

**CARRERAS GROUP LIMITED AND ITS SUBSIDIARY COMPANIES  
( collectively referred to as "Group")**

The Directors of Carreras Group Limited are pleased to present the audited financial statements for the year ended March 31, 2006, as follows:

Statement of Group Revenue and Expenses

Statement of Group Revenue and Expenses - Quarterly Split

Group Balance Sheet

Company Balance Sheet

Statement of Changes in Stockholders' Equity (The Group)

Statement of Changes in Stockholders' Equity (The Company)

Statement of Group Cash Flows

Information about Business Segments

Notes to the Financial Statements

**CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES**

**Statement of Group Revenue and Expenses  
Year ended March 31, 2006**

	<b>March 31 2006</b>	<b>March 31 2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating revenue	6,955,087	6,604,902
Cost of operating revenue	(3,247,658)	(3,428,291)
Gross operating profit	3,707,429	3,176,611
Interest and other investment income	825,485	1,203,564
Other operating income:		
Exchange gains	345,731	87,216
Other income	711,062	658,596
Marketing expenses	(421,885)	(407,208)
Administrative expenses	(751,329)	(1,184,018)
Profit before restructuring costs	4,416,493	3,534,761
Restructuring costs	(269,659)	-
Profit before income tax	4,146,834	3,534,761
Income tax	(1,113,281)	(1,075,567)
Profit for year	<b>3,033,553</b>	<b>2,459,194</b>
Profit after tax from continuing operations	2,423,480	2,933,526
Profit/(loss) after tax from discontinued operations	610,073	(474,332)
	<b>3,033,553</b>	<b>2,459,194</b>
Attributable to:		
Minority interests	1,486	1,195
Stockholders in parent	3,032,067	2,457,999
	<b>3,033,553</b>	<b>2,459,194</b>
Earnings per ordinary stock unit	<b>624.6¢</b>	<b>506.3¢</b>

**CARRERAS GROUP LIMITED & SUBSIDIARIES**

**STATEMENT OF GROUP REVENUE AND EXPENSES**

**For Twelve Months ended MARCH 31, 2006**

**GROUP PROFIT & LOSS ACCOUNT**

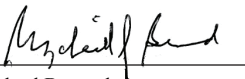
	AUDITED		AUDITED	
	12 months to		3 months to	
	March-06 S'000	March-05 S'000	March-06 S'000	March-05 S'000
Gross operating revenue	6,955,087	6,604,902	1,909,192	1,846,815
Cost of operating revenue	(3,247,658)	(3,428,291)	(742,396)	(968,458)
Gross operating profit	3,707,429	3,176,611	1,166,796	878,357
Interest and other investment income	825,485	1,203,564	202,466	118,061
Other operating income:				
Exchange gains	345,731	87,216	89,926	6,238
Other income	711,062	658,596	25,495	96,360
Marketing expenses	(421,885)	(407,208)	(101,554)	(99,778)
Administrative expenses	(751,329)	(1,184,018)	(157,078)	(44,261)
Profit before restructuring costs	4,416,493	3,534,761	1,226,051	954,977
Restructuring costs	(269,659)	-	-	-
Profit before income tax	4,146,834	3,534,761	1,226,051	954,977
Income tax	(1,113,281)	(1,075,567)	(477,885)	(126,318)
Profit for year	3,033,553	2,459,194	748,166	828,659
Profit after tax from continuing operations	2,423,480	2,933,526	751,494	791,256
Profit/(loss) after tax from discontinued operations	610,073	(474,332)	(3,328)	37,403
	<b>3,033,553</b>	<b>2,459,194</b>	<b>748,166</b>	<b>828,659</b>
Attributable to:				
Minority interests	1,486	1,195	274	281
Stockholders in parent	3,032,067	2,457,999	747,892	828,378
	<b>3,033,553</b>	<b>2,459,194</b>	<b>748,166</b>	<b>828,659</b>
Earnings per ordinary stock unit	<b>624.6€</b>	<b>506.3€</b>	<b>154.1€</b>	<b>170.6€</b>


CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES

GROUP BALANCE SHEET

	31-Mar-06	31-Mar-05
	\$000	\$000
<b>Current Assets</b>		
Cash and cash equivalents	7,256,843	4,586,553
Resale agreements	2,490,869	2,799,780
Accounts receivable	211,959	331,032
Income tax recoverable	210,415	313,617
Inventories	134,247	135,217
	<b>10,304,333</b>	<b>8,166,199</b>
<b>Current Liabilities</b>		
Accounts payable	498,842	818,328
Provisions	9,273	450,000
Dividends payable	2,718,464	-
Income tax payable	936,890	999,215
	<b>4,163,469</b>	<b>2,267,543</b>
<b>Net Current Assets</b>	<b>6,140,864</b>	<b>5,898,656</b>
<b>Non-current assets:</b>		
Long-term investments	630,937	1,893,571 *
Retirement benefit asset	92,900	191,600
Property, plant and equipment	105,636	503,503
	<b>6,970,337</b>	<b>8,487,330</b>
<b>Equity:</b>		
<b>Share capital</b>	121,360	121,360
<b>Reserves:</b>		
Unappropriated profits	2,645,288	3,839,153
Capital	101,617	95,801
Investments revaluation	227,262	390,541 *
Other	3,341,286	3,341,286
	<b>6,315,453</b>	<b>7,666,781</b>
Total attributable to stockholders of parent	6,436,813	7,788,141
<b>Minority interests</b>	13,569	16,590
<b>Total Equity</b>	<b>6,450,382</b>	<b>7,804,731</b>
<b>Non-current liabilities</b>		
Deferred tax liability	461,555	596,099
Retirement benefit obligation	58,400	86,500
	<b>6,970,337</b>	<b>8,487,330</b>

The financial statements were approved for issue by the Board of Directors on June 6, 2006 and signed on its behalf by:

  
 Michael Bernard Director

  
 Reynaldo Callejas Director

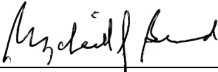
\* Restated

**CARRERAS GROUP LIMITED**

**Company Balance Sheet**

	<b>31-Mar-06</b>	<b>31-Mar-05</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current Assets:</b>		
Cash and cash equivalents	3,492,598	1,226,994
Resale agreements	634,613	489,213
Accounts receivable	165,806	186,482
Due from subsidiary companies	7,764	-
Inventories	134,247	116,387
	<b>4,435,028</b>	<b>2,019,076</b>
<b>Current Liabilities</b>		
Accounts payable	487,471	716,189
Income tax payable	670,939	637,166
Dividends payable	2,718,464	-
	<b>3,876,874</b>	<b>1,353,355</b>
<b>Net current assets</b>	<b>558,154</b>	<b>665,721</b>
<b>Non-current assets:</b>		
Due from subsidiary companies	-	493,654
Investment in subsidiary companies	206,294	206,294
Long-term investments	253,923	383,811
Retirement benefit asset	92,900	191,600
Property, plant and equipment	123,647	136,366
	<b>1,234,918</b>	<b>2,077,446</b>
<b>Financed by:</b>		
Share capital	121,360	121,360
Reserves:		
Capital	71,162	65,346
Investments revaluation	221,746	351,634
Unappropriated profits	742,643	1,411,243
	<b>1,035,551</b>	<b>1,828,223</b>
Total equity	<b>1,156,911</b>	<b>1,949,583</b>
<b>Non-current liabilities</b>		
Deferred tax liability	19,607	41,363
Retirement benefit obligation	58,400	86,500
	<b>1,234,918</b>	<b>2,077,446</b>

The financial statements were approved for issue by the Board of Directors on June 6, 2006 and signed on its behalf by:



