investment in the tobacco industry. This is in addition to ingredients reporting and increase in the size of the graphic health warning from 60% to 80%.

Since the introduction of the Act, Carreras has reiterated that it is not opposed to regulations, but is however supportive of Regulations that is balanced and fair. In 2021, the Company made representation to the Joint Select Committee and continues to advocate for changes in the areas deemed to be disproportionate and unconstitutional. These are: disruption in the relationship with key business partners, reference to relevant products that are of a different risk profile than cigarettes; and a ban on display and its potential to increase the illicit trade.

It is our hope that the recommendations for amendments presented will be adopted by the Committee members and reflected in the final Act.

Excise and Illicit Trade

The illicit trade is highly organized, transnational and multifaceted, requiring robust partnerships among local and international governments as well as the private sector to reduce the negative impact on people, business and society.

In 2023, Carreras was instrumental in the re-establishment of the National Anti-Contraband Committee which is a multi-government and private stakeholder grouping that develops and implements initiatives to educate, increase awareness and improve enforcement to combat the illicit trade.

The growth of the illicit trade is closely linked to an increase in excise as the price of legitimate cigarettes becomes high diverting consumers to brands which are duty not paid. As such, there was ongoing representation and engagement with the Ministry of Finance and Planning, to demonstrate the possible impact of excise policy on the growth of the illicit market as well as the growth in tax contributions made by Carreras with a balanced excise regime.

Members of the Carreras Team in Montego Bay engaged in tree planting, May 2023.

Environmental, Social And Governance (ESG)

ENVIRONMENTAL

Labour Day Project

As the country engaged in its Labour Day activities, for the first time Carreras executed an island wide initiative dubbed 'Project Sweep'. Under the initiative, volunteers from Carreras along with their families and some of the company's 2022 scholar recipients carried out extensive clean-up and tree-planting activities across four parishes.

Staff members from the company's Ripon Road Corporate Office and Hagley Park Depot joined forces to collect plastics and debris along the Palisadoes strip in an effort to reduce the level of pollution and curtail infestation.

Staff members from the Montego Bay, Portland and Manchester depots focused attention on the national Labour Day theme which called on Jamaicans to 'Plant a Tree ... For Life'.

The team in Montego Bay planted fruit and ornamental trees at the St James Infirmary in Albion, Montego Bay. A number of shade trees were planted by the Portland team in the Fellowship community and the Manchester team planted their seedlings at the Brooks Park Sports and Recreational Complex.

Carreras will continue to support climate change mitigation and food security activities.

Members of the Carreras Team in Mandeville engaged in tree planting on Labour Day, May 2023.

"In 2023, Carreras was instrumental in the re-establishment of the National Anti-Contraband Committee which is a multi-government and private stakeholder grouping that develops and implements initiatives to educate, increase awareness and improve enforcement to combat the illicit trade."

Modernization of Fleet

In 2022, Carreras entered into a partnership with JAMECO to introduce electric vehicles to its fleet. In 2023, the Company operated a total of eight electric BYD T3 panel commercial units.

An analysis done on the operation of the vehicles for the period showed:

1. A net savings of at least J$4.1M
2. Zero carbon emissions
3. 300% improvement in carrying capacity.

The vehicles have mostly been deployed in the Kingston metropolitan and rural areas, including various communities in the parish of St. Catherine such as Guys Hill and Lluidas Vale. The vehicles have also been deployed in some sections of Clarendon.

During the year, Carreras also introduced 7 hybrid vehicles to the fleet. These vehicles are performing better than expected achieving 60% versus a 30% projected efficiency rate.

SOCIAL

Tertiary Scholarship Programme

2023 marked the fifty sixth year of administering the Carreras Scholarship Programme. Given our strong belief in improving lives through equal access to education, application for awards opened in May and six hundred applications were received. A total of eighty-three scholarships were disbursed to adults pursuing tertiary education, in the fields of medicine, pharmacy, journalism, law, education as well as banking and finance from thirteen educational institutions across Jamaica at a total of eighteen million Jamaican dollars.

Project STAR

The Project Social Transformation and Renewal (STAR) believes that working together we can transform Jamaica into a place where everyone is valued and has the opportunity to thrive. Carreras has committed to the Project as a legacy donor given that the Company is part of the fabric of the Jamaican society and has a responsibility to give back to communities in which we operate.

Our contribution to this project has allowed for the execution of impactful economic and social activities in communities in East Downtown, May Pen and Savanna-la-Mar.

PROJECT STAR

JAMAICA STOCK EXCHANGE AWARDS

UNITED WAY AWARDS

Trade Marketing and Distribution

Vuse Internal Launch.

Trade Environment

2023 will certainly be remembered as the year of transformation for Carreras and the Trade Marketing & Distribution Team. The launch of Vuse in September, the number one vaping brand in the world[1], kick-started a new era towards building a Better Tomorrow and a step-change to a multicategory company for the first time in 29 years. It is still early days in the launch however initial market share results have exceeded our expectations and the potential for exponential growth and value delivery certainly excites us.

The launch of Vuse Go & Go Max disposables vapes demanded a business wide transformation of the business but the Carreras team was able to carefully plan and execute this launch without disruption of the combustibles' business which delivered Revenue and Profit growth in an ever-tough business environment with increasing presence of Illicit threat, supply disruption from indirect competitors, and a Price Increase in combustibles for the first time in 6 years.

Last year was the first full year back to normality with no mobility restrictions which facilitated for an economic recovery in a more predictable and unrestrictive marketplace. Certainly, the country's main economic performance indicators highlight a healthy economy with unemployment at 4.5%[3],

LANCAR Area Directors pose for a picture at the internal Vuse launch.

Carreras Team enjoy the music at the Vuse external launch.

Vuse Internal Launch.

number of incoming tourist visitors growing 24%[4] vs 2022, which are ultimately reflected in the GDP Growth of 2.8% in the first nine months of 2023 of 2.8%[5].

Whereas we welcomed the predictability of an unrestricted market, we encountered certain volatility in the Trade's purchasing patterns due to price increases across most major industries and inconsistent supply from relevant indirect competitors from the fast-moving-consumer-goods industry. This represented yet another opportunity for Carreras to reinforce its superior customer service capabilities, consistently fulfilling the demand for our products all year long while we adjusted to changing the market's needs.

After 6 years without any price increases and impacted by an accumulated inflation in this period, Carreras executed a 16% price Increase across all combustibles' brands. Our Sales Force and unique relationship with our customers allowed us to implement this change without disruptions, reducing the elasticity impact of price changes vs previous years.

Caribbean and LANCAR Area Directors engaged in discussions at the internal Vuse Launch.

Carreras Limited Ambassadors at the internal Vuse Launch.

Our two biggest assets continue to be our strong business relationship we have with our customers and the enthusiastic Staff in Carreras. We are equally thankful and humbled by the way our field force and support staff continue to demonstrate collective strength so we could deliver the value promised to our shareholders. Above all, we appreciate and are grateful to our loyal customers for allowing us to be able to continue to exceed their expectations with high quality products, engaging brands at the right price.

Volume and Revenue Performance

Visiting over 4,000 Points of Sales on a weekly basis, the Trade Marketing and Distribution team is the heart and soul of Carreras, and we continue to evolve now into a multicategory business.

Starting with combustibles, revenue for the 2023 calendar year increased 10% over the previous calendar year driven by a price increase. This represented the third consecutive year of delivering volumes of over four hundred million sticks of combustible cigarettes. All our brands delivered expected results. We are encouraged by the loyalty of our Craven A and Matterhorn consumers who remain loyal to our strong brands.

We are also excited for the performance of our recent Vapor launch. We launched six flavors of Vuse Go and Vuse Go Max disposable vapes with 500 puffs and 1,500 puffs respectively. The initial response of consumers exceeded our expectations and we proudly claimed Vapor market leadership after just two months in the market. This category is still in initial stages in Jamaica, but it is showing exponential growth and represents a tremendous opportunity to profitably transition our portfolio from combustibles to New Categories. Globally, the modern disposables segment is driving incremental growth. In Jamaica, we continue to approach this new category in a responsible way in regulated markets, consistently implementing our global Under-age Access Prevention Guidelines and Take-Back schemes for responsible disposal.

