



**CARRERAS GROUP LIMITED & SUBSIDIARIES**

**UNAUDITED GROUP FINANCIAL STATEMENTS**

**For Nine Months ended DECEMBER 31, 2005**

**GROUP PROFIT & LOSS ACCOUNT**

	UNAUDITED		UNAUDITED		AUDITED
	9 months to		3 months to		12 months
	December-05	December-04	December-05	December-04	March-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross operating revenue	5,045,895	4,758,087	1,735,215	1,794,934	6,604,902
Cost of operating revenue	(2,505,262)	(2,459,833)	(836,760)	(914,778)	(3,428,291)
Gross operating profit	2,540,633	2,298,254	898,455	880,156	3,176,611
Interest and other investment income	623,019	1,085,503	204,456	399,864	1,203,564
Other operating income:					
Exchange gains	255,805	80,978	196,450	(36,420)	87,216
Other income	685,567	562,236	91,316	(670)	658,596
Marketing expenses	(320,331)	(307,430)	(101,127)	(119,180)	(407,208)
Administrative expenses	(863,910)	(1,139,757)	(296,213)	(319,172)	(1,184,018)
Profit before income tax	2,920,783	2,579,784	993,337	804,578	3,534,761
Income tax	(635,396)	(949,249)	(197,412)	(378,011)	(1,075,567)
Profit for the period	2,285,387	1,630,535	795,925	426,567	2,459,194
Attributable to:					
Minority interests	1,212	914	598	261	1,195
Stockholders in parent	2,284,175	1,629,621	795,327	426,306	2,457,999
Net profit attributable to stockholders	2,285,387	1,630,535	795,925	426,567	2,459,194
Earnings per ordinary stock unit of 25c each	470.5¢	335.7¢	163.8¢	87.8¢	506.3¢

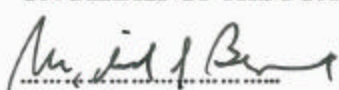
**CARRERAS GROUP LIMITED & SUBSIDIARIES**

**UNAUDITED GROUP FINANCIAL STATEMENTS**

For Nine Months ended DECEMBER 31, 2005

	GROUP BALANCE SHEET			
	Unaudited	Audited	Unaudited	Audited
	31-Dec-05 \$000	31-Mar-05 \$000	31-Dec-04 \$000	31-Mar-04 \$000
<b>Current Assets</b>				
Cash and short-term deposits	6,321,046	4,586,553	7,946,070	8,288,762
Repurchase Agreements	3,271,069	2,799,780	3,335,222	1,468,499
Short-term investments	50,143	-	381,863	533,783
Accounts receivable	213,846	331,032	416,287	537,137
Income tax recoverable	159,502	313,617	350,107	438,543
Inventories	76,382	135,217	147,576	154,470
	<b>10,091,988</b>	<b>8,166,199</b>	<b>12,577,125</b>	<b>11,421,194</b>
<b>Current Liabilities</b>				
Accounts payable	743,116	818,328	1,395,039	695,375
Provisions	-	450,000	-	40,162
Income tax payable	1,137,012	999,215	944,560	1,011,361
Dividend payable	-	-	4,757,312	-
	<b>1,880,128</b>	<b>2,267,543</b>	<b>7,096,911</b>	<b>1,746,898</b>
<b>Net Current Assets</b>	<b>8,211,860</b>	<b>5,898,656</b>	<b>5,480,214</b>	<b>9,674,296</b>
Long-term investments	740,717	1,859,623	2,147,938	4,376,078
Retirement benefit asset	92,800	191,600	-	-
Fixed Assets	74,727	503,503	479,321	544,970
	<b>9,120,104</b>	<b>8,453,382</b>	<b>8,107,473</b>	<b>14,595,344</b>
<b>Financed by:</b>				
Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Unappropriated profits	4,629,678	3,839,153	3,529,220	4,939,876
Capital	95,801	95,801	90,494	4,746,900
Investments revaluation	257,413	356,593	293,852	310,078
Other	3,341,286	3,341,286	3,341,286	3,874,204
	<b>8,324,178</b>	<b>7,632,833</b>	<b>7,254,852</b>	<b>13,871,058</b>
Total attributable to stockholders of parent	8,445,538	7,754,193	7,376,212	13,992,418
Minority interests	17,753	16,590	16,221	15,307
Total equity	8,463,291	7,770,783	7,392,433	14,007,725
Deferred taxation liability	576,613	596,099	637,840	510,419
Retirement benefit obligation	80,200	86,500	77,200	77,200
	<b>9,120,104</b>	<b>8,453,382</b>	<b>8,107,473</b>	<b>14,595,344</b>