\_\_\_\_\_  
Michael Bernard Director



\_\_\_\_\_  
Reynaldo Callejas Director

CARRERAS GROUP LIMITED

Statement of Changes in Equity  
Year ended March 31, 2006

The Group

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
<b>Balance at March 31, 2004:</b>								
As previously reported	121,360	4,939,876	4,746,900	310,078	3,874,204	13,992,418	15,307	14,007,725
Prior year adjustment				95,630		95,630	156	95,786
<b>As restated</b>	121,360	4,939,876	4,746,900	405,708	3,874,204	14,088,048	15,463	14,103,511
Change in fair values of Available For Sale Investments				(15,167)		(15,167)	(68)	<b>(15,235)</b>
Gain on translation of foreign subsidiary's financials					24,338	24,338		24,338
Net gains not recognised in statement of revenue and expenses	-	-	-	(15,167)	24,338	9,171	(68)	9,103
Net profit for the year		2,457,999				2,457,999	1,195	2,459,194
Total recognised gains for the year	-	2,457,999	-	(15,167)	24,338	2,467,170	1,127	2,468,297
Dividends paid		(1,456,320)	(6,699,072)			(8,155,392)		(8,155,392)
Transfer of amount equivalent to intra-group capital distribution		(132,163)	132,163			-		-
Transfer tax on capital distribution received			(9,912)			(9,912)		(9,912)
Deferred tax on reserves of subsidiaries in liquidation		(25,398)				(25,398)		(25,398)
Transfer of gain on disposal of investments		(1,944,841)	1,944,841			-		-
Gains in reserves released on disposal or liquidation of subsidiaries			(19,119)		(557,256)	(576,375)		(576,375)
Net movements for the year	-	(1,100,723)	(4,651,099)	(15,167)	(532,918)	(6,299,907)	1,127	(6,298,780)
<b>Balance at March 31, 2005</b>	<b>121,360</b>	<b>3,839,153</b>	<b>95,801</b>	<b>390,541</b>	<b>3,341,286</b>	<b>7,788,141</b>	<b>16,590</b>	<b>7,804,731</b>
Change in fair values of Available For Sale Investments, being gains not recognised in statement of revenue and expenses				(163,279)		(163,279)	(75)	<b>(163,354)</b>
Net profit for the year		3,032,067				3,032,067	1,486	3,033,553
Total recognised gains for the year	-	3,032,067	-	(163,279)	-	2,868,788	1,411	2,870,199
Dividends paid		(2,427,200)	(1,747,584)			(4,174,784)	(4,432)	(4,179,216)
Transfer of amount equivalent to intra-group capital distribution		(1,895,568)	1,895,568			-	-	-
Transfer tax on capital distribution received			(142,168)			(142,168)		(142,168)
Deferred tax on reserves of subsidiaries in liquidation		96,836				96,836		96,836
Net movements for the year	-	(1,193,865)	5,816	(163,279)	-	(1,351,328)	(3,021)	(1,354,349)
<b>Balance at March 31, 2006</b>	<b>121,360</b>	<b>2,645,288</b>	<b>101,617</b>	<b>227,262</b>	<b>3,341,286</b>	<b>6,436,813</b>	<b>13,569</b>	<b>6,450,382</b>

CARRERAS GROUP LIMITED

Statement of Changes in Equity  
Year ended March 31, 2006

The Company

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Total \$'000
<b>Balance at March 31, 2004:</b>	<b>121,360</b>	<b>1,214,669</b>	<b>4,697,326</b>	<b>180,591</b>	<b>6,213,946</b>
Change in fair values of Investments, being total gains not recognised in the statement of revenue and expenses				171,043	<b>171,043</b>
Net profit for the year		3,719,986			3,719,986
Total recognised gains for the year	-	3,719,986	-	171,043	3,891,029
Transfer of gain on disposal of investments		(1,944,841)	1,944,841		-
Transfer of amount equivalent to intra-group capital distribution, transfer tax		(122,251)	122,251		-
Dividends paid		(1,456,320)	(6,699,072)		(8,155,392)
Net movements for the year	-	196,574	(4,631,980)	171,043	(4,264,363)
<b>Balance at March 31, 2005</b>	<b>121,360</b>	<b>1,411,243</b>	<b>65,346</b>	<b>351,634</b>	<b>1,949,583</b>
Change in fair values of Investments, being total gains not recognised in the statement of revenue and expenses				(129,888)	<b>(129,888)</b>
Net profit for the year		3,512,000			3,512,000
Total recognised gains for the year	-	3,512,000	-	(129,888)	3,382,112
Dividends paid		(2,427,200)	(1,747,584)		(4,174,784)
Transfer of amount equivalent to intra-group capital distribution		(1,753,400)	1,753,400		-
Net movements for the year	-	(668,600)	5,816	(129,888)	(792,672)
<b>Balance at March 31, 2006</b>	<b>121,360</b>	<b>742,643</b>	<b>71,162</b>	<b>221,746</b>	<b>1,156,911</b>

**CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES**

**Statement of Group Cash Flows**  
**Year ended March 31, 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit for the period attributable to stockholders	3,033,553	2,459,194
Adjustments to reconcile net profit for the year attributable to stockholders to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	34,529	43,703
Retirement benefits	70,600	(182,300)
Impairment	-	58,704
Stock write-off/restructuring	14,544	
Income tax provision	1,113,281	1,075,567
Unrealised gain on exchange on cash and cash equivalents	(257,556)	(64,201)
Gain on disposal of property, plant and equipment and investment properties	(661,641)	(1,543)
Gains in reserves released on disposal of investments		(576,375)
Interest income earned	(825,485)	(1,203,564)
	2,521,825	1,609,185
Changes in working capital:		
Accounts receivable	78,594	144,063
Inventories	(13,574)	(282)
Accounts payable	(319,487)	122,953
Provisions	(440,727)	409,838
Cash generated from operations	1,826,631	2,285,757
Income tax paid	(1,110,112)	(902,505)
Net cash provided by operating activities	716,519	1,383,252
<b>Cash flows from investing activities</b>		
Decrease/(increase) in investments	1,408,267	1,765,472
Investments income received	865,964	1,265,606
Additions to property, plant and equipment	(32,473)	(42,655)
Proceeds of disposal of property, plant and equipment and investment properties	1,057,452	2,793
Net cash provided/(used) by investing activities	3,299,210	2,991,216
<b>Cash flows from financing activities</b>		
Minority interests	(75)	88
Dividends paid	(1,460,752)	(8,155,392)
Transfer tax paid on intra-group capital distribution	(142,168)	(9,912)
Net cash used by financing activities	(1,602,995)	(8,165,216)
<b>Net increase/(decrease) in cash and cash equivalents before effect of foreign exchange rate changes</b>	2,412,734	(3,790,748)
Effect of foreign exchange rate changes	257,556	88,539
<b>Cash and cash equivalents at beginning of year</b>	4,586,553	8,288,762
<b>Cash and cash equivalents at end of year</b>	<b>7,256,843</b>	<b>4,586,553</b>



**CARRERAS GROUP LIMITED**

**Segment Reporting**

	<u>Tobacco</u>		<u>Hospitality</u>		<u>Eliminations</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue, being revenue from external customers	<u>6,658,322</u>	<u>6,010,826</u>	<u>296,765</u>	<u>594,076</u>			<u>6,955,087</u>	<u>6,604,902</u>
Segment operating results	<u>2,708,568</u>	<u>4,047,560</u>	<u>602,916</u>	<u>(478,093)</u>	<u>9,865</u>	<u>(1,238,270)</u>	<u>3,321,349</u>	<u>2,331,197</u>
Interest and other investment income							<u>825,485</u>	<u>1,203,564</u>
Profit before income tax and minority interests							<u>4,146,834</u>	<u>3,534,761</u>
Income tax							<u>(1,113,281)</u>	<u>(1,075,567)</u>
Minority interests							<u>(1,486)</u>	<u>(1,195)</u>
Net profit for the year attributable to stockholders							<u>3,032,067</u>	<u>2,457,999</u>
Segment assets	<u>11,003,399</u>	<u>10,266,583</u>	<u>151,327</u>	<u>568,092</u>	<u>(20,921)</u>	<u>(79,802)</u>	<u>11,133,805</u>	<u>10,754,873</u>
Segment liabilities	<u>3,275,619</u>	<u>804,523</u>	<u>9,359</u>	<u>544,057</u>	<u>13,569</u>	<u>22,838</u>	<u>3,298,547</u>	<u>1,371,418</u>
Capital expenditure	<u>27,867</u>	<u>39,289</u>	<u>4,606</u>	<u>3,366</u>			<u>32,473</u>	<u>42,655</u>
Depreciation	<u>36,785</u>	<u>53,430</u>	<u>7,518</u>	<u>18,101</u>	<u>(9,774)</u>	<u>(27,828)</u>	<u>34,529</u>	<u>43,703</u>
Non-cash expenses other than depreciation	<u>85,144</u>	<u>(123,596)</u>		<u>-</u>			<u>85,144</u>	<u>(123,596)</u>

