



On behalf of the Board of Directors, I am pleased to report the following unaudited financial results for the **FIRST QUARTER** ended June 30, 2009.

Quarter ended June 30, 2009 Performance Highlights are:

	Unaudited		%	Audited		%
	Discrete			Cumulative		
	Apr_Jun	Apr_Jun		Apr_Mar	Apr_Mar	
	Q1 2009	Q1 2008		2009	2008	
	\$000	\$000	Change	\$000	\$000	Change
Gross operating revenue	1,880,732	2,054,040	-8.4%	10,923,530	9,037,241	20.9%
Total operating income	1,891,119	2,150,951	-12.1%	11,145,595	9,374,839	18.9%
Interest and other investment income	115,726	181,276	-36.2%	599,028	886,739	-32.4%
Net income	517,052	759,669	-31.9%	3,528,444	4,000,021	-11.8%
EPS	108.5	156.5	-31.9%	726.8	823.8	-11.8%

Carreras Limited achieved total operating income of \$1,891.1 million for the first quarter ended June 30, 2009, representing a decrease of 12.1% when compared to the same period last year.

The Company delivered \$517.1 million in net income for the first quarter, representing a decline of 31.9% versus the same period last year.

Cigarette sales volume for April to June 2009 experienced a decline of 20.9%. This level of decline reflects the effect of another 42% increase in excise tax on cigarettes by the Government in its 2009/10 budget, and a subsequent increase in cigarette prices. Shareholders would remember that last year, there was an increase of just over 100% in SCT on cigarettes.

These excise-led price increases were implemented within a very challenging macro-economic environment and have resulted in a significant impact on the Company's sales volume and its consequential impact on the financial performance of the Company.

Also, having made other significant dividend and capital distributions to shareholders in June 2009 following payments in 2008 and February 2009, cash available for investment has declined. Interest and other investment income reported were \$115.7 million for the quarter ended June 30, 2009 representing a decline of 36.2% when compared to the same period last year.

The impact of the excise-led price increase and the decline in interest income as a result of lower cash balances have resulted in an overall 31.9% reduction in net income for the first quarter.

During the first quarter ended June 30, 2009, your Board of Directors approved an interim dividend payment of \$3.00 per stock unit. I am pleased to report that your Board of Directors, in our meeting held on July 21, 2009, approved another interim dividend of \$1.00 per stock unit. This will take the total interim dividend for the period, which will be paid from accumulated retained profits, to \$4.00 per stock unit.

As we continue to face the challenges of the economic downturn, we continue to place greater emphasis on improving our marketing and distribution capabilities and on managing the main risks to the business.

Illicit trade in cigarettes is gaining much more significance as a risk to both the Company's operating performance and the Government's tobacco tax revenue. This, along with the negative impact of the current economic environment, is challenging the ability of the business to continue delivering superior results for our shareholders.

A major focus of the Company over the next several months is to work with Government to manage both illicit trade in cigarettes and taxation on the industry to ensure long term sustainability of the business for all stakeholders.

I am pleased to inform you that the Financial Services Commission ("FSC") has granted approval for the winding-up of the Carreras Group Limited Superannuation Scheme with a Closure Date of December 31, 2006.

Having received the Discontinuance Valuation updated as at December 31, 2008, prepared by the Actuaries, Duggan Consulting Limited, it is comforting to highlight that the Trustees have now started the process of winding-up subject to the Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 and the oversight of the FSC. To date, meetings have been held with the Participants to inform them of the status of the winding-up, their respective entitlement and the options available for securing their entitlement after they have had the opportunity to review their statements.

The Trustees intend to commence securing benefits after the end of the mandatory review period of thirty days and the additional period of ten days given to Participants within which to return completed option election forms.

An Interim Winding-up Report will be submitted to the FSC by July 31, 2009.

On behalf of the Board

Chairman



CARRERAS LIMITED

CARRERAS LIMITED & SUBSIDIARIES
UNAUDITED GROUP FINANCIAL STATEMENTS

For three months to June 30, 2009

GROUP PROFIT & LOSS ACCOUNT

	UNAUDITED	UNAUDITED	AUDITED
	3 months	3 months	12 months
	June-09	June-08	March-09
	S'000	S'000	S'000
Gross operating revenue	1,880,732	2,054,040	10,923,530
Cost of operating revenue	(875,498)	(902,344)	(5,112,316)
Gross operating profit	1,005,234	1,151,696	5,811,214
Interest and other investment income	115,726	181,276	603,022
Other operating income:			
Exchange gains	8,895	27,121	209,967
Other income	1,492	69,790	8,104
Distribution and marketing expenses	(175,752)	(152,827)	(670,147)
Administrative expenses	(176,335)	(149,441)	(733,464)
Profit before income tax	779,260	1,127,614	5,228,696
Income tax	(262,208)	(367,946)	(1,700,252)
Profit for the period	517,052	759,669	3,528,445
Attributable to:			
Minority interests	(21)	123	229
Stockholders in parent	517,073	759,546	3,528,215
	517,052	759,669	3,528,444
Earnings per ordinary stock unit of 25c each	106.5¢	156.5¢	726.8¢