Our agile, dedicated and empowered Sales force enabled us to deliver the combustibles results while transforming the business with the Vuse launch. Without them this would have been possible. We will continue with a winning mindset while remaining humble, hungry, and enthusiastic about delivering another record year. In 2022, we consolidated our total nicotine market leadership and in 2023 accelerated profitable conversion to Vapor with a continuous value delivery from our combustibles' business.

Social Media post highlighting the fight against duty not paid cigarettes.

Social Media post highlighting the fight against duty not paid cigarettes.

Brand Associates celebrate at the Matterhorn Riddim Launch.

Illicit Threat

Duty-Not-Paid cigarettes are our biggest competitors in Jamaica and continue to be the main threat to safety and sustainability of our consumers and the industry. These products are not regulated, and most do not comply with the legal industry's quality standards, this is in addition to eroding tax revenue and possibly reducing legitimate avenues of employment. Carreras has a 360 strategy to tackle this menace through government engagement and commercial activities. Our commercial efforts are led by the recent launch of Pall Mall Ultra Low-Price variant and a customer base expansion which aims to give consumers an opportunity to access a legitimate product at competitive price vs illicit options.

Route to Market Improvements

Carreras route to market is one of our strongest competitive advantages. Our brands are widely available in over 10,000 points of sales across the country. We are also aware that this is a heavy investment and therefore we continuously optimize our strategy to accommodate a multicategory portfolio, accelerate value growth for our shareholders while persevering the safety of our staff.

We are conscious that the world is every day more digital, and our business capabilities need to evolve. This year, we launched **CONNECTED -** Jamaica's first business-to-business engagement app for Retailers which allows us to have an always-on engagement with our customers, improving customer advocacy and unlocking pay-for-performance incentive programs that allows Carreras to consolidate its position as one of the preferred suppliers in Jamaica. Additionally, we continue to leverage from our Management Information System **RCS8** that allows us to have multicategory capabilities, real-time insights, excellence in execution while improving work-life balance of our staff through simpler, faster back-office processes.

Our successful partnership venture, MIDAS is now 3 years old and remains a key pillar in our route-to-market strategy allowing our brands to reach sections of the marketplace that we could not access sustainably with our own sales force. This helped to promote volume growth, increase point of sales' reach, and importantly provide consumers, particularly in inner-city spaces reliable, consistent access to our high-quality products.

Our mission is to be Jamaica's number one sales force driving a superior, relevant and multicategory 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.

Brand Marketing

INTRODUCTION:

During the Financial year 2023, Carreras was able to deliver growth in profitability despite the implementation of an industry-led price increase after 6 years. This is in no way an easy feat for any Fast-Moving Consumer Goods company and speaks to the resilience of our brands and the spirit of the company, despite macroeconomic pressures.

Our focus this year was on revitalizing the consumer experience and transforming the nicotine business in Jamaica. We were able to accomplish this with a targeted and 360-degree approach, which entailed ensuring that consumption moments were satisfied, continuously stepping up and innovating consumers' experiences, and expanding our portfolio beyond tobacco.

CRAVEN "A" - Satisfying Consumer Moments & Increasing Brand Equity:

2023 saw a swing in volume performance for the brand, shifting from a declining trend in the prior year, to growth by the year's end. This revolution was due to the revitalization of the brand through one-to-one consumer engagements, event activations and the "Brings Di Vibez" campaign, which resonated more with the Craven "A" consumer. The foundation laid during the previous financial year was a building block towards the brand's recovery and the trajectory that we envision for the future. Craven "A" remains the brand that is near and dear to the local consumer, accounting for 64% of the volumes delivered and remaining nationalistic and authentic to its core.

MATTERHORN – Step Change In Innovation

We continued to deliver on that expectation of innovation and change, with the launch of Matterhorn Rhythm in May 2023. Matterhorn Rhythm is a double capsule offer that speaks to a niche market of consumers that are always seeking new trends. True to form, the product is a menthol offer, however, there are two capsules from which a consumer can choose to enjoy a further menthol boost, and/or experience a fruit flavour blend. It also came with the added sensation of a flavour on the tip of the product.

Craven A Bring Di Vibes Promotion.

Carreras Team engaging with a valued retailer.

Carreras Team at the internal Matterhorn Riddim Launch.

SUSTAINABILITY

With the launch of Matterhorn Rhythm, and the "Release Di Riddim" campaign, which was first introduced in April as a teaser campaign for the launch of Rhythm, the Carreras team took to the streets to engage both consumers and retailers. This "Street Fighter" initiative saw the full complement of Carreras' staff – from Finance to Marketing – on the trade, to fulfil two main objectives. The first was to thank our beloved retailers and consumers for their continued support, and the second was to educate them on the new offering. Of course, in true Carreras form, and as per our competitive nature, each team was given a challenge both in terms of sales and interactions, and on that day, we recorded the highest volume delivery for the month of May.

This initiative is one that the team will continue in 2024 as the impact was significant from both an internal as well as a retail perspective. Retailers were appreciative of the tokens delivered and the education drive, whilst internal staff who may not usually be afforded the opportunity to interact with some of our key stakeholders, had a newfound appreciation for the daily work of the trade team.

PALL MALL - Combatting Illicit Trade And Ultra Low-Priced Competition:

Route to market efforts combined with focused activations paved the way for Pall Mall to experience an approximate 12% growth versus prior year. The Pall Mall family continues to make inroads into the fight against illicit trade spaces and has the critical role of acting as a catcher brand when reduced disposable income impacts consumers' spending patterns.

NEW CATEGORIES – Launch Of Vuse - #1 Global Vaping Brand* - And Leading The Vaping Category:

The vaping industry has experienced rapid growth over the past decade, with numerous brands vying for market dominance. Jamaica is no exception. Prior to the launch of Vuse, the convenience channel was saturated with established competitors, each with its own loyal customer base and distribution network.

On September 4, Vuse - the Number one Global Vaping brand - was officially launched to retailers. This demonstrated the continued transformative agenda of the company, now moving beyond tobacco, to an expansion in nicotine. Within a relatively short timeframe, Vuse was able to achieve remarkable success and has demonstrated exceptional market penetration by swiftly capturing a significant portion of the market share. Despite being a newcomer, Vuse has successfully established itself as a recognizable brand within the vaping community, earning positive reviews and word-of-mouth endorsements. We have also invested in targeted marketing campaigns, leveraging online platforms and partnerships, and ensuring that the brand is present at established events, to increase brand visibility and consumer engagement.

Prior to the trade launch, we first ensured that key learnings from our sister companies were implemented into the plans, and that all internal stakeholders were aligned to the business strategy. We culminated with an internal launch that oozed the passion and drive that is Carreras.

We also invited key stakeholders – retailers and consumers – to a launch event that facilitated product trial, interaction, and engagement. Invitees were able to experience first-hand the two (2) puff count offers, Vuse Go (500 puffs and 4 flavours – menthol ice, grape ice, watermelon ice and berry blend) and Vuse Go Max (1500 puffs and 6 flavours – menthol ice, grape ice, watermelon ice, mango ice, blueberry ice and berry blend) and were also educated on the offers. Feedback from attendees was that they appreciated the opportunity to experience first-hand the products that were available.

Through product differentiation, strategic marketing, and a customer-centric approach, Vuse has successfully carved a niche for itself amidst stiff competition. As we evolve and transform the nicotine business, we will continue to focus on innovation, brand building, and market expansion to ensure sustainable growth and the solidification of Vuse as the number one vaping brand in Jamaica.

Stakeholders at our external Vuse Launch.

Carreras Team Member and External Stakeholders at our external Vuse Launch.

Stakeholders enjoying the external Vuse Launch.