**CARRERAS GROUP LIMITED**

**Segment Reporting**

	<u>Tobacco</u>		<u>Hospitality</u>		<u>Eliminations</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue, being revenue from external customers	<u>6,658,322</u>	<u>6,010,826</u>	<u>296,765</u>	<u>594,076</u>			<u>6,955,087</u>	<u>6,604,902</u>
Segment operating results	<u>2,708,568</u>	<u>4,047,560</u>	<u>602,916</u>	<u>(478,093)</u>	<u>9,865</u>	<u>(1,238,270)</u>	<u>3,321,349</u>	<u>2,331,197</u>
Interest and other investment income							<u>825,485</u>	<u>1,203,564</u>
Profit before income tax and minority interests							<u>4,146,834</u>	<u>3,534,761</u>
Income tax							<u>(1,113,281)</u>	<u>(1,075,567)</u>
Minority interests							<u>(1,486)</u>	<u>(1,195)</u>
Net profit for the year attributable to stockholders							<u>3,032,067</u>	<u>2,457,999</u>
Segment assets	<u>11,003,399</u>	<u>10,266,583</u>	<u>151,327</u>	<u>568,092</u>	<u>(20,921)</u>	<u>(79,802)</u>	<u>11,133,805</u>	<u>10,754,873</u>
Segment liabilities	<u>3,275,619</u>	<u>804,523</u>	<u>9,359</u>	<u>544,057</u>	<u>13,569</u>	<u>22,838</u>	<u>3,298,547</u>	<u>1,371,418</u>
Capital expenditure	<u>27,867</u>	<u>39,289</u>	<u>4,606</u>	<u>3,366</u>			<u>32,473</u>	<u>42,655</u>
Depreciation	<u>36,785</u>	<u>53,430</u>	<u>7,518</u>	<u>18,101</u>	<u>(9,774)</u>	<u>(27,828)</u>	<u>34,529</u>	<u>43,703</u>
Non-cash expenses other than depreciation	<u>85,144</u>	<u>(123,596)</u>		<u>-</u>			<u>85,144</u>	<u>(123,596)</u>

## CARRERAS GROUP LIMITED AND ITS SUBSIDIARIES

### Notes to the Financial Statements March 31, 2006

#### 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 tobacco segment ceased the manufacture of cigarettes in December 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 customer.

Operating revenue represents the invoiced value of products and services sold by the Group, inclusive of special consumption and excise taxes amounting to approximately \$2,567,582,000 (2005: \$2,677,000,000) 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 year is inclusive of J\$658.807 million capital gain on sale of hotel property to Couples Resorts and for 2005, includes the gain on sale of a subsidiary, Twickenham Insurance of J\$544.976 million. These amounts are 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.

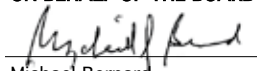
#### 8 Contingencies

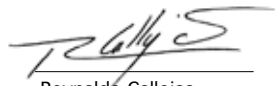
A subsidiary, Cigarette Company of Jamaica Limited, has received income tax assessments in respect of the years 1997 to 2002 from the Commissioner, Taxpayer Audit & Assessment totalling \$5,716 million, being income tax of \$2,172 million and penalties of \$3,544 million.

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 appeal to the Revenue Court has been heard and judgement has been reserved.

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  
Finance Director