

CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM REPORT TO STOCKHOLDERS for Nine Months to December 31, 2004

GROUP PROFIT & LOSS ACCOUNT

For Nine Months ended December 31, 2004

	Unaudited 9 months to		Unaudited 3 months to		Audited 12 months
	December-04	December-03	December-04	December-03	March-04
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross operating revenue	4,758,087	4,318,039	1,794,934	1,625,427	5,942,333
Cost of operating revenue	(2,459,833)	(2,267,048)	(914,778)	(841,880)	(3,136,794)
Gross operating profit	2,298,254	2,050,991	880,156	783,547	2,805,539
Interest and other investment income	1,085,503	1,537,587	399,864	492,861	1,977,413
Other operating income:					
Exchange gains	80,978	493,306	(36,960)	108,843	560,959
Other income	562,236	63,150	(670)	1,161	97,697
Administrative and marketing expenses	(1,447,187)	(1,059,860)	(438,352)	(456,866)	(1,388,629)
Profit before income tax	2,579,784	3,085,174	804,038	929,546	4,052,979
Income tax	(949,249)	(883,842)	(378,011)	(305,888)	(1,203,294)
Profit after income tax but before minority interest	1,630,535	2,201,332	426,027	623,658	2,849,685
Minority interests	(914)	(2,648)	(261)	(847)	(3,186)
Net profit attributable to stockholders	1,629,621	2,198,684	425,766	622,811	2,846,499
	=====	=====	=====	=====	=====
Earnings per ordinary stock unit of 25c each	335.7	452.9	87.7	128.3	586.4

Group Balance Sheet

For Nine Months ended December 31, 2004

	Unaudited 31-Dec-04 \$000	Audited 31-Mar-04 \$000	Restated 31-Dec-03 \$000	Restated 31-Mar-03 \$000
Current Assets				
Cash and cash equivalent	7,946,070	8,288,762	5,653,678	4,994,249
Repurchase Agreements	3,335,222	1,468,499	4,830,090	5,356,894
Short-term investments	381,863	533,783	1,627,258	1,416,699
Accounts receivable	416,287	537,137	631,251	397,350
Income tax recoverable	350,107	438,543	611,856	280,802
Inventories	147,576	154,470	177,993	151,991
	<u>12,577,125</u>	<u>11,421,194</u>	<u>13,532,126</u>	<u>12,597,985</u>
Current Liabilities				
Accounts payable	1,395,038	735,537	794,488	585,681
Income tax payable	944,560	1,011,361	1,410,786	855,853
Dividend payable	4,757,312	-	-	-
	<u>7,096,910</u>	<u>1,746,898</u>	<u>2,205,274</u>	<u>1,441,534</u>
Net Current Assets	5,480,215	9,674,296	11,326,852	11,156,451
Long-term Investments	2,147,938	4,376,078	2,793,432	1,861,230
Investment Properties, at Valuation	-	-	-	153,000
Fixed Assets	479,321	544,970	557,792	545,963
	<u>8,107,474</u>	<u>14,595,344</u>	<u>14,678,076</u>	<u>13,716,644</u>
	=====	=====	=====	=====
Financed by:				
Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Capital	90,494	4,746,900	75,013	75,013
Investments Revaluation	293,852	310,078	147,869	84,889
Other	3,341,286	3,874,204	3,890,973	3,741,002
Revenue	3,529,220	4,939,876	10,335,291	9,592,927
	<u>7,254,852</u>	<u>13,871,058</u>	<u>14,449,146</u>	<u>13,493,831</u>
Stockholders' Equity	7,376,212	13,992,418	14,570,506	13,615,191
Minority Interests	16,222	15,307	26,566	25,017
Deferred Taxation	637,840	510,419	17,604	13,036
Employee Benefit Obligation	77,200	77,200	63,400	63,400
	<u>8,107,474</u>	<u>14,595,344</u>	<u>14,678,076</u>	<u>13,716,644</u>
	=====	=====	=====	=====
ON BEHALF OF THE BOARD				

Michael Bernard
Managing Director

Michael McNally
Group Finance Director

Statement of Changes in Stockholders' Equity

	Share Capital \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	Revenue Reserves \$'000	Total \$'000
Balance at March 31, 2004 - audited	121,360	4,746,900	310,078	3,874,204	4,939,876	13,992,418
Change in fair values of Available For Sale Investments			(16,226)			(16,226)
Cain on translation of foreign subsidiary's financials				24,338		24,338
Total net (losses) and gains not recognised in the profit and loss account	-	-	(16,226)	24,338	-	8,112
Translation gains released on disposal of foreign subsidiary				(557,256)		(557,256)
Net profit for the period attributable to stockholders					1,629,621	1,629,621
Dividends		(6,699,072)			(970,880)	(7,669,952)
Transfer of amount equivalent to intra-group capital distribution		119,786			(119,786)	-
Transfer tax on capital distribution		(8,984)				(8,984)
Increase in deferred tax on reserves of subsidiaries in liquidation					(17,747)	(17,747)
Transfer from/ (to) profit and loss account		1,931,864			(1,931,864)	-
Balance at December 31, 2004 - unaudited	121,360	90,494	293,852	3,341,286	3,529,220	7,376,212

Statement of Changes in Stockholders' Equity

	Share Capital \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	Revenue Reserves \$'000	Total \$'000
Balance at March 31, 2003 - audited	121,360	75,013	84,889	3,741,002	9,592,927	13,615,191
Change in fair values of Available For Sale Investments			62,980			62,980