CONCLUSION

As we continue our growth agenda, we aim to further increase market reach and penetration, and strengthen our brands' identities. Investment in research and development to introduce new flavors, designs, and features that resonate with evolving consumer preferences, and the exploration of opportunities to expand into new geographical regions and distribution channels, will also continue to be our focus as we aim to adapt and adjust as consumers' needs and priorities simultaneously change. Through cohesive branding initiatives, and partnerships with reputable amplifiers and organizations, we will foster strong relationships through personalized experiences, loyalty programs, and feedback mechanisms to maintain brand loyalty and advocacy, as we remain vigilant to the changing environment.


vuse GO
vuse GO

GROWTH

INNOVATION

SUSTAINABILITY

CHAPTER 5


vuse GO
DISPOSABLE VAPE

Financial Statements

Contents

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INDEPENDENT AUDITORS' REPORT

To the Members
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 8 to 57, which comprise the group's and company's statement of financial position as at December 31, 2023 , 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 material 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 December 31, 2023 , and of the group's and company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
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

See notes 2(c), 9 and 22(n) to the financial statements

Key audit matter	How the matter was addressed in our audit
The group and company recognised employee benefit obligation and employee benefit asset in the amount of $288 million and $57 million respectively (March 2023: $204 million and $44 million respectively). 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 key assumptions including life expectancy, discount rates, inflation, future increases in salaries, pensions and medical benefits premium. Due to the complexity of the calculations, the group appointed an external actuarial expert to assist in measuring the employee benefit asset and obligation at the reporting date.	Our audit procedures in response to this matter, included amongst others: • Evaluated the independence and objectivity of the appointed actuarial expert by assessing the actuary's qualifications (i.e. professional certification, membership in an appropriate professional body), and experience and reputation in the field. • Tested the design and implementation of controls over the preparation of the estimate including management review and approval of the data and assumptions used by the actuary. • Used our own actuarial specialist to: (a) assist us in evaluating whether the actuarial valuation was performed in accordance with the requirements of the applicable financial reporting framework and tested the reasonableness of the actuarial results.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Key audit matter (continued)	**How the matter was addressed in our audit (continued)**
An error in the calculation could give rise to a material misstatement in the amounts recognised.	Our audit procedures in response to this matter, included amongst others (continued): • Used our own actuarial specialist to (continued): (b) assess the reasonableness of key assumptions used by comparing to independent sources such as agreeing discount and inflation rates to published advisory by the Institute of Chartered Accountants of Jamaica, and performed other procedures as relevant. • Tested the accuracy of data used by the actuary in the calculation by verifying, on a sample basis to underlying supporting documents such as payroll records. • Tested the valuation of the plan assets by obtaining confirmations to support their existence and tested fair values by obtaining and comparing prices from independent sources. Our own valuation specialist was used to assist in determining the reasonableness of the fair value of investment properties. • Assessed whether disclosures in the financial statements are appropriate in respect of the group's and company's employee benefit arrangements.

Page 4

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
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 Accounting Standards 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
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 6 to 7, 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 Cynthia Lawrence.

KPMG

Chartered Accountants
Kingston, Jamaica

March 1, 2024

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
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.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members
CARRERAS LIMITED

Appendix to the Independent Auditors' report (continued)

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.

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Operating revenue	3	13,840,881	16,225,315
Cost of goods sold	4	(7,005,820)	(8,670,561)
Gross margin		6,835,061	7,554,754
Other operating income	5	183,737	92,228
		7,018,798	7,646,982
Administrative, distribution and marketing expenses	6	(2,179,108)	(2,749,017)
Lease interest expense	11	(40,682)	(19,418)
Expected credit loss	18(i)	(92,525)	(22,068)
		(2,312,315)	(2,790,503)
Profit before income tax		4,706,483	4,856,479
Income tax	7(a)	(1,178,892)	(1,220,764)
Profit for the period/year		3,527,591	3,635,715
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Change in effect of asset ceiling	9(i)(f)	1,009,975	(1,091,500)
Remeasurement loss on plan assets	9(i)(f)	(330,457)	(383,300)
Remeasurement gain on obligation	9(i)(f),9(ii)(d)	(735,646)	1,617,100
Income tax on other comprehensive income	15(b)	14,032	(35,575)
Other comprehensive (loss)/income, net of tax		(42,096)	106,725
Total comprehensive income for the period/year		3,485,495	3,742,440
Profit attributable to:			
Stockholders' interest in parent	8	3,527,591	3,635,715
Total comprehensive income attributable to:			
Stockholders' interest in parent		3,485,495	3,742,440
Basic Earnings per ordinary stock unit	8	72.67¢	74.90¢

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	December 2023 $'000	March 2023 $'000
Assets			
Deferred tax asset	15	142,850	84,235
Employee benefits asset	9(i)(a)	57,447	44,400
Property, plant and equipment	10	480,953	474,440
Right-of-use assets	11	246,371	231,618
Non-current assets		927,621	834,693
Cash and cash equivalents	12	2,037,825	1,926,039
Accounts receivable	13	3,888,652	2,278,937
Income tax recoverable		-	2,535
Inventories		358,475	459,310
Current assets		6,284,952	4,666,821
Total assets		7,212,573	5,501,514
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		2,348,377	1,921,154
Total equity		2,469,737	2,042,514
Liabilities			
Lease liabilities	11	229,311	233,801
Employee benefits obligation	9(ii)(a)	288,222	203,900
Non-current liabilities		517,533	437,701
Accounts payable	16	3,103,232	2,104,120
Current portion of lease liabilities	11	60,518	34,597
Income tax payable		1,061,553	882,582
Current liabilities		4,225,303	3,021,299
Total liabilities		4,742,836	3,459,000
Total equity and liabilities		7,212,573	5,501,514

The financial statements on pages 80 to 129, were approved for issue by the Board of Directors on March 1, 2024 and signed on its behalf by:

____________________ Director
Patrick Smith

____________________ Director
Franklin Murillo

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2022	121,360	1,965,146	2,086,506
Profit for the year	-	3,635,715	3,635,715
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,742,440	3,742,440
Transactions with owners			
Dividends paid (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	121,360	1,921,154	2,042,514
Profit for the period	-	3,527,591	3,527,591
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	(42,096)	(42,096)
Total comprehensive income for the period	-	3,485,495	3,485,495
Transactions with owners			
Dividends paid (note 19)	-	(3,058,272)	(3,058,272)
Balances at December 31, 2023	**121,360**	**2,348,377**	**2,469,737**

The accompanying notes form an integral part of the financial statements

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Cash flows from operating activities			
Profit for the period/year		3,527,591	3,635,715
Adjustments for:			
Depreciation	10,11	122,933	187,400
Employee benefits charge		15,147	59,800
Income tax expense	7(a)	1,178,892	1,220,764
Foreign exchange loss	6	5,021	33,577
Gain on disposal of property, plant and equipment	5	(639)	(811)
Unclaimed dividend write back	5	(23,151)	(25,669)
Lease adjustments	11	(2,320)	2,044
Lease interest expense	11	40,682	19,418
Expected credit loss	18(i)	92,525	22,068
Write-off of property, plant and equipment		2,227	-
Interest income earned	5	(101,412)	(60,560)
		4,857,496	5,093,746
Changes in:			
Accounts receivable		(1,701,025)	(835,299)
Inventories		100,835	672,337
Accounts payable		999,112	611,081
Cash generated from operations		4,256,418	5,541,865
Interest paid	11(d)	(14,265)	(19,418)
Interest income received		100,197	55,832
Income tax paid		(1,024,968)	(1,406,934)
Net cash provided by operating activities		3,317,382	4,171,345
Cash flows from investing activities			
Additions to property, plant and equipment	10	(113,436)	(88,591)
Proceeds of disposal of property, plant and equipment		1,860	6,150
Net cash used in investing activities		(111,576)	(82,441)
Cash flows from financing activities			
Lease principal payment	11(d)	(36,877)	(40,887)
Dividends paid	19	(3,058,272)	(3,786,432)
Net cash used in financing activities		(3,095,149)	(3,827,319)
Net increase in cash and cash equivalents before effect of foreign exchange rate changes		110,657	261,585
Effect of exchange rate changes on cash and cash equivalents		1,129	(33,577)
Cash and cash equivalents at beginning of period/year		1,926,039	1,698,031
Cash and cash equivalents at end of period/year	12	2,037,825	1,926,039

