

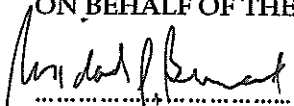
**CARRERAS LIMITED & SUBSIDIARIES**  
**INTERIM UNAUDITED GROUP FINANCIAL STATEMENTS**  
**For Six Months ended SEPTEMBER 30, 2007**

<b>GROUP PROFIT &amp; LOSS ACCOUNT</b>					
	<b>UNAUDITED</b>		<b>UNAUDITED</b>		<b>AUDITED</b>
	<b>6 months to</b>		<b>3 months to</b>		<b>12 months</b>
	<b>September-07</b>	<b>September-06</b>	<b>September-07</b>	<b>September-06</b>	<b>March-07</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross operating revenue	4,145,600	3,241,588	2,178,692	1,647,453	7,005,159
Cost of operating revenue	(1,415,969)	(1,259,823)	(748,440)	(643,339)	(2,696,393)
Gross operating profit	2,729,631	1,981,765	1,430,252	1,004,114	4,308,766
Interest and other investment income	541,657	323,271	172,117	163,418	657,919
Other operating income:					
Exchange gains	128,827	35,511	91,271	3,649	124,087
Other income	18,413	5,510	1,579	1,012	83,097
Distribution and marketing expenses	(243,897)	(239,385)	(127,918)	(140,964)	(620,511)
Administrative expenses	(288,336)	(294,932)	(153,638)	(171,980)	(515,475)
Profit before restructuring costs	2,886,295	1,811,740	1,413,663	859,249	4,037,883
Restructuring costs		-	-	-	-
Profit before income tax	2,886,295	1,811,740	1,413,663	859,249	4,037,883
Income tax	(898,245)	(587,614)	(484,293)	(282,381)	(1,270,968)
Profit for the period	1,988,049	1,224,126	929,369	576,868	2,766,915
Profit after tax from continuing operations	1,988,049	1,226,820	929,369	580,667	2,768,612
Profit after tax from discontinued operations	-	(2,694)	-	(3,799)	(1,697)
	1,988,049	1,224,126	929,369	576,868	2,766,915
Attributable to:					
Minority interests	642	400	375	169	968
Stockholders in parent	1,987,407	1,223,726	928,994	576,699	2,765,947
Net profit attributable to stockholders	<b>1,988,049</b>	<b>1,224,126</b>	<b>929,369</b>	<b>576,868</b>	<b>2,766,915</b>
Earnings per ordinary stock unit of 25c each	<b>409.4¢</b>	<b>252.1¢</b>	<b>191.4¢</b>	<b>118.8¢</b>	<b>569.8¢</b>

**CARRERAS LIMITED & SUBSIDIARIES**  
**INTERIM UNAUDITED GROUP FINANCIAL STATEMENTS**  
For Six Months ended SEPTEMBER 30, 2007