Gain on translation of foreign subsidiary's financials				149,971	149,971
Total net (losses) and gains not recognised in the profit and loss account	-	62,980	149,971		212,951
Net profit for the period attributable to stockholders				2,198,684	2,198,684
Dividends				(1,456,320)	(1,456,320)
Balance at December 31, 2003 - unaudited	121,360	750,131	147,869	3,890,973	10,335,291
					14,570,506

Group Statement of Cash Flows

For Nine Months ended DECEMBER, 2004

	9 months 31-Dec-04 \$'000	12 months 31-Mar-04 \$'000	9 months 31-Dec-03 \$'000
Cash flows from operating activities:			
Net profit for the period attributable to stockholders	1,629,621	2,846,499	2,198,684
Items not affecting cash	(332,264)	1,425,831	210,761
	1,297,357	4,272,330	2,409,445
Changes in working capital	808,880	(1,207,633)	172,783
Cash provided by operating activities	2,106,237	3,064,697	2,582,228
Cash (used)/provided by investing activities	472,695	2,563,455	(466,479)
Cash used by financing activities	(2,921,624)	(2,333,639)	(1,456,320)
Increase/ (Decrease) in cash and short-term deposits	(342,692)	3,294,513	659,429
Cash and cash equivalent, at beginning of period - audited	8,288,762	4,994,249	4,994,249
Cash and cash equivalent, at end of period - unaudited	7,946,070	8,288,762	5,653,678

Financial Information by Business Segment

Nine Months to December 31, 2004

	Tobacco	Hospitality	GROUP
REVENUE	4,362,031	396,056	4,758,087

	=====	=====	=====
<u>RESULTS</u>			
Segment operating result	1,377,785	(526,718)	851,067
	=====	=====	=====
Investment income			1,085,503
Exchange gains			80,978
Other operating income			562,236
Profit before income tax			<u>2,579,784</u>
Income tax			(949,249)
Profit after income tax			<u>1,630,535</u>
Minority interest			(914)
Net profit			<u>1,629,621</u>
			=====

**Financial Information by Business Segment
Nine Months to December 31, 2003**

		Tobacco	Hospitality	GROUP
REVENUE		4,106,468	211,571	4,318,039
		=====	=====	=====
<u>RESULTS</u>				
Segment result	**	1,214,296	(223,165)	991,131
		=====	=====	=====
Investment income				1,537,587
Exchange gains				493,306
Other operating income				63,150
Profit before income tax				<u>3,085,174</u>
Income tax				(883,842)
Profit after income tax				<u>2,201,332</u>
Minority interest				(2,648)
Net profit				<u>2,198,684</u>
				=====

** Reclassified to conform with current year presentation

Notes to the Financial Statements

December 31, 2004

1 General

Carreras Group Limited is incorporated under the Laws of Jamaica. The activities of the company and its subsidiaries (collectively "the Group") are organised into the following business segments:

a) Tobacco segment - this comprises the manufacturing, marketing and distribution of cigarettes.

b) Hospitality segment - this comprises the operation of a hotel property.

The segment information is contained in a statement attached to these financial statements.

2 Basis of Preparation

(i) The financial statements are prepared on the historical cost basis, except for available for-sale investments, which are stated at fair value, and are presented in thousands of Jamaican dollars (J\$'000) except where otherwise indicated.

The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB, practice statements issued by the Institute of Chartered Accountants of Jamaica, and the relevant provisions of the Companies Act.

3 Revenue Recognition

Revenue from the sale of goods is recognised in the statement of revenue and expenses when the significant risks and rewards of ownership have been transferred to the buyer.

(i) Operating revenue represents:

The invoiced value of products and services sold by the Group, inclusive of special consumption and excise taxes amounting to approximately \$1,113,177,000 (2003: \$1,071,674,000) and excludes intra-group trading.

(ii) On April 1, 2003 new excise taxes, which are included above, were levied on tobacco products to provide funding for the National Health Fund.

For the 9 months ended December 31, 2004 this new excise tax amounted to J\$800,107,000 (2003: \$746,290,000).

4 Income Tax

Income tax for the year comprises current and deferred tax.

5 Attributable Profit

Net profit attributable to stockholders for the nine months is inclusive of \$544.392 million representing accumulated foreign exchange translation gains realised upon disposal of Twickenham Insurance Company. This amount is included in other income. The results also reflect the provision of US\$6.035 million plus costs which represents the award to VRL Services Limited handed down in the Arbitration ruling on July 16, 2004. The matter is

being contested.

6 Earnings per stock unit

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

7 Deferred tax

The group's statement of changes in stockholders' equity includes transfer tax of J\$387,888,000 paid on capital distributions by subsidiaries in voluntary liquidation. A provision has been made in these financial statements for deferred transfer tax on undistributed reserves of subsidiaries in liquidation.

8 Dividends

The Directors have declared an interim dividend of \$1.00 per stock unit, at a cost of \$485,440,000 out of accumulated unfranked profits. The dividend will be paid on Tuesday, February 22, 2005 to stockholders as shown by the Register of Members on Tuesday, February 8, 2005.

9 Contingencies

A subsidiary, Cigarette Company of Jamaica Limited (In Voluntary Liquidation), received 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.

An objection to the assessments was filed and made to the Commissioner, Taxpayer Appeals. The appeal was heard and judgement found in favour of the Commissioner, Taxpayer Audit & Assessment. The matter is now being appealed in the Revenue Court. Counsel for the company has advised that, although the results of litigation are not predictable, it is his opinion that there is no proper basis in law or fact for the assessments, which should therefore be discharged. The Directors are unanimously of the same view. No provision for this amount has been made in the financial statements

ON BEHALF OF THE BOARD

Michael Bernard
Managing Director

Michael McNally
Group Finance Director