CARRERAS LIMITED & SUBSIDIARIES


UNAUDITED GROUP FINANCIAL STATEMENTS

As at June 30, 2009

GROUP BALANCE SHEET		
	Unaudited	Audited
	30-Jun-09	31-Mar-09
	\$000	\$000
Current Assets		
Cash and cash equivalents	1,419,954	1,847,120
Resale Agreements	1,012,081	2,053,472
Accounts receivable	238,243	343,281
Income tax recoverable	271,035	240,364
Inventories	225,776	185,815
	3,167,089	4,670,052
Current Liabilities		
Accounts payable	930,157	1,350,462
Income tax payable	1,296,620	1,433,960
	2,226,777	2,784,422
Net Current Assets	940,312	1,885,630
Non-current assets:		
Retirement benefit asset	108,400	108,400
Taxation Recoverable	1,733,137	1,733,137
Fixed Assets	106,177	101,915
	2,888,026	3,829,082
Equity:		
Share Capital	121,360	121,360
Reserves:		
Unappropriated profits	640,468	1,578,950
Capital	22,322	22,322
Other	1,870,762	1,870,762
	2,533,552	3,472,034
Total attributable to stockholders of parent	2,654,912	3,593,394
Minority interests	4,779	4,800
Total equity	2,659,691	3,598,194
Non-current liabilities:		
Deferred taxation liability	136,035	138,588
Retirement benefit obligation	92,300	92,300
	2,888,026	3,829,082

ON BEHALF OF THE BOARD


 Michael Bernard
 Managing Director


 Marcus Steele
 Finance Director

CARRERAS LIMITED
Statement of Changes in Equity
For 3 Months ended June 30, 2009

The Group

Audited balance at March 31, 2009

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Deferred tax on reserves of subsidiaries in liquidation

Net movements for the year

Unaudited balance at June 30, 2009

Share Capital \$'000	Unappropriated Profits \$'000	Capital Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
121,360	1,578,950	22,322	1,870,762	3,593,394	4,800	3,598,194
	517,073			517,073	(21)	517,052
-	517,073 (1,456,320)	-	-	517,073 (1,456,320)	(21)	517,052 (1,456,320)
	765			765		765
-	(938,482)	-	-	(938,482)	(21)	(938,503)
121,360	640,468	22,322	1,870,762	2,654,912	4,779	2,659,691

CARRERAS LIMITED
Statement of Changes in Equity
For 3 Months ended June 30, 2009

The Company

Audited balance at March 31, 2009

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Net movements for the year

Unaudited balance at June 30, 2009

Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Total \$'000
121,360	1,569,683	22,322	1,713,365
	526,204		526,204
	526,204		526,204
	(1,456,320)		(1,456,320)
-	(930,116)	-	(930,116)
121,360	639,567	22,322	783,249

For 3 Months ended June 30, 2009

	Group Statement of Cash Flows	
	3 months	12 months
	30-Jun-09	31-Mar-09
	\$'000	\$'000
Cash flows from operating activities:		
Net profit for the period	517,052	3,528,444
Items not affecting cash	144,008	1,052,044
	661,060	4,580,488
Changes in working capital	(793,296)	(1,794,646)
Cash provided by operating activities	(132,236)	2,785,842
Cash (used)/provided by investing activities	1,152,495	3,479,789
Cash used by financing activities	(1,456,320)	(7,922,702)
Increase/(Decrease) in cash and cash equivalents	(436,061)	(1,657,071)
Effect of exchange rate changes on cash and cash equivalents	8,895	209,967
Cash and cash equivalents, at beginning of period	1,847,120	3,294,224
Cash and cash equivalents, at end of period	1,419,954	1,847,120

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2009

1. General

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

The principal place of business is Twickenham Park, St. Catherine, Jamaica.

