



# CONSOLIDATED AUDITED FINANCIAL REPORT

## FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

### CONSOLIDATED STATEMENT OF EARNINGS

J\$'000	AUDITED Year Ended 31.12.2007	AUDITED Year Ended 31.12.2006
SALES (CEMENT TONNES)	813,448	843,295
<b>REVENUE</b>	<b>7,847,307</b>	<b>6,730,968</b>
Operating profit before cement claims	819,213	422,215
Cement claims Note 1	(21,500)	(304,539)
<b>OPERATING PROFIT</b>	<b>797,713</b>	<b>117,676</b>
Interest income	4,756	16,609
Finance costs	(142,797)	(75,476)
Profit Before Taxation	659,672	58,809
Taxation	(137,549)	18,357
<b>GROUP NET PROFIT AFTER TAXATION</b>	<b>522,123</b>	<b>77,166</b>
Earnings per ordinary stock unit		
Cents – Basic & Diluted	61	9
Operating Profit/Revenue Ratio	10%	2%

### DIRECTORS' STATEMENT

The Company posted a consolidated net profit of \$522.1m for the year 2007 compared to a net profit of \$77.2m for the previous year. The profit for 2007 includes a gain on disposal of assets of \$154m which is largely due to an insurance settlement for damages done to our coal pier during the year. Earnings per share improved from 9 cents to 61 cents, while Group Equity increased to \$3.16b.

Cement sale volumes for 2007 declined by 3.5% over the previous year. However, revenue grew by 16.6%, driven primarily by a pricing policy that addressed the increases in energy sensitive inputs and employee emoluments in a timely and proactive manner. Carib Cement's market share increased to 84% over the year and for the last four months of 2007, when the cement importers stocked out of product, our market share averaged in the ninety percentiles.

These results are reflective of the improved company performance following the steps taken to address the identified shortcomings after the inadvertent release of non-conforming cement into the market in 2006. Carib Cement sought and achieved both BSJ Plant Certification and ISO 9001 Quality Management Certification during the year, to support the institutional changes that were implemented.

In regard to the cement claims, the settlement has been arrived at with 99% of the Claimants. The balance of the claims remain in dispute as the Company either has rejected the claim or is not in agreement with the quantum proposed by the Claimants. The Company throughout the process has maintained a transparent and independent evaluation methodology for these claims, which have been validated by a qualified third party, and is satisfied that it has taken a fair and defensible position.

### OUTLOOK

While we have consolidated our management and work systems during 2007, our focus continued to be on progressing the US\$177m expansion and modernisation program. Our funding towards this program has been maintained with \$1.1b being spent during 2007. The construction of Kiln 5, while experiencing some delays as a result of the extreme weather conditions in the second half of the year, remains on target for completion during the second quarter of this year. We have also broken ground for the installation of the new cement mill and will award a contract for the foundation works presently. The element of preparing the organisation for the new technology has not been ignored and the Company has invested over \$100m in cultural transformation and knowledge transfer programs to ensure people readiness for the new plant.

With the coming on line of the new kiln and mill in 2008, which will increase our capacity by 80%, we expect to continue to deliver improved results for our shareholders. However, given the continuing need to channel all internally generated funds to the Expansion and Modernisation program, the Board of Directors does not consider it prudent to recommend a dividend for the year 2007.

**Brian Young**  
Chairman  
March 14, 2008

**Judith Robinson**  
Director  
March 14, 2008

### CONSOLIDATED BALANCE SHEET

J\$'000	AUDITED As At 31.12.2007	AUDITED As At 31.12.2006
Non-Current Assets	4,853,120	4,065,304
Current Assets	2,194,750	2,131,216
Current Liabilities	(1,740,937)	(2,080,248)
Non-Current Liabilities	(2,151,012)	(1,368,699)
<b>Total Net Assets</b>	<b>3,155,921</b>	<b>2,747,573</b>
Share Capital	1,808,837	1,808,837
Reserves	1,159,333	637,210
<b>Shareholders' Equity</b>	<b>2,968,170</b>	<b>2,446,047</b>
Deferred Gain	187,751	301,526
<b>Group Equity</b>	<b>3,155,921</b>	<b>2,747,573</b>

### CONSOLIDATED CASH FLOW STATEMENT

J\$'000	AUDITED Year Ended 31.12.2007	AUDITED Year Ended 31.12.2006
<b>Group Net Profit before Taxation</b>	<b>659,672</b>	<b>58,809</b>
Adjustment for non-cash items	134,137	212,875
	793,809	271,684
Change in working capital	(67,660)	(311,692)
Taxation paid	(846)	(536)
Net cash (Used in)/generated by operating activities	725,303	(40,544)
Net cash Used in investing activities	(974,305)	(999,043)
Net cash provided by financing activities	444,950	973,147
Increase/(Decrease) in cash and short term funds	195,948	(66,440)
Cash and short term funds – beginning of period	(73,440)	(7,000)
<b>Cash and short term funds – end of period</b>	<b>122,508</b>	<b>(73,440)</b>
Represented by:		
Cash and short-term deposits	180,371	66,638
Bank overdraft	(57,863)	(140,078)
	<b>122,508</b>	<b>(73,440)</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	AUDITED Year Ended 31.12.2007	AUDITED Year Ended 31.12.2006
<b>Balance at beginning of period</b>	<b>2,446,047</b>	<b>2,368,881</b>
Net Profit for period	522,123	77,166
<b>Balance at end of period</b>	<b>2,968,170</b>	<b>2,446,047</b>

#### Notes:

- During February 2006, a quantity of non-conforming cement was inadvertently released to the market. The Company has received claims for damages from customers who used this cement in construction projects and has estimated an amount of \$21,500,000 in 2007 and \$304,539,000 in 2006 to settle these claims.
- In 2005, the Company converted its existing shares to shares of no par or nominal value as required by the Jamaican Companies Act.
- The Group has adopted all the new and revised accounting standards and interpretations to existing accounting standards that are mandatory for annual accounting periods beginning on or after 1 January 2006 and which are relevant to the Group's operations. There was no material effect on the company's financial position.