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Operating revenue	3	13,840,881	16,225,315
Cost of goods sold	4	(7,005,820)	(8,670,561)
Gross margin		6,835,061	7,554,754
Other operating income	5	268,753	92,215
		7,103,814	7,646,969
Administrative, distribution and marketing expenses	6	(2,177,280)	(2,747,065)
Lease interest expense	11	(40,682)	(19,418)
Expected credit loss	18(i)	(92,525)	(22,068)
Profit before income tax		4,793,327	4,858,418
Income tax	7(d)	(1,178,892)	(1,220,764)
Profit for the period/year		3,614,435	3,637,654
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Change in effect of pension asset ceiling	9(i)(f)	1,009,975	(1,091,500)
Remeasurement loss on pension assets	9(i)(f)	(330,457)	(383,300)
Remeasurement gain on pension obligation	9(i)(f),9(ii)(d)	(735,646)	1,617,100
Income tax on other comprehensive gain	15(b)	14,032	35,575)
Other comprehensive (loss)/income, net of tax		(42,096)	106,725
Total comprehensive income for the period/year		3,572,339	3,744,379

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	December 2023	March 2023
		$'000	$'000
Assets			
Deferred tax asset	15	142,850	84,235
Employee benefits asset	9(i)(a)	57,447	44,400
Property, plant and equipment	10	480,953	474,440
Right-of-use assets	11	246,371	231,618
Investment in subsidiary	20	-	15,549
Non-current assets		927,621	850,242
Cash and cash equivalents	12	2,037,825	1,826,018
Accounts receivable	13	3,888,652	2,279,080
Inventories		358,475	459,310
Current assets		6,284,952	4,564,408
Total assets		7,212,573	5,414,650
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		2,348,377	1,834,310
Total equity		2,469,737	1,955,670
Liabilities			
Lease liabilities	11	229,311	233,801
Employee benefits obligation	9(ii)(a)	288,222	203,900
Non-current liabilities		517,533	437,701
Accounts payable	16	3,103,232	2,104,120
Current portion of lease liabilities	11	60,518	34,597
Income tax payable		1,061,553	882,562
Current liabilities		4,225,303	3,021,279
Total liabilities		4,741,236	3,458,980
Total equity and liabilities		7,212,573	5,414,650

The financial statements on pages 80 to 129, were approved for issue by the Board of Directors on March 1, 2024, and signed on its behalf by:

_______________________________ Director
Patrick Smith

_______________________________ Director
Franklin Murillo

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2022	121,360	1,876,363	1,997,723
Profit for the year	-	3,637,654	3,637,654
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,744,379	3,744,379
Transactions with owners			
Dividends paid (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	121,360	1,834,310	1,955,670
Profit for the period	-	3,614,435	3,614,435
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	(42,096)	(42,096)
Total comprehensive income for the period	-	3,572,339	3,572,339
Transactions with owners			
Dividends paid (note 19)	-	(3,058,272)	(3,058,272)
Balances at December 31, 2023	121,360	2,348,377	2,469,737

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

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	9 Months December 2023 $'000	12 Months March 2023 $'000
Cash flows from operating activities			
Profit for the period/year		3,614,435	3,637,654
Adjustments for:			
Depreciation	10,11	122,933	187,400
Employee benefits charge		15,147	59,800
Gain on disposal of property, plant and equipment	5	(639)	(811)
Unclaimed dividend write back	5	(23,151)	(25,669)
Lease adjustments	11	(2,320)	2,044
Dividend income	5	(86,874)	-
Foreign exchange loss	6	2,609	31,667
Income tax expense	7(d)	1,178,892	1,220,764
Interest expense	11	40,682	19,418
Expected credit loss	18(i)	92,525	22,068
Write-off of property, plant and equipment		2,227	-
Interest income earned	5	(101,425)	(60,565)
		4,855,041	5,093,770
Changes in:			
Accounts receivable		(1,701,025)	(835,299)
Inventories		100,835	672,337
Accounts payable		999,112	611,081
Cash generated from operations		4,253,963	5,541,889
Interest paid	11(d)	(14,265)	(19,418)
Interest income received		100,210	55,837
Income tax paid		(1,024,968)	(1,406,934)
Net cash provided by operating activities		3,314,940	4,171,374
Cash flows from investing activities			
Capital distribution received	20	101,023	-
Proceeds from share buy-back	20	1,400	-
Additions to property, plant and equipment	10	(113,436)	(88,591)
Proceeds from disposal of property, plant and equipment		1,860	6,150
Net cash used in investing activities		(9,153)	(82,441)
Cash flows from financing activities			
Lease principal payment	11(d)	(36,877)	(40,887)
Dividends paid	19	(3,058,272)	(3,786,432)
Net cash used in financing activities		(3,095,149)	(3,827,319)
Net increase in cash and cash equivalents before effect of foreign exchange rate changes		210,638	261,614
Effect of exchange rate changes on cash and cash equivalents		1,169	(31,667)
Cash and cash equivalents at beginning of period/year		1,826,018	1,596,071
Cash and cash equivalents at end of period/year	12	2,037,825	1,826,018

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

(Expressed in Jamaican Dollars unless otherwise indicated)

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.

The company's year end was changed from March 31 to December 31, to coincide with that of its parent company. The financial statements have been prepared for the nine months period with comparative for the audited twelve month period ended March 31, 2023. The amounts presented in the financial statements are therefore not entirely comparable.

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 Accounting Standards) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosures in the financial statements.

A summary of significant accounting policies is included in note 22.

(b) Basis of measurement and functional currency:

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

(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 period/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.

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(c) Accounting estimates and judgements (continued):

Key sources of estimation uncertainty:

- Employee benefits [see notes 9 and 22(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, life expectancy, inflation, future increases in salaries 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.

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 $5,640,150,000 (March 2023: $7,184,184,000).

4. Cost of goods sold

Cost of goods sold includes cost of raw materials and other related costs and taxes. Inventory write-off recognised in group's and company's profit or loss is $2,292,000 (March 2023: $1,051,000).

5. Other operating income

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Interest income	101,412	60,560	101,425	60,565
Gain on disposal of property, plant and equipment	639	811	639	811
Unclaimed dividends written back (note 16)	23,151	25,669	23,151	25,669
Net distribution on wind up of subsidiary (note 20)	-	-	86,874	-
Credit card rebates	42,953	-	42,953	-
Miscellaneous income	15,582	5,188	13,711	5,170
	183,737	92,228	268,753	92,215

(Expressed in Jamaican Dollars unless otherwise indicated)

6. Expense by nature:

(a) Administrative expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Staff costs	396,071	342,490	396,071	342,490
Directors' fees	7,897	14,190	7,897	14,190
Depreciation	85,688	110,581	85,688	110,581
Auditors' remuneration	11,500	9,900	11,500	9,900
Occupancy costs	52,696	38,592	52,696	38,592
Transportation, travel and entertainment	34,416	50,297	34,416	50,297
Legal, professional and consultancy fees	85,105	95,982	85,105	95,982
Technical and advisory fees	128,034	184,153	128,034	184,153
Business support services	182,314	145,222	182,314	145,222
Shared service centre	65,971	128,661	65,971	128,661
Information technology	94,748	162,549	94,748	162,549
Bank charges	52,710	46,898	52,710	46,898
Exchange loss	5,021	33,577	2,609	31,667
Other expenses	81,319	49,762	81,903	49,718
	1,283,490	1,412,854	1,281,662	1,410,900

(b) Distribution expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Staff costs	294,987	502,012	294,987	502,012
Depreciation	37,246	76,819	37,246	76,819
Occupancy costs	27,123	37,964	27,123	37,964
Transportation and travel	81,619	128,401	81,619	128,401
Security	75,352	102,083	75,352	102,083
Customer management software	-	231,821	-	231,821
Other expenses	45,002	47,911	45,002	47,913
	561,329	1,127,011	561,329	1,127,013

(c) Marketing expenses:

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Sponsorship	206,753	107,096	206,753	107,096
Promotions	69,630	22,938	69,630	22,938
Product development	34,316	8,818	34,316	8,818
	310,699	138,852	310,699	138,852
(d) Employee benefits expense9(i)(e),9(ii)(c)	23,590	70,300	23,590	70,300
Total administrative, distribution and marketing expenses	2,179,108	2,749,017	2,177,280	2,747,065

(Expressed in Jamaican Dollars unless otherwise indicated)

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:

	December 2023 $'000	March 2023 $'000
Current:		
Provision for charge on current year's profit	1,223,475	1,250,651
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(44,583)	(29,887)
Income tax expense for the year	1,178,892	1,220,764

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

	December 2023 $'000	March 2023 $'000
Profit before income tax	4,706,483	4,856,479
Computed "expected" tax charge at 25%	1,176,621	1,214,120
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(16,482)	(6,417)
Non-deductible expenses	18,753	13,061
Actual tax charge	1,178,892	1,220,764
Effective tax rate	25.05%	25.14%

(c) Tax losses in subsidiary, which was wound up during the period; subject to agreement by Tax Administration Jamaica was approximately $777,748,000 as at March 31, 2023.

