

Goodyear Jamaica Limited

**Interim Financial Statements
31 March 2007**

Goodyear Jamaica Limited

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31 March 2007

Financial Statements

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Goodyear Jamaica Limited

31 March 2007

General Manager's Comments

Goodyear Jamaica Limited today reported financial results for the first quarter of 2007 that were significantly impacted by a fire at our warehouse and offices on January 11.

The first quarter was an unusual period for Goodyear Jamaica. Much of our efforts were concentrated on business continuity activities. However, we are very pleased with the customer service results from these activities. We thank our dealers for their support and understanding during this period.

Sales of \$288 million were 11 percent below 2006\$, primarily due to reduced product availability resulting from the fire, which destroyed a large percentage of our inventory.

The company posted a net loss of \$3.8 million, compared to net income of \$12.8 million a year ago. The results were impacted by increased costs associated with the quick import of tyres from other locations within Goodyear's global network and import duties paid on product that was re-exported to other markets in the Caribbean. The value of export duties paid totaled \$17.1 million in the first quarter and is expected to be fully recoverable within the year.

In addition, we expect to receive insurance proceeds to compensate us for lost revenue and increased costs resulting from the fire. We expect to have settlement by the third quarter of this year.

In the immediate aftermath of the January fire, after securing the safety of our associates, our attention immediately turned to minimizing the business impact on our dealers. Although some of our alternative supply sources were more expensive than our normal sources, we were able to sharply decrease the cycle time from product order to customer delivery which minimized the impact on our dealers and on consumers.

Selling, General, and Administrative costs of \$34.3 million were 41.4 percent more than 2006 due, in part, to fire-related office relocation expenses.

The prospects for the remainder of 2007 look positive as our fill rates continue to improve and our business strengthens its presence in the Jamaican market.

Goodyear Jamaica Limited

Unaudited Profit and Loss Account

Three months ended 31 March 2007

	31 March 2007	31 March 2006
	\$'000	\$'000
Turnover	288,306	322,466
Cost of sales	(262,579)	(284,175)
Gross Profit	25,727	38,291
Other operating income	2,850	2,799
Selling and distribution costs	(22,026)	(12,580)
Administrative expenses	(12,303)	(11,699)
Profit / (Loss) before Taxation	(5,752)	16,811
Taxation	1,917	(4,019)
NET PROFIT / (LOSS)	(3,835)	12,792
 EARNINGS PER STOCK UNIT	 (\$0.06)	 \$0.22

Goodyear Jamaica Limited

Unaudited Balance Sheet

31 March 2007

	31 March 2007 \$'000	31 December 2006 \$'000
ASSETS		
Property, plant and equipment	18,286	20,471
Intangible assets	113	241
Retirement benefit asset	57,223	55,955
Current Assets	729,275	608,802
	<u>804,897</u>	<u>685,469</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deferred taxation liabilities	8,102	8,303
Retirement benefit obligations	7,209	7,078
Current Liabilities	336,107	212,774
Shareholders' Equity	453,479	457,314
	<u>804,897</u>	<u>685,469</u>

Goodyear Jamaica Limited

Unaudited Statement of Changes in Equity

Three months ended 31 March 2007

	Number of shares	Share Capital	Retained Earnings	Total
Balance at 1 January 2006	59,400	11,880	449,714	461,594
Net profit	-	-	12,792	12,792
Balance at 31 March 2006	59,400	11,880	462,506	474,386
 Balance at 1 January 2007	 59,400	 11,880	 445,434	 457,314
Net profit / (Loss)	-	-	(3,835)	(3,835)
Balance at 31 March 2007	59,400	11,880	441,599	453,479

Goodyear Jamaica Limited

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	31 March 2007 \$'000	31 March 2006 \$'000
CASH RESOURCES WERE PROVIDED BY /(USED IN):		
Operating Activities		
Net profit / (loss)	(3,835)	12,792
Items not affecting cash	(1,605)	4,204
	(5,440)	16,996
Changes in non-cash working capital components	(45,790)	(30,268)
	(51,230)	(13,272)
Tax paid	(9,476)	(18,824)
Cash used in operations	(60,706)	(32,096)
Cash used in Investing Activities	2,653	(1,684)
Cash used in Financing Activity	0	(5)
Net decrease in cash and cash equivalents	(58,053)	(33,785)
Effects of exchange rate changes on cash and cash equivalents	437	940
Cash and cash equivalents at beginning of period	176,639	194,092
CASH AND CASH EQUIVALENTS AT END OF PERIOD	119,023	161,247

Goodyear Jamaica Limited

Notes to the Financial Statements

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1. Accounting Policy

Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2006.

2. Segment Information

	2007		
	Jamaica	Eastern Caribbean	Consolidated
	\$'000	\$'000	\$'000
Revenue	150,491	137,815	288,306
Segment result			
Profit from operations	(11,981)	5,091	(6,890)
Unallocated income			1,138
Profit / (Loss) before tax			(5,752)
Taxation			1,917
Net profit			(3,835)

	2006		
	Jamaica	Eastern Caribbean	Consolidated
	\$'000	\$'000	\$'000
Revenue	187,510	134,956	322,466
Segment result			
Profit from operations	(424)	14,041	13,617
Unallocated income			3,194
Profit before tax			16,811
Taxation			(4,019)
Net profit			12,792

Goodyear Jamaica Limited

Notes to the Financial Statements

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3. Cost of sales

Goodyear Jamaica's Bonded Warehouse was destroyed by the fire on January 11, 2007 therefore all items imported for re-exportation became dutiable and as such inflated Cost of Sales by 6%. The amount of additional duties incurred was \$17.1 Million, this amount is expected to be fully recoverable within the year and as such should not have a material impact on performance for 2007.