	GROUP BALANCE SHEET			
	Unaudited	Audited	Unaudited	Audited
	30-Sep-07 \$000	31-Mar-07 \$000	30-Sep-06 \$000	31-Mar-06 \$000
<b>Current Assets</b>				
Cash and cash equivalents	3,757,757	3,720,014	3,746,262	7,256,843
Resale Agreements	4,858,367	4,233,379	4,198,682	2,490,869
Short Term Investments	-	213,231	-	-
Accounts receivable	274,029	180,473	208,415	211,959
Income tax recoverable	88,652	280,411	82,984	210,415
Inventories	193,470	233,955	130,083	134,247
	<b>9,172,275</b>	<b>8,861,463</b>	<b>8,366,426</b>	<b>10,304,333</b>
<b>Current Liabilities</b>				
Accounts payable	597,194	613,273	624,829	498,842
Provisions	-	-	-	9,273
Dividend payable	-	-	-	2,718,464
Income tax payable	3,102,377	1,176,235	962,077	936,890
	<b>3,699,572</b>	<b>1,789,508</b>	<b>1,586,906</b>	<b>4,163,469</b>
<b>Net Current Assets</b>	<b>5,472,704</b>	<b>7,071,955</b>	<b>6,779,520</b>	<b>6,140,864</b>
<b>Non-current assets:</b>				
Long-term investments	-	-	297,607	630,937
Retirement benefit asset	159,500	159,500	92,900	92,900
Taxation Recoverable	1,733,137	-	-	-
Fixed Assets	75,772	83,560	87,128	105,636
	<b>7,441,113</b>	<b>7,315,015</b>	<b>7,257,155</b>	<b>6,970,337</b>
<b>Equity:</b>				
Share Capital	121,360	121,360	121,360	121,360
Reserves:				
Unappropriated profits	3,348,843	2,632,770	2,885,705	2,645,288
Capital	49,358	470,754	101,617	101,617
Investments revaluation	-	197,936	265,430	227,262
Other	3,341,286	3,341,286	3,341,286	3,341,286
	<b>6,739,487</b>	<b>6,642,746</b>	<b>6,594,038</b>	<b>6,315,453</b>
Total attributable to stockholders of parent	6,860,847	6,764,106	6,715,398	6,436,813
Minority interests	14,240	13,599	13,969	13,569
Total equity	<b>6,875,087</b>	<b>6,777,705</b>	<b>6,729,367</b>	<b>6,450,382</b>
<b>Non-current liabilities:</b>				
Deferred taxation liability	502,926	474,210	469,388	461,555
Retirement benefit obligation	63,100	63,100	58,400	58,400
	<b>7,441,113</b>	<b>7,315,015</b>	<b>7,257,155</b>	<b>6,970,337</b>

ON BEHALF OF THE BOARD

  
.....  
Michael Bernard  
Managing Director

  
.....  
Marcus Steele  
Finance Director

**Statement of Changes in Equity**  
**CARRERAS LIMITED**  
**For Six Months to September 30, 2007**  
**The Group**

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Other Reserves \$'000	<b>Total</b> \$'000	Minority Interest \$'000
<b>Balance at March 31, 2007 - audited</b>	<b>121,360</b>	<b>2,632,770</b>	<b>470,754</b>	<b>197,936</b>	<b>3,341,286</b>	<b>6,764,106</b>	<b>13,599</b>
Change in fair values of Available For Sale Investments being gains not recognised in statement of revenue and expenses						-	-
Net gains not recognised in statement of revenue and expenses	-	-	-	-	-	-	-
Gains released from reserves on sale of Investments				(197,936)		(197,936)	
Net profit for the period attributable to stockholders		1,987,407				1,987,407	642
Total recognised gains for the year	-	1,987,407	-	(197,936)	-	1,789,471	642
Dividends paid		(970,880)	(701,238)			(1,672,118)	-
Transfer of amount equivalent to gains on equity investments disposed of		(279,842)	279,842			-	-
Transfer From Capital reserves		-	-				
Transfer tax on capital distribution						-	
Deferred tax on reserves of subsidiaries in liquidation		(20,613)				(20,613)	
Net movements for the year	-	716,072	(421,396)	(197,936)	-	96,740	642
<b>Balance at September 30, 2007 - Unaudited</b>	<b>121,360</b>	<b>3,348,843</b>	<b>49,358</b>	<b>-</b>	<b>3,341,286</b>	<b>6,860,847</b>	<b>14,240</b>

<b>Total</b> S'000
<b>6,777,705</b>
- -
- (197,936) 1,988,049
1,790,113 (1,672,118) - - (20,613)
97,382
<b>6,875,087</b>

**CARRERAS LIMITED****Statement of Changes in Equity****For Six Months ended SEPTEMBER 30, 2007****The Company**

	Share Capital \$'000	Revenue Reserves \$'000	Capital Reserves \$'000	Investments Revaluation Reserves \$'000	Total \$'000
<b>Balance at March 31, 2007 - audited</b>	<b>121,360</b>	<b>702,938</b>	<b>440,299</b>	<b>197,936</b>	<b>1,462,533</b>
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				(197,936)	<b>(197,936)</b>
Revaluation reserve					
Net gains not recognised in statement of revenue and expenses	-	-	-	(197,936)	(197,936)
Net profit for the period attributable to stockholders		1,712,566			1,712,566
Total recognised gains for the year	-	1,712,566	-	(197,936)	1,514,630
Dividends paid		(970,880)	(701,238)		(1,672,118)
Transfer of amount equivalent to gains on equity investments disposed of		(279,842)	279,842		-
Transfer From Capital reserves		-	-		
Transfer tax on capital distribution					-
Deferred tax on reserves of subsidiaries in liquidation					-