The Company:

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

	December 2023 $'000	March 2023 $'000
Current:		
Provision for charge on current period/year's profit	1,223,475	1,250,651
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(44,583)	(29,887)
Income tax expense for the period/year	1,178,892	1,220,764

(Expressed in Jamaican Dollars unless otherwise indicated)

7. Income tax (continued)

The Company (continued):

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

	December 2023 $'000	March 2023 $'000
Profit before income tax	4,793,327	4,858,418
Computed "expected" tax charge at 25%	1,198,332	1,214,605
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(25,788)	(6,417)
Non-deductible expenses	6,348	12,576
Actual tax charge	1,178,892	1,220,764
Effective tax rate	24.59%	25.13%

8. Earnings per ordinary stock unit

Earnings per ordinary stock unit is calculated by dividing the profit for the year attributable to stockholders by the number of ordinary stock units in issue as follows:

	December 2023	March 2023
Profit for the year attributable to stockholders	$3,527,591,000	$3,635,715,000
Ordinary stock units in issue	4,854,400,000	4,854,400,000
Earnings per stock unit	72.67 ¢	74.90 ¢

The company does not have any arrangement that will dilute the earnings per share reported.

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.

Retired employees from the respective funds are entiled to receive an annual pension payment.

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

Under the DB section, at normal retirement age of 60, the pension payable is equal to 2% of the employee's pensionable earnings during the year prior to retirement or termination of service, multiplied by the number of years of pensionable service (including service credited to the member on transfer from the Scheme). However, the maximum pension is 75% of the member's final earnings after 37½ years of service.

The pension fund is administered by a Board of Trustees and is a legally separated from the company and the group. The Board of Trustees is required by law to act in the best interest of the fund participants and is responsible for setting investment and other policies of the Plan. They are responsible to ensure benefits are funded and paid, assets are invested to maximize return subject to acceptable investment risks while considering the liability profile.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. However, based on experience, the working party of actuaries and auditors agreed on a rate of 0.25% of payroll per annum as the minimum.

The Rules of the Fund require each member to contribute 5% of pensionable earnings but permit the payment of voluntary contributions of up to 5% of pensionable earnings. The company is required to contribute to the Fund to finance the balance of the cost of the benefits and expenses. During the period, the company contributed at the rate of 5% of pensionable earnings (March 2023: 5%).

The economic benefit is determined based on the present value of the company's future contribution reduction, subject to the agreed minimum funding rate.

The Fund exposes the company and group to actuarial risks such as longevity risk, interest rate risk and market risk. There are no significant and usual risks at the company or Fund level.

The amounts recognised are computed as follows:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Pension benefits asset	(57,447)	(44,400)
Post employment health and group life insurance benefit	288,222	203,900

(i) Pension benefits:

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

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Present value of funded obligations	2,975,848	2,277,300
Fair value of plan assets	(6,149,810)	(6,081,600)
	(3,173,962)	(3,804,300)
Unrecognised amount due to asset ceiling	3,116,515	3,759,900
Asset recognised in statement of financial position	(57,447)	(44,400)

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

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

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Net asset at beginning of the period/year	(44,400)	(83,600)
Contributions paid	(778)	(1,000)
Expense/income recognised in the statement of profit or loss and other comprehensive income	(12,269)	40,200
Net asset at end of the period/year	(57,447)	(44,400)

(c) Movements in present value of funded obligation:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Balance at start of period/year	2,277,300	3,666,000
Current service cost	3,431	8,300
Interest cost	213,243	285,000
Re-measurements -		
Change in financial assumptions	668,237	(1,458,300)
Members' contributions	1,139	500
Benefits paid	(187,502)	(224,200)
Balance at end of period/year	2,975,848	2,277,300

(d) Movements in plan assets:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Fair value of plan assets at beginning of the period/year	6,081,600	6,220,300
Interest income on plan assets	584,252	487,900
Contributions paid	1,917	2,500
Benefits paid	(187,502)	(224,200)
Administrative expenses	(1,046)	(21,600)
Remeasurement loss on assets	(329,411)	(383,300)
Fair value of plan assets at end of the period/year	6,149,810	6,081,600
Plan assets consist of the following:		
Quoted equities	2,389,547	2,339,000
Unquoted equities	464,409	593,300
Real property	810,796	818,800
Resale agreements & certificate of deposits	154,823	55,100
Government and corporate bonds	2,111,061	2,138,200
Net current assets	202,618	121,400
Pooled money market fund	16,556	15,800
	6,149,810	6,081,600

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

(e) Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Current service costs	2,385	7,300
Interest cost on obligation	213,243	285,000
Interest income on assets	(584,252)	(487,900)
Interest on effect of asset ceiling	366,590	197,700
Administrative expenses	1,046	21,600
	(988)	23,700

(f) Remeasurements recognised in other comprehensive income:

	December 2023	March 2023
	$'000	$'000
Change in effect of asset ceiling	(1,009,975)	1,091,500
Remeasurement loss on plan assets	329,411	383,300
Remeasurement gain on obligation	668,237	(1,458,300)
	(12,327)	16,500

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

	December 2023	March 2023
	%	%
Discount rate	11.00	13.00
Future salary increases	6.50	6.50
Inflation	6.00	5.50
Administrative expenses	8.50	6.80
Minimum funding rate	0.25	0.25
Future pension increases	6.00	5.50

i. Assumptions regarding future mortality are based on GAM 94 Tables with ages reduced by five years (March 2023: five years). Death rates per 1,000 are set out below:

Age	**Males**	**Females**
20 – 30	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 – 70	4.43 – 14.53	2.29 – 8.63

ii. Retirement: It is assumed that members will elect to retire at age 55 given the provision for unreduced pensions on early retirement within 10 years of their normal retirement age of 60 years.

iii. Terminations: No assumption was made for exit prior to retirement.

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

Pension benefits (continued):

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

iv. Marital status- 90% of members are assumed to be married at retirement with males being three (3) years older than females.

At December 31, 2023, the weighted average duration of the defined benefit obligation (pension fund) was 10 years (March 2023: 10 years). In addition, the weighted average duration of the defined benefit obligation (medical and life) was 13 years (March 2023: 12 years).

(h) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	1% point increase December 2023 $'000	1 ½% point increase March 2023 $'000	1% point decrease December 2023 $'000	1 ½% point decrease March 2023 $'000
Discount rate	(277,749)	(189,400)	332,861	166,100
Salary increases	5,272	3,700	(5,543)	(3,400)
Life expectancy	72,810	45,500	(73,758)	(46,500)
Pension increases	340,559	221,500	(287,069	(228,300)

(i) Plan assets include ordinary stock units issued by the company with a fair value of $297,665,617 (March 2023: $281,836,000).

