

CARRERAS GROUP LIMITED

UNAUDITED RESULTS FOR QUARTER ENDING JUNE 30, 2004

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS
for the Three Months ended JUNE 30, 2004

GROUP PROFIT & LOSS ACCOUNT

	3 months		12 months
	UNAUDITED	RESTATED	AUDITED
	June-04	June-03	March-04
	\$'000	\$'000	\$'000
Gross operating revenue	1,393,888	1,196,010	5,942,333
Cost of operating revenue	(730,686)	(635,889)	(3,136,794)
Gross operating profit	663,202	560,121	2,805,539
Interest and other investment income	360,833	537,798	1,977,413
Other operating income:			
Exchange gains	9,474	309,119	560,959
Other income	5,337	51,450	97,697
Administrative and marketing expenses	(317,943)	(317,909)	(1,303,384)
Profit before exceptional items	720,903	1,140,579	4,138,224
Exceptional items			(85,245)
Profit before income tax	720,903	1,140,579	4,052,979
Income tax	(266,909)	(287,117)	(1,203,294)
Profit after income tax but before minority			

interests	453,994	853,462	2,849,685
Minority interests	(173)	(857)	(3,186)
Net profit attributable to Stockholders	<u>453,821</u>	<u>852,605</u>	<u>2,846,499</u>
Earnings per ordinary stock unit of 25c each	<u>93.5c</u>	<u>175.6c</u>	<u>586.4c</u>

GROUP BALANCE SHEET

	Unaudited 30-Jun-04 \$000	Audited 31-Mar-04 \$000	Unaudited 30-Jun-03 \$000	Restated 31-Mar-03 \$000
Current Assets				
Cash and short-term deposits	6,774,748	8,288,762	5,410,700	4,994,249
Repurchase Agreements	3,441,610	1,468,499	5,134,210	5,356,894
Short-term investments	180,000	533,783	1,357,150	1,416,699
Accounts receivable	510,131	537,137	487,806	397,350
Income tax recoverable	53,266	438,543	358,450	280,802
Inventories	138,137	154,470	134,849	151,991
	<u>11,097,892</u>	<u>11,421,194</u>	<u>12,883,165</u>	<u>12,597,985</u>
Current Liabilities				
Accounts payable	819,939	735,537	591,030	585,681
Income tax payable	742,620	1,011,361	956,321	855,853
Dividend payable		-	970,880	-
	<u>1,562,559</u>	<u>1,746,898</u>	<u>2,518,231</u>	<u>1,441,534</u>
Net Current Assets	9,535,333	9,674,296	10,364,934	11,156,451
Long-term Investments	4,058,089	4,376,078	2,733,817	1,861,230
Investment Properties, at Valuation			153,000	153,000
Fixed Assets	527,207	544,970	549,981	545,963
Deferred Tax Asset				
	<u>14,120,629</u>	<u>14,595,344</u>	<u>13,801,732</u>	<u>13,716,644</u>
Financed by:				

Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Capital	4,844,622	4,746,900	75,013	75,013
Investments Revaluation	326,650	310,078	129,184	84,889
Other	3,878,610	3,874,204	3,848,712	3,741,002
Revenue	4,322,651	4,939,876	9,474,652	9,592,927
	<u>13,372,533</u>	<u>13,871,058</u>	<u>13,527,561</u>	<u>13,493,831</u>
Stockholders'Equity	13,493,893	13,992,418	13,648,921	13,615,191
Minority Interests	15,481	15,307	25,818	25,017
Deferred Taxation	534,055	510,419	63,593	13,036
Employee Benefit Obligation	77,200	77,200	63,400	63,400
	<u>14,120,629</u>	<u>14,595,344</u>	<u>13,801,732</u>	<u>13,716,644</u>

ON BEHALF OF THE BOARD

William Telling
Chief Executive Officer

Michael McNally
Group Finance Director

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

		Share	Capital	Investments Revaluation	Other
Revenue		Capital	Reserves	Reserves	Reserves
Reserves	Total				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'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			16,572	
16,572				
Foreign currency translation adjustments				4,406
<u>4,406</u>				
Total net gains not recognised in the				
profit and loss account	-	-	16,572	4,406
- 20,978				
Net profit for the period attributable to				
stockholders				
453,821 453,821				
Dividends				
(970,880) (970,880)				
Transfer of amount equivalent to intra-group				
capital distribution		119,786		
(119,786) -				
Transfer tax on capital distribution		(8,984)		
(8,984)				
Reduction in transfer tax on reserves of				
subsidiaries in liquidation				
6,540 6,540				
Transfer of realised gains		(13,080)		
<u>13,080</u> -				
Balance at June 30, 2004 - unaudited	121,360	4,844,622	326,650	3,878,610
<u>4,322,651</u> <u>13,493,893</u>				
Restated 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			44,295	
44,295				
Foreign currency translation adjustments				107,710
<u>107,710</u>				
Total net gains not recognised in the				

profit and loss account			44,295	107,710
152,005				
Net profit for the period attributable to stockholders				
852,605	852,605			
Dividends				
(970,880)	(970,880)			
Balance at June 30,2003 - unaudited		121,360	75,013	129,184
9,474,652	13,648,921			3,848,712

