

CARRERAS GROUP LIMITED & SUBSIDIARIES
INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS
for the Three Months ended JUNE 30, 2005

	GROUP PROFIT & LOSS ACCOUNT		
	3 months		12 months
	UNAUDITED	UNAUDITED	AUDITED
	June-05	June-04	March-05
	\$'000	\$'000	\$'000
Operating revenue	1,642,951	1,393,888	6,604,902
Cost of operating revenue	(831,313)	(730,686)	(3,428,291)
Gross operating profit	811,638	663,202	3,176,611
Interest and other investment income	207,461	360,833	1,203,564
Other operating income:			
Exchange gains	15,893	9,474	87,216
Other income	11,927	5,337	658,596
Administrative and marketing expenses	(293,541)	(317,943)	(1,591,226)
Profit before income tax	753,378	720,903	3,534,761
Income tax	(249,053)	(266,909)	(1,075,567)
Profit for the period	504,325	453,994	2,459,194
Attributable to:			
Minority interests	280	173	1,195
Stockholders in parent	504,045	453,821	2,457,999
	504,325	453,994	2,459,194
Earnings per ordinary stock unit of 25¢ each	103.8¢	93.5¢	506.3¢

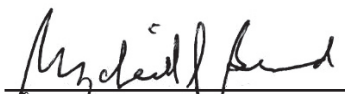
CARRERAS GROUP LIMITED & SUBSIDIARIES

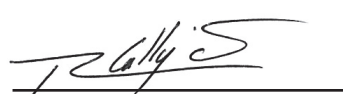
INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS

for the Three Months ended JUNE 30, 2005

GROUP BALANCE SHEET				
	Unaudited	Audited	Unaudited	Audited
	30-Jun-05	31-Mar-05	30-Jun-04	31-Mar-04
	\$000	\$000	\$000	\$000
Current Assets				
Cash and short-term deposits	5,775,427	4,586,553	6,774,748	8,288,762
Repurchase Agreements	2,094,393	2,799,780	3,441,610	1,468,499
Short-term investments	-	-	180,000	533,783
Accounts receivable	382,079	331,032	510,131	537,137
Income tax recoverable	54,381	313,617	53,266	438,543
Inventories	131,898	135,217	138,137	154,470
	8,438,178	8,166,199	11,097,892	11,421,194
Current Liabilities				
Accounts payable	882,257	818,328	779,778	695,375
Provisions	-	450,000	40,162	40,162
Income tax payable	854,216	999,215	742,620	1,011,361
Dividend payable	485,440	-	-	-
	2,221,913	2,267,543	1,562,560	1,746,898
Net Current Assets	6,216,265	5,898,656	9,535,332	9,674,296
Long-term investments	1,569,458	1,859,623	4,058,089	4,376,078
Retirement benefit asset	191,600	191,600		
Property, plant and equipment	473,680	503,503	527,207	544,970
	8,451,003	8,453,382	14,120,628	14,595,344
Financed by:				
Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Unappropriated profits	3,849,944	3,839,153	4,322,651	4,939,876
Capital	95,801	95,801	4,844,622	4,746,900
Investments Revaluation	330,878	356,593	326,650	310,078
Other	3,341,286	3,341,286	3,878,610	3,874,204
	7,617,909	7,632,833	13,372,533	13,871,058
Total attributable to stockholders of parent	7,739,269	7,754,193	13,493,893	13,992,418
Minority Interests	16,833	16,590	15,480	15,307
Total equity	7,756,102	7,770,783	13,509,373	14,007,725
Deferred Tax liability	608,401	596,099	534,055	510,419
Retirement Benefit Obligation	86,500	86,500	77,200	77,200
	8,451,003	8,453,382	14,120,628	14,595,344

ON BEHALF OF THE BOARD


 Michael Bernard
 Managing Director


 Reynaldo Callejas
 Group Finance Director

CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS
for the Three Months ended JUNE 30, 2005