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

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

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Present value of future obligations, being liability recognised in statement of financial position	288,222	203,900

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

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Net liability at the beginning of the period/year	203,900	325,600
Benefits paid	(7,665)	(9,500)
Expense/(income) recognised in the statement of profit or loss and other comprehensive income	91,987	(112,200)
Net liability at the end of the period/year	288,222	203,900

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

The amounts recognised are computed as follows (continued):

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

(c) Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Current service costs	5,057	19,400
Interest on obligation	19,521	27,200
	24,578	46,600

(d) Remeasurements recognised in other comprehensive income:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Remeasurement loss/(gain) on obligation	67,409	(158,800)

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

	December 2023	March 2023
	%	%
Discount rate	11.00	13.00
Annual increase in health-care cost	8.00	7.50
Inflation	6.00	5.50
Administrative expenses	8.50	6.80
Minimum funding rate	0.25	0.25
Salary increase	6.50	6.50

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

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

(f) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One percentage point increase		One percentage point decrease	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Discount rate	(33,103)	(20,500)	41,674	25,200
Health-care cost increases	40,931	24,700	(32,813)	(20,100)
Life expectancy	7,821	4,800	7,835	(4,800)
Salary increases	325	6,200	(287)	5,600

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

The post-employment obligation would increase by about $72,810,000 (March 2023: $45,500,000) or decrease by about $73,758,000 (March 2023: $46,500,000). In addition, the post-employment obligation (medical and life) would increase by about $7,821,000 (March 2023: $4,800,000) or decrease by about $7,835,000 (March 2023:$ 4,800,000).

(iii) Employee benefits expenses:

Expense recognised in profit for the period/year:

	The Group and the Company	
	December 2023	March 2023
	$'000	$'000
Salaries and related expenses	630,063	715,211
Statutory contributions	38,348	72,640
Contribution to defined contribution	22,647	30,902
Pension benefits note 9(i)(e)	(988)	23,700
Post employment health and group life note 9(ii)(c)	24,578	46,600
	714,648	889,053

(Expressed in Jamaican Dollars unless otherwise indicated)

10. Property, plant and equipment

The Group and The Company:

	Freehold land, buildings and leaseholds $'000	Work-in-progress $'000	Motor vehicle $'000	Furniture & equipment $'000	Total $'000
Cost:					
March 31, 2022	306,249	45,322	454,431	331,307	1,137,309
Additions	2,059	42,889	42,444	1,199	88,591
Transfers	7,321	(62,305)	24,851	30,133	-
Disposals	(4,093)	-	(21,585)	-	(25,678)
March 31, 2023	311,536	25,906	500,141	362,639	1,200,222
Additions		104,570	6,707	2,159	113,436
Transfers	11,238	(86,350)	62,822	12,290	-
Write-offs	-	(2,227)	-	-	(2,227)
Disposals	-	-	(7,245)	-	(7,245)
December 31, 2023	322,774	41,899	562,425	377,088	1,304,186
/					
Depreciation:					
March 31, 2022	137,198	-	229,834	236,834	603,866
Charge for the year	28,258	-	84,229	29,768	142,255
Eliminated on disposals	(396)	-	(19,943)	-	(20,339)
March 31, 2023	165,060	-	294,120	266,602	725,782
Charge for the period	21,631	-	58,337	23,507	103,475
Eliminated on disposals	-	-	(6,024)	-	(6,024)
December 31, 2023	186,691	-	346,433	290,109	823,233
Net book values:					
December 31, 2023	136,083	41,899	215,992	86,979	480,953
March 31, 2023	146,476	25,906	206,021	96,037	474,440

Freehold land, buildings and leaseholds for the group and the company include freehold land in the amount of $700 (March 2023: $700).

11. Leases

The Group and The Company:

The group and the company leases property and motor vehicles. 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. 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Leases (continued)

The Group and The Company:

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

(a) Right-of-use assets

	Motor vehicle $'000	Land and buildings $'000	Total $'000
Cost:			
Balance at March 31, 2022	-	370,371	370,371
Additions	50,937	-	50,937
Decommission	-	(6,829)	(6,829)
Balance at March 31, 2023	50,937	363,542	414,479
Additions	40,988	-	40,988
Adjustment	-	13,870	13,870
Balance at December 31, 2023	91,925	377,412	469,337
Depreciation:			
Balances at March 31, 2022	-	142,501	142,501
Charge for the year	8,490	36,655	45,145
Depreciation on decommission	-	(4,785)	(4,785)
Balance as at March 31, 2023	8,490	174,371	182,861
Charge for the year	8,934	10,524	19,458
Adjustment	-	20,647	20,647
Balance at December 31, 2023	17,424	205,542	222,966
Net book values:			
Balance at December 31, 2023	74,501	171,870	246,371
Balance at March 31, 2023	42,447	189,171	231,618

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	December 2023 $'000	March 2023 $'000
Less than one year	77,082	48,853
One to five years	273,772	209,257
More than five years	-	71,707
	350,854	329,817
Less: future interest	(61,025)	(61,419)
Total discounted lease liabilities at December 31 and March 31	289,829	268,398
Less: current portion	(60,518)	(34,597)
Non-current	229,311	233,801

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Leases (continued)

The Group and The Company:

(b) Lease liabilities (continued)

Maturity analysis – contractual undiscounted cash flows(continued):

(i) Set out below are the carrying amount of lease liabilities and the movement during the period

	December 2023 $'000	March 2023 $'000
As at April 1	268,398	258,348
Additions	52,010	50,937
Accretion of interest	14,265	19,418
Adjustment	6,298	-
Payments	(51,142)	(60,305)
As at December 31 and March 31	289,829	268,398
Classified as:		
Current	60,518	34,597
Non-current	229,311	233,801
	289,829	268,398

The Group and The Company:

(c) Amounts recognised in profit or loss

	December 2023 $'000	March 2023 $'000
Interest on lease liabilities	14,265	19,418
Adjustment	26,417	-
Depreciation expense	40,104	45,145
Expenses relating to short-term leases	11,994	15,525

(d) Amounts recognised in the statement of cash flows

	December 2023 $'000	March 2023 $'000
Total cash outflow for leases	51,142	60,305

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Leases (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 Nil (March 2023: $ Nil).

12. Cash and cash equivalents

	The Group		The Company	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Demand and short term deposits	2,037,825	1,926,039	2,037,825	1,826,018

The group and the company have been given guarantees in the ordinary course of business under banking arrangements in favour of the Collector of Customs in the amount of $1,561,000,000 (March 2023: $1,561,000,000).

13. Accounts receivable

	The Group		The Company	
	December 2023	March 2023	December 2023	March 2023
	$'000	$'000	$'000	$'000
Trade accounts receivable	3,690,632	2,017,573	3,690,632	2,017,573
Interest and other investment income receivable	7,370	6,155	7,370	6,155
Prepayments	189,583	193,236	189,583	193,236
Related parties (see also note 17)	8,066	59,737	8,066	59,737
Other receivables and advances:				
Other	111,066	27,776	111,066	27,919
	4,006,717	2,304,477	4,006,717	2,304,620
Less: Expected credit losses [note 18(i)]	(118,065)	(25,540)	(118,065)	(25,540)
	3,888,652	2,278,937	3,888,652	2,279,080

During the period/year, net bad debts recognised in profit or loss aggregated $92,525,000 (March 2023: $22,068,000) for the group and the company.

(Expressed in Jamaican Dollars unless otherwise indicated)

13. Accounts receivable (continued)

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.

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 December 31, 2023 to apply against the accounts receivable balance (see note 18).