Net movements for the year

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

-	461,844	(421,396)	(197,936)	(157,488)
<b>121,360</b>	<b>1,164,782</b>	<b>18,903</b>	-	<b>1,305,045</b>

**CARRERAS LIMITED & SUBSIDIARIES****UNAUDITED GROUP FINANCIAL STATEMENTS**

For Six Months ended SEPTEMBER 30, 2007

	<b>Group Statement of Cash Flows</b>		
	<b>6 months</b>	<b>12 months</b>	<b>6 months</b>
	<b>30-Sep-07</b>	<b>31-Mar-07</b>	<b>30-Sep-06</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>			
Net profit for the period	1,988,051	2,766,915	1,224,126
Items not affecting cash	238,977	362,372	244,062
	2,227,028	3,129,287	1,468,188
Changes in working capital	(601,726)	(1,050,093)	(328,926)
Cash provided by operating activities	1,625,302	2,079,194	1,139,262
Cash (used)/provided by investing activities	(44,268)	(612,128)	(996,010)
Cash used by financing activities	(1,672,118)	(5,127,983)	(3,689,344)
Increase/(Decrease) in cash and cash equivalents	(91,084)	(3,660,917)	(3,546,092)
Effect of exchange rate changes on cash and cash equivalents	128,827	124,088	35,511
Cash and cash equivalents, at beginning of period	3,720,014	7,256,843	7,256,843
<b>Cash and cash equivalents, at end of period</b>	<b>3,757,757</b>	<b>3,720,014</b>	<b>3,746,262</b>

CARRERAS LIMITED AND SUBSIDIARIES

Notes to the Financial Statements  
September 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 period ending September 30, 2007 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. **Tax Assessment**

A subsidiary, Cigarette Company of Jamaica Limited (in voluntary liquidation) (CCJ), 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.

CCJ, after due consultation with its legal representatives, appealed the assessment on the basis that the facts showed that loans, and not distributions, were made to CGL over the period and that there were no facts to support the basis of the assessments and the penalties imposed.

In the judgment which was handed down on Wednesday, 31 October 2007, CCJ's appeal was dismissed but the matter of the penalty of J\$3,544 million was remitted to the Commissioner with a recommendation that the Commissioner impose either a nil penalty or a nominal one in an amount not exceeding 5% of the total tax payable.

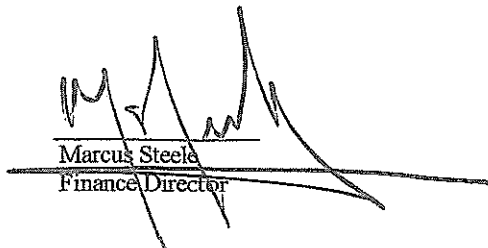
The Commissioner acting on the recommendation of the Revenue Court, imposed a penalty of 5% of total tax payable amounting to \$108.6 million. The total amount payable to the Commissioner is therefore \$1,733.1 million being the tax and penalty amounting to \$2,280.6 million less the transfer tax of \$547.5 million paid on the capital distribution made by CCJ.

The legal representatives of CCJ have advised that the judgment of the Revenue Court as it relates to the tax assessment ought to be appealed as they remain of the view that there is no proper basis in law for the assessment and it ought to be discharged.

The maximum amount of J\$1,733.1 million net of transfer tax already paid of (\$547.5 million) has been reflected as taxation recoverable in the financial statements.

ON BEHALF OF THE BOARD

  
Michael Bernhard  
Managing Director

  
Marcus Steele  
Finance Director