



# CONSOLIDATED FINANCIAL REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2005

### CONSOLIDATED STATEMENT OF EARNINGS

J\$'000	AUDITED Year Ended 31.12.2005	AUDITED Year Ended 31.12.2004
SALES (CEMENT TONNES)	856,162	803,855
<b>REVENUE</b>	<b>5,999,295</b>	<b>5,452,759</b>
<b>OPERATING PROFIT</b>	<b>245,293</b>	<b>888,777</b>
Finance Cost – Net	Note 1 (29,842)	(29,765)
<b>Profit Before Taxation</b>	<b>215,451</b>	<b>859,012</b>
Taxation	Note 2 (46,524)	(16,651)
<b>GROUP NET PROFIT AFTER TAXATION</b>	<b>168,927</b>	<b>842,361</b>
Earnings per ordinary stock unit		
Cents – Basic & Diluted	19.8	99.0
Operating Profit/Revenue Ratio	4%	16%

### DIRECTORS' STATEMENT

We wish to apologize for the delay in the publication of these results. This is as a result of difficulties associated with the implementation of a new Information Technology System. The difficulties have been overcome and we do not expect any delays in reporting our results in the future.

The Group's performance for the year 2005 resulted in a 10% increase in revenue and a 6.5% increase in cement sales over the prior year. Net profit after tax amounted to \$168.9m compared to \$842.4m for the prior year. However, included in the prior year figures is a one time recognition of deferred tax for our subsidiary, JGQ amounting to \$231m. Cash generated from operating activities increased by \$50m, while working capital went back into a negative position of [\$53m] compared to a positive of \$119m as at the end of the prior year, a net adverse change of [\$172m]. The main reason for the adverse change is due to the purchase of property, plant and equipment [\$911m] which has been substantially funded by short term bank loans as well as medium term loans from our parent and related companies.

The Group's performance in 2005 reflects the negative impact of Hurricanes Dennis and Emily in the third quarter and Hurricane Wilma in the fourth quarter of 2005, which resulted in a significant shortfall of clinker production during this period. In addition, the damage caused by the several hurricanes to the oil and gas facilities in the United States resulted in significant increases in energy costs in the latter part of 2005.

The price adjustment [average 5%] implemented on July 1, 2005 was designed to partially recover the increase in operating costs experienced in the first six months of the year. With the impact of generally increasing costs, particularly energy, in the third and fourth quarters a further price increase was found to be necessary. However, due to the difficulty in assessing where the ever increasing energy costs were expected to level off at, the further price increase was not implemented until March 2006.

At the end of 2005 we are at the halfway stage of our US\$133m expansion and modernization programme, with much of the equipment already manufactured or at an advanced stage of manufacture with delivery to site already in progress. The programme is on schedule for production to commence in early 2008.

### OUTLOOK

The release of the substandard cement into the market, the subsequent recall and claims from customers which are currently being responded to, will have a significant negative impact on our results for 2006. At present, our best estimate of final settlement of the claims is \$160m.

With the local market for cement being greater than forecast, the disruption in our supply to the market due to the substandard cement issue and the difficulties in sourcing cement overseas at reasonable prices due to the current world shortage, the Common External Tariff on cement of 40% enacted in December 2004 has been removed in May 2006 to accommodate the importation of cement over a one year period.

Consequently, the financial outlook for the Group does not look very positive for 2006 and it is expected that our parent company will have to provide further financial support, to be able to meet our financial commitments in respect of the expansion and modernization programme.

**Brian Young**  
Chairman  
May 26, 2006

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

### CONSOLIDATED BALANCE SHEET

J\$'000	AUDITED Year Ended 31.12.2005	AUDITED Year Ended 31.12.2004
Non-Current Assets	3,701,729	3,129,709
Current Assets	1,930,639	1,517,678
Current Liabilities	(1,983,900)	(1,399,013)
Non-Current Liabilities	(881,775)	(477,253)
<b>Total Net Assets</b>	<b>2,766,693</b>	<b>2,771,121</b>
Share Capital	425,569	425,569
Reserves	1,925,823	1,816,476
<b>Shareholders' Equity</b>	<b>2,351,392</b>	<b>2,242,045</b>
Deferred Gain	415,301	529,076
<b>Group Equity</b>	<b>2,766,693</b>	<b>2,771,121</b>

### CONSOLIDATED CASH FLOW STATEMENT

J\$'000	AUDITED Year Ended 31.12.2005	AUDITED Year Ended 31.12.2004
<b>Group Net Profit after Taxation</b>	<b>168,927</b>	<b>842,361</b>
Adjustment for non-cash items	194,585	143,897
	363,512	986,258
Change in working capital	455,799	(423,867)
Taxation paid	(207,188)	–
Net cash generated by operating activities	612,123	562,391
Net cash used in investing activities	(906,817)	(349,994)
Net cash generated by/(used in) financing activities	265,947	(138,005)
(Decrease)/Increase in cash and short term funds	(28,747)	74,392
Cash and short term funds – beginning of period	21,747	(52,645)
<b>Cash and short term funds – end of period</b>	<b>(7,000)</b>	<b>21,747</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	AUDITED Year Ended 31.12.2005	AUDITED Year Ended 31.12.2004
<b>Balance at beginning of period</b>	<b>2,242,045</b>	<b>1,459,264</b>
Net Profit for period	168,927	842,361
Dividends	(59,580)	(59,580)
<b>Balance at end of period</b>	<b>2,351,392</b>	<b>2,242,045</b>

#### Notes:

#### 1. Finance Costs

- The YTD finance costs include loss on exchange amounting to \$28M for 2005 compared with \$3M for 2004.
- In accordance with IAS 23 year-to-date interest expense of \$20.3M [\$19.1M – 2004] relating to capital projects has been capitalised.

#### 2. Taxation

YTD Taxation expense includes deferred tax charge of \$20.9M [\$27.7M–2004] and corporation tax of \$25.6M [\$144.3M – 2004].