14. Share capital

	December 2023 $'000	March 2023 $'000
Authorised:		
4,854,400,000 (March 2023: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (March 2023: 4,854,400,000) ordinary shares of no par value	121,360	121,360

Holders of these shares are entitled to dividend distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

15. Deferred tax asset

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

The Group and the Company :

	December 2023					
	Assets		Liabilities		Net	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Accounts payable	2,300	3,925	-	-	2,300	3,925
Property, plant and equipment	53,577	26,868	-	-	53,577	26,868
Leases, net	28,376	15,571	-	-	28,376	15,571
Employee benefits	72,056	50,975	(14,362)	(11,100)	57,694	39,875
Accounts receivable	-	-	(1,843)	(1,539)	(1,843)	(1,539)
Unrealised foreign exchange loss	2,746	-	-	(465)	2,746	(465)
Deferred tax asset	159,055	97,339	(16,205)	(13,104)	142,850	84,235

(Expressed in Jamaican Dollars unless otherwise indicated)

15. Deferred tax asset (continued)

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

	March 2023					
	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Accounts payable	3,925	3,812	-	-	3,925	3,812
Property, plant and equipment	26,868	19,230	-	-	26,868	19,230
Leases, net	15,571	7,608	-	-	15,571	7,608
Employee benefits	50,975	81,400	(11,100)	(20,900)	39,875	60,500
Accounts receivable	-	853	(1,539)	(356)	(1,539)	497
Unrealised foreign exchange loss	-	-	(465)	(1,724)	(465)	(1,724)
Deferred tax asset	97,339	112,903	(13,104)	(22,980)	(84,235)	89,923

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

The Group and the Company:

	December 2023			
	Opening balance	Recognised in OCI	Recognised in profit or loss [note 7(d)]	Closing balance
	$'000	$'000	$'000	$'000
Accounts payable	3,925	-	(1,625)	2,300
Property, plant and equipment	26,868	-	26,708	53,576
Employee benefits	39,875	14,032	3,787	57,694
Leases, net	15,571	-	12,806	28,377
Accounts receivable	(1,539)	-	(304)	(1,843)
Unrealised foreign exchange (loss)/gain	(465)	-	3,211	2,746
	84,235	14,032	44,583	142,850

The Group and the Company:

	March 2023			
	Opening balance	Recognised in OCI	Recognised in profit or loss [note 7(d)]	Closing balance
	$'000	$'000	$'000	$'000
Accounts payable	3,812	-	113	3,925
Property, plant and equipment	19,230	-	7,638	26,868
Employee benefits	60,500	(35,575)	14,950	39,875
Leases, net	7,608	-	7,963	15,571
Accounts receivable	497	-	(2,036)	(1,539)
Unrealised foreign exchange (loss)/gain	(1,724)	-	1,259	(465)
	89,923	(35,575)	29,887	84,235

(c) As at March 31, 2023 deferred tax asset arising in subsidiary is $194,370,000) in respect of unutilised tax losses of subsidiary because it is not probable that the subsidiary will have sufficient taxable profits in the foreseeable future to realise this benefit [see note 7(c)].

(Expressed in Jamaican Dollars unless otherwise indicated)

16. Accounts payable

	The Group and The Company	
	December 2023 $'000	March 2023 $'000
Trade accounts payable	104,779	40,665
General consumption tax payable	251,310	106,426
Related parties (see also note 17)	283,301	177,074
Employee related	23,280	42,308
Unclaimed dividends*	478,408	469,612
Corporate credit card	1,184,197	926,241
Other	777,957	341,794
	3,103,232	2,104,120

*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

a) The financial statements include the following transactions with related parties in the ordinary course of business: within the profit and loss.

The Company:

	December 2023 $'000	March 2023 $'000
Royalties paid to fellow subsidiary	36,507	46,499
Purchases from fellow subsidiary – cigarettes	818,375	969,352
Technical fees paid to ultimate parent company	128,034	184,153
Technical fees and business support services paid to fellow subsidiary	248,285	262,950
IT support fees paid to fellow subsidiary	85,007	371,985
Pension schemes:		
Dividends	21,680	26,842
Directors' remuneration:		
Fees	7,863	14,190
Management remuneration	69,081	86,495
Key management personnel:		
Short-term employee benefits	133,535	147,533
Post-employment benefits	233	300

(Expressed in Jamaican Dollars unless otherwise indicated)

17. Related party transactions and statutory disclosures (continued)

b) Due from related companies (note 13)

	December 2023 $'000	March 2023 $'000
Service recharges:		
Fellow subsidiaries:		
RAI Services Company	8,066	7,900
Imperial Tobacco Company Limited	-	678
The West Indian Tobacco Comapany Limited	-	24,994
British American Tobacco Colombia S.A.S.	-	5,677
British American Tobacco Exports Limited	-	10,564
Demerara Tobacco Company Limited	-	678
British American Tobacco Ltd	-	9,246
	8,066	59,737

c) Due to fellow subsidiaries (note 16)

	December 2023 $'000	March 2023 $'000
Inventory supplies:		
The West Indian Tobacco Comapany Limited	85,533	67,351
Tabacalera Hondureña S.A.	619	-
Recharges:		
BAT Espana	2,088	-
Nicoventures Trading Limited	3,632	-
British American Tobacco Exports Limited	12,403	7,290
British-American Tobacco (Holdings) Limited	8,034	-
British American Tobacco Servicios, S.A. DE C.V. (IT support)	170,992	102,433
	283,301	177,074

All related party balances are unsecured, interest free and repayable within 12 months of the reporting date. The directors believe that the credit risks associated with this financial instrument are minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant as such no expected credit loss is recognised on balances due from related companies.

(Expressed in Jamaican Dollars unless otherwise indicated)

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 reporft 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 cash equivalents and due from related parties.

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.

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

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 December 31and March 31:

	The Group and the Company			
	December 2023			
Age categories	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.55	3,010,630	16,659	No
1 - 30 days	2.56	279,823	7,173	No
31-60 days	6.42	293,839	18,859	No
61-90 days	16.25	15,310	2,489	No
91-180 days	24.98	24,188	6,043	No
Over 180 days	100	66,842	66,842	Yes
		3,690,632	118,065	

	The Group and the Company			
	March 2023			
Age categories	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.14	1,662,098	2,351	No
1 - 30 days	1.22	47,055	576	No
31-60 days	2.48	29,968	743	No
61-90 days	2.38	185,301	4,413	No
91-180 days	1.56	76,896	1,202	No
Over 180 days	100	16,255	16,255	Yes
		2,017,573	25,540	

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

	The Group and the Company	
	December 2023 $'000	March 2023 $'000
Balance at 1 April	25,540	3,472
Expected credit loss recognised in the statement of profit or loss	92,525	22,068
Balance at December 31 and March 31	118,065	25,540

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

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 with high credit ratings and as such the credit risk is considered to be low and the expected credit loss cash and cash equivalents is immaterial. The carrying amount of cash and bank balances (excluding cash on hand) totalling $2.037 billion for both the group and the company (March 2023: $1.926 billion for the group and $1.826 billion for the company) at the reporting date represents the group's and the company's maximum exposure to this class of financial assets.

(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.

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

	The Group		The Company	
	December 2023 $'000	March 2023 $'000	December 2023 $'000	March 2023 $'000
Fixed rate instruments:				
Cash and cash equivalents	1,123,839	1,065,244	1,123,839	965,348

(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:

	December 2023		March 2023	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	1,451	-	2,379	-
Related party receivables	52	-	113	-
Related party payables	(1,743)	(41)	(1,148)	-
Other payables	(155)	-	(18)	-
Exposure, net	(395)	(41)	1,326	-

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(ii) Market risk (continued):

(b) Foreign currency risk (continued):

The Company:

	December 2023		March 2023	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	1,451	-	1,713	-
Related party receivables	52	-	113	-
Related party payables	(1,743)	(41)	-	-
Other payables	(155)	-	(18)	-
Exposure, net	(395)	(41)	660	-

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.

The Group:

	December 2023 Increase/(decrease) in profit		March 2023 Increase/(decrease) in profit	
	1% Strengthening $'000	4% Weakening $'000	4% Strengthening $'000	1% Weakening $'000
US ($)	607	(2,427)	7,954	(1,989)
GBP (£)	78	(313)	-	-

The Company:

	December 2023 Increase/(decrease) in profit		March 2023 Increase/(decrease) in profit	
	1% Strengthening $'000	4% Weakening $'000	4% Strengthening $'000	1% Weakening $'000
US ($)	607	(2,427)	3,959	(990)
GBP (£)	78	(313)	-	-

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

	US$	GBP(£)
At December 31, 2023:	153.5857	190.9816
At March 31, 2023:	149.9642	184.3452

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(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 December 31, 2023 and March 31, 2023 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 will require settlement within 12 months of the reporting date.

