

# CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2006

## CONSOLIDATED STATEMENT OF EARNINGS

J\$'000	UNAUDITED 3 Months 31.03.2006	UNAUDITED 3 Months 31.03.2005	AUDITED Year Ended 31.12.2005
SALES (CEMENT TONNES)	213,368	231,349	856,162
<b>REVENUE</b>	<b>1,511,855</b>	<b>1,539,650</b>	<b>5,999,295</b>
<b>OPERATING (LOSS)/PROFIT</b>	<b>(86,166)</b>	<b>222,636</b>	<b>245,293</b>
Finance Cost – Net	(51,843)	(4,428)	(29,842)
Claims – nonconforming cement	(160,000)	–	–
<b>(Loss)/Profit Before Taxation</b>	<b>(298,009)</b>	<b>218,208</b>	<b>215,451</b>
Taxation	107,381	(63,353)	(46,524)
<b>GROUP NET (LOSS)/PROFIT AFTER TAXATION</b>	<b>(190,628)</b>	<b>154,855</b>	<b>168,927</b>
Cents – Basic & Diluted	(22.4)	18.2	19.9
Operating Profit/Revenue Ratio	(6%)	14%	4%

## DIRECTORS' STATEMENT

The first quarter of this year has been challenging. The company recalled substandard cement that had been released into the market and stopped production and sales of cement while the non-conformance was being rectified. Lost cement production was partially supplemented by imports, but the market was still adversely affected. Claims from customers with respect to non-conforming cement are being processed and a provision of \$160 million has been made in anticipation of settlement.

Consequently, cement sales quantity of 213,368 tonnes declined by 7.8% over the corresponding period last year, but revenue loss was partially mitigated by increased prices and declined by 1.8% over last year.

Operating profit declined by \$309m over the corresponding period last year, resulting in an operating loss of \$86.2m for the first quarter of 2006. This was due to higher cost of importing cement, lost production, as well as increased operating costs. The main components of increased operating costs were increases in fuel and power [an increase of \$100m] and net finance costs [an increase of \$47.4m] due to higher borrowings and exchange losses.


The cumulative adverse impact resulted in a Group net loss of [\$190.6m] for the first quarter of 2006 compared to a net profit of \$154.8m for the corresponding period last year.

## OUTLOOK

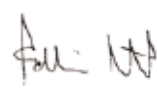
We have resolved our production issues with regard to non-conforming cement and production and sales have resumed at near normal levels. However, with the local market for cement being greater than our current production capacity and the difficulties in sourcing cement from overseas, the Common External Tariff of 40% has been removed in May 2006 to accommodate the import of cement over a twelve-month period.

Though we expect a much improved financial performance for the remainder of 2006, it is not anticipated that the year's results will be satisfactory.

The expansion and modernization programme continues to be on schedule for production to commence in early 2008.



Brian Young  
Chairman  
May 26, 2006



Dr. Rollin Bertrand  
Director/Group CEO  
May 26, 2006

## CONSOLIDATED BALANCE SHEET

J\$'000	UNAUDITED As At 31.03.2006	UNAUDITED As At 31.03.2005	AUDITED As At 31.12.2005
Non-Current Assets	3,696,397	2,909,931	3,701,729
Current Assets	2,346,495	1,540,288	1,930,639
Current Liabilities	(2,780,534)	(1,254,889)	(1,983,900)
Non-Current Liabilities	(714,737)	(297,798)	(881,775)
<b>Total Net Assets</b>	<b>2,547,621</b>	<b>2,897,532</b>	<b>2,766,693</b>
Share Capital	425,569	425,569	425,569
Reserves	1,735,195	1,971,331	1,925,823
<b>Shareholders' Equity</b>	<b>2,160,764</b>	<b>2,396,900</b>	<b>2,351,392</b>
Deferred Gain	386,857	500,632	415,301
<b>Group Equity</b>	<b>2,547,621</b>	<b>2,897,532</b>	<b>2,766,693</b>

## CONSOLIDATED CASH FLOW STATEMENT

J\$'000	UNAUDITED 3 Months Ended 31.03.2006	UNAUDITED 3 Months Ended 31.03.2005	AUDITED Year Ended 31.12.2005
<b>Group Net Profit after Taxation</b>	<b>(190,628)</b>	<b>154,855</b>	<b>168,927</b>
Adjustment for non-cash items	99,189	103,193	194,585
	(91,439)	258,048	363,512
Change in working capital	83,383	(284,631)	455,799
Taxation paid	–	(176,470)	(207,188)
Net cash (used in)/generated by operating activities	(8,056)	(203,053)	612,123
Net cash used in investing activities	(103,988)	(38,534)	(906,817)
Net cash (used in)/generated by financing activities	(83,969)	183,948	265,947
(Decrease) in cash and short term funds	(196,013)	(57,639)	(28,747)
Cash and short term funds – beginning of period	(7,000)	21,747	21,747
<b>Cash and short term funds – end of period</b>	<b>(203,013)</b>	<b>(35,892)</b>	<b>(7,000)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	UNAUDITED 3 Months 31.03.2006	UNAUDITED 3 Months 31.03.2005	AUDITED Year Ended 31.12.2005
<b>Balance at beginning of period</b>	<b>2,351,392</b>	<b>2,242,045</b>	<b>2,242,045</b>
Net (Loss)/Profit for period	(190,628)	154,855	168,927
Dividends	–	–	(59,580)
<b>Balance at end of period</b>	<b>2,160,764</b>	<b>2,396,900</b>	<b>2,351,392</b>

## Notes:

### 1. Accounting Policies

Accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2005.