Statement of Changes in Stockholders' Equity

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	Total attributable to stockholders of the parent \$'000	Minority interests \$'000	Total \$'000
Balance at March 31, 2005 - audited	121,360	3,839,153	95,801	356,593	3,341,286	7,754,193	16,590	7,770,783
Change in fair values of Available For Sale Investments				(25,715)		(25,715)	(37)	(25,752)
Foreign currency translation adjustments						-		-
Total net (losses) and gains not recognised in the profit and loss account	-	-	-	(25,715)	-	(25,715)	(37)	(25,752)
Net profit for the period attributable to stockholders		504,045				504,045	280	504,325
Dividends		(485,440)				(485,440)	-	(485,440)
Increase in transfer tax on reserves of subsidiaries in liquidation		(7,814)				(7,814)		(7,814)
Balance at June 30, 2005 - unaudited	121,360	3,849,944	95,801	330,878	3,341,286	7,739,269	16,833	7,756,102

CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS

for the Three Months ended JUNE 30, 2004

Statement of Changes in Stockholders' Equity

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	Total attributable to stockholders of the parent \$'000	Minority interests \$'000	Total \$'000
Balance at March 31, 2004 - audited	121,360	4,939,876	4,746,900	310,078	3,874,204	13,992,418	15,307	14,007,725
Change in fair values of Available For Sale Investments				16,572		16,572		16,572
Foreign currency translation adjustments					4,406	4,406		4,406
Total net (losses) and gains not recognised in the profit and loss account	-	-	-	16,572	4,406	20,978	-	20,978
Net profit for the period attributable to stockholders		453,821				453,821	173	453,994
Dividends		(970,880)				(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)		(8,984)
Reduction in transfer tax on reserves of subsidiaries in liquidation		6,540				6,540		6,540
Transfer of realised gains		13,080	(13,080)			-		-
Balance at June 30, 2004 - unaudited	121,360	4,322,651	4,844,622	326,650	3,878,610	13,493,893	15,480	13,509,373

CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS

for the Three Months ended JUNE 30, 2005

GROUP STATEMENT OF CASH FLOWS

	UNAUDITED	AUDITED	UNAUDITED
	3 months	12 months	3 months
	30-Jun-05	31-Mar-05	30-Jun-04
	\$'000	\$'000	\$'000
Cash flows from operating activities:			
Net profit for the period attributable to stockholders	504,045	2,459,194	453,821
Items not affecting cash	34,554	(761,382)	43,535
	538,599	1,697,812	497,356
Changes in working capital	(319,562)	(225,927)	244,277
Cash provided by operating activities	219,037	1,471,885	741,633
Cash (used)/provided by investing activities	969,837	2,991,210	(1,284,767)
Cash used by financing activities	-	(8,165,304)	(970,880)
Increase/(Decrease) in cash and short-term deposits	1,188,874	(3,702,209)	(1,514,014)
Cash and short-term deposits, at beginning of period	4,586,553	8,288,762	8,288,762
Cash and short-term deposits, at end of period	5,775,427	4,586,553	6,774,748

CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS
for the Three Months ended JUNE 30, 2005

FINANCIAL INFORMATION BY BUSINESS SEGMENT**Three Months to June 30, 2005**

	Tobacco \$'000	Hospitality \$'000	GROUP \$'000
Total Revenue	<u>1,465,943</u>	<u>177,008</u>	<u>1,642,951</u>
Results			
Segment operating result	<u>520,204</u>	<u>(2,107)</u>	518,097
Investment income			207,461
Exchange gains			15,893
Other income			<u>11,927</u>
Profit before income tax			753,378
Income tax			<u>(249,053)</u>
Profit after income tax			504,325
Minority interests			<u>(280)</u>
Net profit			<u>504,045</u>

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			<u>5,337</u>
Profit before income tax			720,903
Income tax			<u>(266,909)</u>
Profit after income tax			453,994
Minority interests			<u>(173)</u>
Net profit			<u>453,821</u>

CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

June 30, 2005

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

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.

Operating revenue represents the invoiced value of products and services sold by the Group, inclusive of special consumption and excise taxes amounting to approximately \$636,825,000 (2004: \$559,849,000) and excludes intra-group trading.

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

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

7 Contingencies

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.

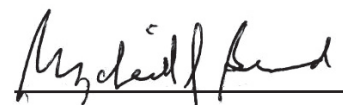
An objection to the assessments was filed and made to the Commissioner, Taxpayer Appeals.

The objection was heard and a ruling was given in favour of the Commissioner. The matter is now under appeal to 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



Reynaldo Callejas
Group Finance Director