



**CARRERAS LIMITED**

**CARRERAS LIMITED & SUBSIDIARIES**

**INTERIM UNAUDITED GROUP FINANCIAL STATEMENTS**

for Three Months ended JUNE 30, 2007

**GROUP PROFIT & LOSS ACCOUNT**

	3 months		12 months
	UNAUDITED	UNAUDITED	AUDITED
	June-07 S'000	June-06 S'000	March-07 S'000
Operating revenue	1,966,908	1,594,135	7,005,159
Cost of operating revenue	(667,529)	(616,484)	(2,696,393)
Gross operating profit	1,299,379	977,651	4,308,766
Interest and other investment income	369,540	159,853	657,919
Other operating income:			
Exchange gains	37,556	31,862	124,087
Other income	16,834	4,498	83,097
Distribution and marketing expenses	(115,979)	(98,421)	(620,511)
Administrative expenses	(134,698)	(122,952)	(515,475)
Profit before restructuring costs	1,472,632	952,491	4,037,883
Restructuring costs	-	-	-
Profit before income tax	1,472,632	952,491	4,037,883
Income tax	(413,952)	(305,233)	(1,270,968)
Profit for the period	1,058,680	647,258	2,766,915
Profit after tax from continuing operations	1,058,680	646,153	2,768,612
operations	-	1,105	(1,697)
	1,058,680	647,258	2,766,915
Attributable to:			
Minority interests	267	231	968
Stockholders in parent	1,058,413	647,027	2,765,947
	1,058,680	647,258	2,766,915
Earnings per ordinary stock unit	218.0¢	133.3¢	569.8¢

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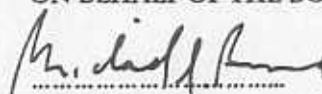
CARRERAS LIMITED & SUBSIDIARIES


INTERIM UNAUDITED GROUP FINANCIAL STATEMENTS

For Three Months ended JUNE 30, 2007

	GROUP BALANCE SHEET			
	Unaudited	Audited	Unaudited	Audited
	30-Jun-07 \$000	31-Mar-07 \$000	30-Jun-06 \$000	31-Mar-06 \$000
<b>Current Assets</b>				
Cash and cash equivalents	3,727,122	3,720,014	5,185,509	7,256,843
Resale Agreements	4,532,430	4,233,379	2,738,111	2,490,869
Short term investments	-	213,231	-	-
Accounts receivable	221,207	180,473	236,190	211,959
Income tax recoverable	45,959	280,411	38,092	210,415
Inventories	137,140	233,955	127,912	134,247
	<b>8,663,858</b>	<b>8,861,463</b>	<b>8,325,814</b>	<b>10,304,333</b>
<b>Current Liabilities</b>				
Accounts payable	809,848	613,273	536,245	498,842
Provisions	-	-	-	9,273
Dividend payable	-	-	485,440	2,718,464
Income tax payable	1,109,246	1,176,235	854,405	936,890
	<b>1,919,094</b>	<b>1,789,508</b>	<b>1,876,090</b>	<b>4,163,469</b>
<b>Net Current Assets</b>	<b>6,744,764</b>	<b>7,071,955</b>	<b>6,449,724</b>	<b>6,140,864</b>
<b>Non-current assets:</b>				
Long-term investments	-	-	477,334	630,937
Retirement benefit asset	159,500	159,500	92,900	92,900
Property, plant and equipment	81,055	83,560	92,579	105,636
	<b>6,985,319</b>	<b>7,315,015</b>	<b>7,112,537</b>	<b>6,970,337</b>
<b>Equity:</b>				
Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Unappropriated profits	2,917,337	2,632,770	2,799,810	2,645,288
Capital	49,358	470,754	101,617	101,617
Investments Revaluation	-	197,936	206,292	227,262
Other	3,341,286	3,341,286	3,341,286	3,341,286
	<b>6,307,981</b>	<b>6,642,746</b>	<b>6,449,005</b>	<b>6,315,453</b>
<b>Total attributable to stockholders of the parent</b>	<b>6,429,341</b>	<b>6,764,106</b>	<b>6,570,365</b>	<b>6,436,813</b>
<b>Minority interest</b>	<b>13,866</b>	<b>13,599</b>	<b>13,795</b>	<b>13,569</b>
<b>Total equity</b>	<b>6,443,207</b>	<b>6,777,705</b>	<b>6,584,160</b>	<b>6,450,382</b>
<b>Non-current liabilities:</b>				
Deferred Tax liability	479,012	474,210	469,977	461,555
Retirement Benefit Obligation	63,100	63,100	58,400	58,400
	<b>6,985,319</b>	<b>7,315,015</b>	<b>7,112,537</b>	<b>6,970,337</b>