The following tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group and the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

The Group and the Company:

	December 2023				
	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
Accounts payable	3,101,632	3,101,632	3,101,632	-	-
Lease liabilities	289,829	350,854	77,082	273,772	-
	3,391,461	3,452,486	3,178,714	273,772	-

The Group and the Company:

	March 2023				
	Carrying amount $'000	Contractual cash flows $'000	0-1 year $'000	1-5 years $'000	Over 5 years $'000
Accounts payable	2,104,120	2,104,120	2,104,120	-	-
Lease liabilities	268,398	322,817	48,853	202,257	71,707
	2,372,518	2,426,937	2,152,973	202,257	71,707

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(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 (shareholders' equity), 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.

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:

'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 in the principal or, in its absence, the most advantageous market to which the company has access at that date. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. The fair value of a liability reflects its non-performance risk.

Due to their short term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable (excluding prepayments), 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. The fair value of lease liabilities is assumed to approximate the carrying value as no discount on settlement is anticipated.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(v) Fair value disclosure (continued):

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

19. Dividends

	December 2023 $'000	March 2023 $'000
Declared and paid:		
First quarter ended June 30, 2023 [(March 2023): June 30, 2022] :		
Ordinary - 21¢ (March 2023: 23¢)	1,019,424	1,116,512
Second quarter ended September 30, 2023 [(March 2023): [September 30, 2022)]:		
Ordinary – 19¢ (March 2023: 13¢)	922,336	631,072
Third quarter ended December 31, 2023 [(March 2023): [December 31, 2022)]:		
Ordinary – 23¢ (March 2023:19¢)	1,116,512	922,336
Fourth quarter ended March 31, 2023		
Ordinary – nil (March 2023: 23¢)	-	1,116,512
Total dividends to stockholders	3,058,272	3,786,432

20. Investment in subsidiary

The subsidiary and its own subsidiary company are incorporated in Jamaica, are as follows:

Name of company	Principal activity	Percentage of ordinary shares held by Company December 2023 %	Company March 2023 %	Subsidiary December 2023 %	Subsidiary March 2023 %
Sans Souci Development Limited and its subsidiary,	Dormant	-	100.00	-	-
Sans Souci Limited	Dormant	-	-	-	100.00

Pursuant to a resolution passed by the Board of Directors of San Souci Limited and in agreement with San Souci Development Limited on December 12, 2023, the following was agreed and approved to effectively immediately:

(a) repay capital reserves of $556,333 to the immediate parent

(b) repurchase the paid up share capital of $113,790

(c) The remaining funds on the bank account be used to make a dividend payment to the parent company

(Expressed in Jamaican Dollars unless otherwise indicated)

20. Investment in subsidiary (continued)

A resolution was also passed by the Board of Directors of the subsidiary, San Souci Development Limited in agreement with the company on December 12, 2023 to effectively immediately:

(a) repayment the intercompany balance payable to the company of $143,499
(b) repay capital reserves of $100,284,186
(c) repurchase the paid-up share capital of $1,400,000 from the company

No shares are therefore held in the subsidiary as at December 31, 2023.

The application for the companies to be struck off the register of the Companies Office of Jamaica is in progress.

It was agreed that in the event of any future tax liability of the components, these will be settled by the company with no recourse from the components.

The effect of the transaction is as follows:

	Company
Investment in subsidiary	15,549
Net distribution received, including share buy back	(102,423)
Net distribution	86,874

	Group
Net assets of subsidiary	102,423
Net distribution received	(102,423)
	-

21. Commitments

There were no capital commitments as at December 31, 2023 nor March 31, 2023.

22. Material 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:

(Expressed in Jamaican Dollars unless otherwise indicated)

20. Investment in subsidiary (continued)

A resolution was also passed by the Board of Directors of the subsidiary, San Souci Development Limited in agreement with the company on December 12, 2023 to effectively immediately:

(a) repayment the intercompany balance payable to the company of $143,499
(b) repay capital reserves of $100,284,186
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(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

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 (continued):

(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 subsidiary as at December 31, 2023 and their results of operations and cash flows for the year then ended, after eliminating significant intra-group amounts. The company and its subsidiary are collectively referred to in the financial statements as "the Group".

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and term 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 with original maturity of less than 90 days.

(c) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 22(o)].

(d) Accounts payable:

Accounts payable are measured at amortised cost.

(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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

(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.

(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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

(i) Income tax (continued):

(ii) Deferred income tax (continued):

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss

- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

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 and company 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 and company 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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.

(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 commencementdate;
- 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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.

(i) Pension assets:

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

The group's and company'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 and company 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 and company's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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 group and 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 and company 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 and company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The group and 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 group and 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 such as inflation, GDP, unemployment and foreign exchange.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material accounting policies (continued)

(o) Impairment (continued):

Financial assets (continued)

The group and company assumes that the credit risk on financial assets has increased significantly if it is more than 30 days past due.

The group and 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 180 days past due. Based on historical experience management deemed this to be appropriate.

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).

Credit-impaired financial assets

At each reporting date, the group and 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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 and company's activities are limited to the distribution of cigarettes to Jamaican external consumers, operating in a single segment. There is no single customer to which 10% or more of the group's and company's sales are made. All non- current assets are located in Jamaica

(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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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 risks and rewards of ownership and it does not retain control of the asset.

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.

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Material 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. There is no offsetting in the current or prior period.

(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:

Dividends are recognised in the period in which they are declared.

23. Adoption of new and revised International Financial Reporting Standards

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 and company have not early-adopted. The group and company has assessed them with respect to its operations and has determined that the following are relevant:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* is effective for periods beginning on or after January 1, 2024, with earlier application permitted. Amendments to IFRS 16 *Leases* impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

(Expressed in Jamaican Dollars unless otherwise indicated)

23. Adoption of new and revised International Financial Reporting Standards (continued)

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (continued)*

  The amendments confirm the following:

  a) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  b) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements*) is effective for periods beginning on or after January 1, 2024, with earlier application permitted. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an *unconditional right* to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

  A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.
  After reconsidering certain aspects of the 2020 amendments1, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.

  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

  The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

(Expressed in Jamaican Dollars unless otherwise indicated)

23. Adoption of new and revised International Financial Reporting Standards (continued)

- *Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements*) (continued)

  When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 *Financial Instruments: Presentation*. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)* is effective for periods beginning on or after January 1, 2024, with earlier application permitted.

  The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics.

  - A finance provider pays amounts a company (the buyer) owes its suppliers.
  - A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
  - The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

  The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

  The company is assessing the impact that this amendment will have on its future financial statements.

- *Lack of exchangeability (Amendments to IAS 21)* is effective for periods beginning on or after January 1, 2025, with earlier application permitted. Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate.

  Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

(Expressed in Jamaican Dollars unless otherwise indicated)

23. Adoption of new and revised International Financial Reporting Standards (continued)

- Lack *of exchangeability (Amendments to IAS 21) (continued)*

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Using an observable rate

A company can use an observable rate if that rate meets the estimation objective – i.e. the rate reflects that at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

When making this assessment, a company needs to consider:

- whether several observable exchange rates exist;
- the purpose for which the currency is exchangeable;
- the nature of the exchange rate; and
- the frequency with which exchange rates are updated.

Using another estimation technique

When estimating a spot rate, a company may use any observable exchange rate and adjust it as necessary. This includes using rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations. However, the technique used needs to meet the estimation objective.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable

The company is assessing the impact that this amendment will have on its future financial statements.

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 Wednesday, June 05, 2024 at 2:00 p.m and at any adjournment thereof.

SIGNED this____________day of________________________2022.

SIGNATURE OF SHAREHOLDER ____

RESOLUTIONS	FOR	AGAINST
1		
2		
3		
4 (a) (i)		
4 (a) (ii)		
4 (b)		
5		
6		

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.

CARRERAS
A BETTER TOMORROW

ANNUAL REPORT 2023

April-December

GROWTH

INNOVATION

SUSTAINABILITY