**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 Nine Months ended DECEMBER 31, 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				(99,180)		(99,180)	(49)	(99,229)
Total net (losses) and gains not recognised in the profit and loss account	-	-	-	(99,180)	-	(99,180)	(49)	(99,229)
Net profit for the period attributable to stockholders		2,284,175				2,284,175	1,212	2,285,387
Dividends		(1,456,320)				(1,456,320)		(1,456,320)
Deferred tax on reserves of subsidiaries in liquidation		(37,330)				(37,330)		(37,330)
Balance at December 31, 2005 - unaudited	121,360	4,629,678	95,801	257,413	3,341,286	8,445,538	17,753	8,463,291

## CARRERAS GROUP LIMITED &amp; SUBSIDIARIES

## INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS for the Nine Months ended DECEMBER 31, 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	121,340	4,939,876	4,746,960	310,078	3,874,204	13,992,418	15,307	14,007,725
Change in fair values of Available For Sale Investments				(16,226)		(16,226)		(16,226)
Foreign currency translation adjustments					24,338	24,338		24,338
Total net (losses) and gains not recognised in the profit and loss account	-	-	-	(16,226)	24,338	8,112	-	8,112
Gain in reserves released on disposal or liquidation of subsidiary					(557,256)	(557,256)		(557,256)
Net profit for the period attributable to stockholders		1,629,621				1,629,621	914	1,630,535
Dividends		(970,880)	(6,699,072)			(7,669,952)		(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)		(8,984)
Increase in deferred tax on reserves of subsidiaries in liquidation		(17,747)				(17,747)		(17,747)
Transfer of realised gains		(1,931,864)	1,931,864			-		-
Balance at December 31, 2004 - unaudited	121,340	3,529,229	90,494	293,852	3,341,286	7,376,212	16,121	7,392,433

## CARRERAS GROUP LIMITED & SUBSIDIARIES

### UNAUDITED GROUP FINANCIAL STATEMENTS

For Nine Months ended DECEMBER 31, 2005

	<b>Group Statement of Cash Flows</b>		
	<b>9 months</b>	<b>12 months</b>	<b>9 months</b>
	<b>31-Dec-05</b>	<b>31-Mar-05</b>	<b>31-Dec-04</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>			
Net profit for the period attributable to stockholders	2,285,387	2,459,194	1,630,535
Items not affecting cash	(578,806)	(761,382)	(333,178)
	1,706,581	1,697,812	1,297,357
Changes in working capital	(57,279)	(225,927)	808,880
Cash provided by operating activities	1,649,302	1,471,885	2,106,237
Cash (used)/provided by investing activities	1,541,511	2,991,210	472,695
Cash used by financing activities	(1,456,320)	(8,165,304)	(2,921,624)
Increase/(Decrease) in cash and short-term deposits	1,734,493	(3,702,209)	(342,692)
Cash and short term deposits, at beginning of period	4,586,553	8,288,762	8,288,762
<b>Cash and short term deposits, at end of period</b>	<b>6,321,046</b>	<b>4,586,553</b>	<b>7,946,070</b>

## CARRERAS GROUP LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS for the Nine Months ended DECEMBER 31, 2005

### FINANCIAL INFORMATION BY BUSINESS SEGMENT

#### Nine Months to December 31, 2005

	Tobacco \$'000	Hospitality \$'000	GROUP \$'000
<b>Total Revenue</b>	<u>4,749,615</u>	<u>296,280</u>	<u>5,045,895</u>
<b>Results</b>			
Segment operating result	<u>1,451,520</u>	<u>(95,128)</u>	1,356,392
Investment income			623,019
Exchange gains			255,805
Other income			<u>685,567</u>
Profit before income tax			2,920,783
Income tax			<u>(635,396)</u>
Profit after income tax			2,285,387
Minority interests			<u>(1,212)</u>
<b>Net profit</b>			<u>2,284,175</u>

#### Nine Months to December 31, 2004

	Tobacco \$'000	Hospitality \$'000	GROUP \$'000
<b>Total Revenue</b>	<u>4,362,031</u>	<u>396,056</u>	<u>4,758,087</u>
<b>Results</b>			
Segment operating result	<u>1,377,785</u>	<u>(526,718)</u>	851,067
Investment income			1,085,503
Exchange gains			80,978
Other income			<u>562,236</u>
Profit before income tax			2,579,784
Income tax			<u>(949,249)</u>
Profit after income tax			1,630,535
Minority interests			<u>(914)</u>
<b>Net profit</b>			<u>1,629,621</u>



# CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES

## Notes to the Financial Statements

December 31, 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 the hotel up to September 2005.

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 \$1,949,828,000 (2004: \$1,933,284,000) and excludes intra-group trading.

### 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 Attributable Profit

Net profit attributable to stockholders for the nine months is inclusive of J\$658.807 million capital gain on sale of hotel property to Couples Resorts. This amount is included in other income.

### 6 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.

### 7 Deferred tax

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

### 8 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.

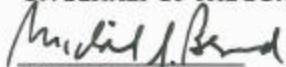
An objection to the assessments was filed and made to the Commissioner, Taxpayer Appeals.

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 Bernad  
Managing Director



Reynaldo Callejas  
Group Finance Director