GROUP STATEMENT OF CASH FLOWS

	UNAUDITED 3 months 30-Jun-04 \$'000	AUDITED 12 months 31-Mar-04 \$'000	RESTATED 3 months 30-Jun-03 \$'000
Cash flows from operating activities:			
Net profit for the period attributable to stockholders	453,821	2,846,499	852,605
Items not affecting cash	43,535	1,425,831	155,050
	497,356	4,272,330	1,007,655
Changes in working capital	244,277	(1,207,633)	(45,145)
Cash provided by operating activities	741,633	3,064,697	962,510
Cash (used)/provided by investing activities	(1,284,767)	2,563,455	(546,059)
Cash used by financing activities	(970,880)	(2,333,639)	-
Increase/ (Decrease) in cash and short-term deposits	(1,514,014)	3,294,513	416,451
Cash and short-term deposits, at beginning of period	8,288,762	4,994,249	4,994,249

Cash and short-term deposits, at end of period	<u>6,774,748</u>	<u>8,288,762</u>	<u>5,410,700</u>
--	------------------	------------------	------------------

FINANCIAL INFORMATION BY BUSINESS SEGMENT

Three Months to June 30, 2004

	Tobacco \$'000	Hospitality \$'000	GROUP \$'000
Total Revenue	<u>1,272,969</u>	<u>120,919</u>	<u>1,393,888</u>
Results			
Segment operating result	<u>381,610</u>	<u>(36,351)</u>	345,259
Investment income			360,833
Exchange gains			9,474
Other income			5,337
Corporate expenses			
Profit before income tax and exceptional items			720,903
Exceptional items			-
Profit before income tax			<u>720,903</u>
Income tax			<u>(266,909)</u>
Profit after income tax			453,994
Minority interest			<u>(173)</u>
Net profit			<u>453,821</u>

Three Months to June 30, 2003

	Tobacco \$'000	Hospitality \$'000	GROUP \$'000
Total Revenue	1,150,051	45,959	1,196,010
	=====	=====	=====
Results			
Segment result	386,259	(99,984)	286,275
	=====	=====	
Investment income			537,798
Exchange gains			309,119
Other income			51,450
Corporate expenses			(44,063)
Profit before income tax and exceptional items			1,140,579
Exceptional items			-
Profit before income tax			1,140,579
Income tax			(287,117)
Profit after income tax			853,462
Minority interest			(857)
Net profit			852,605
			=====

Notes to the Financial Statements

June 30, 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.
- (ii) These are the company's first financial statements prepared in accordance with IFRS. Consequently, there have been significant changes in the accounting policies followed in these financial statements compared with the policies used in previous years. Accordingly, comparative figures have been restated or reclassified to conform to the provisions of IFRS.
- (iii) The effects of adopting IFRS on equity and net profit as previously reported are included in these financial statements.

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 \$559,849,000 (2003: \$502,420,000) 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 3 months ended June 30, 2004 this new excise tax amounted to J\$231,633,000 (2003: \$201,752,000).

4 Income Tax

Income tax for the year comprises current and deferred tax.

5 Earnings per stock unit

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

6 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.

7 Contingencies

- (i) A subsidiary, Cigarette Company of Jamaica Limited, has 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.

An objection to the assessments has been filed and the decision of the Commissioner, Taxpayer Audit and Assessment, has been appealed to the Commissioner, Taxpayer Appeals. 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.

8 Subsequent event

A dispute existed between Sans Souci Limited and VRL Services Limited, the former manager of the hotel now operated by Sans Souci Limited, arising from the termination of the management agreement by Sans Souci United on March 4, 2003. The dispute was referred to Arbitration by VRL Services Limited. The ruling of the Arbitrator was handed down on July 16, 2004, in favour of VRL Services Limited. The Directors believe that the resulting award of US\$6.035 million (J\$371 million) plus costs to be excessive and are reviewing their options.

ON BEHALF OF THE BOARD

William Telling

Michael McNally

Chief Executive Officer

Group Finance Director