2. (a) Basis of Preparation

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

(b) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS and the Act 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 balance sheet date and the income and expenses for the period then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

In particular, the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustments in the next year are as follows:

(i) Key source of estimation uncertainty

Employee benefits:

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

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

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

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

3. Revenue Recognition

Revenue from the sale of goods is recognised in the Group Profit and Loss when the significant risks and rewards of ownership have been transferred to the buyer. Operating revenue represents the invoiced value of products and services sold by the Group.

4. Income Tax

Income tax for the year comprises current and deferred tax based upon taxable profits. Capital gains, which are not subject to taxation, are excluded.

5. Earnings per Stock Unit

The calculation of earnings per stock unit is based on the net profit for the period attributable to stockholders and the 485,440,000 issued and fully paid ordinary stock units.

6. Deferred Tax

A provision has been made in these financial statements for deferred transfer tax on undistributed reserves of subsidiaries in liquidation.

7. Tax Assessment

A subsidiary, Cigarette Company of Jamaica Limited (in voluntary liquidation) (CCJ), received income tax assessments in respect of the years 1997 to 2002 from the Commissioner, Taxpayer Audit & Assessment totalling \$5,716 million, being income tax of \$2,172 million and penalties of \$3,544 million.

CCJ, after due consultation with its legal representatives, appealed the assessment on the basis that the facts showed that loans, and not distributions, were made to CGL over the period and that there were no facts to support the basis of the assessments and the penalties imposed.

In the judgment which was handed down on Wednesday, 31 October 2007, CCJ's appeal was dismissed but the matter of the penalty of J\$3,544 million was remitted to the Commissioner with a recommendation that the Commissioner impose either a nil penalty or a nominal one in an amount not exceeding 5% of the total tax payable.

The Commissioner acting on the recommendation of the Revenue Court, imposed a penalty of 5% of total tax payable amounting to \$108.6 million. The total amount paid to the Commissioner was \$1,733.1 million being the tax and penalty amounting to \$2,280.6 million less the transfer tax of \$547.5 million paid on the capital distribution made by CCJ.

The legal representatives of CCJ have advised that the judgment of the Revenue Court as it relates to the tax assessment ought to be appealed as they remain of the view that there is no proper basis in law for the assessment and it ought to be discharged. Based on this advice, CCJ filed an appeal with the Court of Appeal in December 2007.

The appeal was heard by the Court of Appeal in April 2009 and the Court has indicated that Judgment will be delivered on or before **September 25, 2009**.

The amount paid of J\$1,733.1 million has been reflected in the financial statements as taxation recoverable.

8. Contingency

On July 16, 2004 an award was made against Sans Souci Limited a subsidiary company, in arbitration proceedings between it and VRL Services Limited whereby Sans Souci Limited was ordered to pay VRL Services Limited the sum of J\$370,705,264.40 together with interest of 21% per annum and costs. An application was made to the Supreme Court pursuant to Section 12 of the Arbitration Act and the inherent Jurisdiction of the Court to set aside the award or, alternatively, to reduce the amount of the said award. Under a Consent Order for stay of execution, Sans Souci Limited paid VRL Services the said sum of \$370,705,264.40 together with interest of J\$68,037,111.40 and \$10,000,000.00 on account of costs, secured by Bank Guarantees to be repaid to Sans Souci Limited with simple interest thereon, should it succeed in setting aside or varying the Award.

Since then there have been other proceedings, namely, the Appeal in the execution of the Award Proceedings, the hearing to set aside the Award and the Appeal against the Judgment.

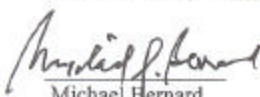
On 12th December, 2008 the following Order was made by the Court of Appeal.

- "1. The appeal against the order of Mrs. Harris, J., refusing to set aside the award is dismissed in part.
2. The appeal against the award of damages is allowed and the matter is remitted to the Arbitrators to determine the issue of damages only.
3. Half the costs of this appeal and of the costs below are to be paid by the respondent, such costs to be agreed or taxed."

The extent of the jurisdiction of the Arbitrators with respect to Item 2 of the Order is in dispute. The Court of Appeal heard the appeal of Sans Souci Limited against the order that the jurisdiction of the Arbitrators relating to the issue of damages was limited to 'unrecoverable expenses' on July 13 and 14, 2009 and the Court indicated it would try and hand down its judgment by July 30, 2009.

No provision is made in the accounts with respect to any positive outcome which may arise.

ON BEHALF OF THE BOARD


Michael Bernard
Managing Director


Marcus Steele
Finance Director