ON BEHALF OF THE BOARD

  
 Michael Bernard  
 Managing Director

  
 Reynaldo Callejas  
 Finance Director

**CARRERAS LIMITED**

**Statement of Changes in Equity**  
For Three Months ended JUNE 30, 2007  
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
Balance at March 31, 2007 - audited	121,360	2,632,770	470,754	197,936	3,341,286	6,764,106	13,599	6,777,705
Change in fair values of Available For Sale Investments being gains not recognised in statement of revenue and expenses	-	-	-	(197,936)	-	-	-	-
Net gains not recognised in statement of revenue and expenses	-	-	-	-	-	-	-	-
Gains released from reserves on sale of Investments	-	1,058,413	-	(197,936)	-	(197,936)	-	(197,936)
Net profit for the period attributable to stockholders	-	1,058,413	-	-	-	1,058,413	267	1,058,680
Total recognised gains for the year	-	1,058,413	-	(197,936)	-	860,477	267	860,744
Dividends paid	-	(485,440)	(701,238)	-	-	(1,186,678)	-	(1,186,678)
Transfer of amount equivalent to gains on equity investments disposed of	-	(279,842)	279,842	-	-	-	-	-
Transfer From Capital reserves	-	-	-	-	-	-	-	-
Transfer tax on capital distribution	-	(8,564)	-	-	-	(8,564)	-	(8,564)
Deferred tax on reserves of subsidiaries in liquidation	-	284,567	(421,396)	(197,936)	-	(334,765)	267	(334,498)
Net movements for the year	-	2,917,337	49,358	-	3,341,286	6,429,341	13,866	6,443,207
Balance at June 30, 2007 - Unaudited	121,360	2,917,337	49,358	-	3,341,286	6,429,341	13,866	6,443,207

**CARRERAS LIMITED**  
**Statement of Changes in Equity**  
**For Three Months ended JUNE 30, 2007**

The Company

**Balance at March 31, 2007 - audited**

Change in fair values of Available For Sale Investments  
 being gains not recognised in statement of revenue and expenses

Gains released from reserves on sale of Investments

Revaluation reserve

Net gains not recognised in statement of revenue and expenses

Net profit for the period attributable to stockholders

Total recognised gains for the year

Dividends paid

Transfer of amount equivalent to gains on equity investments disposed of

Transfer From Capital reserves

Transfer tax on capital distribution

Deferred tax on reserves of subsidiaries in liquidation

Net movements for the year

**Balance at June 30, 2007 - Unaudited**

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Total \$'000
	121,360	702,938	440,299	197,936	1,462,533
				(197,936)	-
	-	-	-	(197,936)	(197,936)
		944,230			944,230
	-	944,230	-	(197,936)	746,294
		(485,440)	(701,238)		(1,186,678)
		(279,842)	279,842		-
		-	-		-
		178,948	(421,396)	(197,936)	(440,384)
	121,360	881,886	18,903	-	1,022,149

## CARRERAS LIMITED & SUBSIDIARIES

INTERIM UNAUDITED GROUP REPORT TO STOCKHOLDERS  
for the Three Months ended JUNE 30, 2007

### GROUP STATEMENT OF CASH FLOWS

	UNAUDITED	AUDITED	UNAUDITED
	3 months	12 months	3 months
	30-Jun-06	31-Mar-07	30-Jun-06
	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>			
Net profit for the period	1,058,680	2,766,915	647,258
Items not affecting cash	11,283	362,372	123,290
	1,069,963	3,129,287	770,548
Changes in working capital	(7,785)	(1,050,093)	(198,087)
Cash provided by operating activities	1,062,178	2,079,194	572,461
Cash (used)/provided by investing activities	94,052	(612,128)	42,807
Cash used by financing activities	(1,186,678)	(5,127,983)	(2,718,464)
Increase/(Decrease) in cash and short-term deposits	(30,448)	(3,660,917)	(2,103,196)
Effect of exchange rate changes on cash and cash equivalents	37,556	124,088	31,862
Cash and short-term deposits, at beginning of period	3,720,014	7,256,843	7,256,843
Cash and short-term deposits, at end of period	3,727,122	3,720,014	5,185,509

## CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements  
June 30, 2007

**1. General**

Carreras Limited is incorporated under the Laws of Jamaica. The activities of the company and its subsidiaries (collectively "the Group") are focused on the Marketing and Distribution of tobacco products. The company ceased the manufacturing of cigarettes in December 2005. The hospitality segment ceased operations in September 2005, as a result a segment analysis is no longer included as part of the 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. The results for the first quarter include a one-off Capital gain on the disposal of equity investments in the amount of J\$ 195.9 million.

**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. Earnings per Stock Unit**

The calculation of earnings per stock unit is based on the net profit for the period 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.

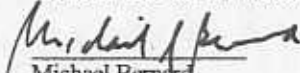
**7. Contingencies**

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

Instructing Counsel for Cigarette Company of Jamaica Limited has advised that the opinion of the legal team representing the company was unanimous in the view that there was no proper basis in law for the assessment and that the assessment ought to be discharged. The Directors, relying on the opinion of Counsel, have concluded that in their business judgement, no provision should be made in the financial statements.

ON BEHALF OF THE BOARD

  
Michael Bernard  
Managing Director

  
Reynaldo Callejas  
Finance Director