

AUDITED CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED STATEMENT OF EARNINGS

J\$'000	AUDITED Year Ended 31.12.2006	AUDITED Year Ended 31.12.2005
SALES (CEMENT TONNES)	843,295	856,162
REVENUE	6,730,968	5,999,295
Operating profit before cement claims	422,215	245,293
Cement claims Note 1	(304,539)	-
OPERATING PROFIT	117,676	245,293
Finance costs - net	(58,867)	(29,842)
Profit Before Taxation	58,809	215,451
Taxation	18,357	(46,524)
GROUP NET PROFIT AFTER TAXATION	77,166	168,927
Earnings per ordinary stock unit		
Cents - Basic & Diluted	9.1	19.8
Operating Profit/Revenue Ratio	2%	4%

DIRECTORS' STATEMENT

The Group posted a consolidated net profit of \$77.2m for the year 2006 resulting in earnings per share of 9 cents, which represents a 54% decline over the previous year. Group Equity of \$2.75b declined by 1% when compared with the previous year.

While revenue grew by 12% over the previous year, the decline in net profit is a direct result of the inadvertent release of non-conforming cement to the market that occurred in the first quarter of 2006, resulting in a charge of \$305m for claims and an estimated total cost of \$600m. The circumstances that led to this problem have been thoroughly investigated and corrective actions have been taken to avoid a repetition in the future. Since this incident, cement dispatched has consistently exceeded all international and local standards.

A growing domestic market and the disruptions of our operations have resulted in the return of significant quantities of imported cement manufactured in China and Thailand. In this environment, the Company has however been able to hold the dominant market share.

Despite the challenges in our day to day operations and the consequential challenges to generate cash, we have been able to continue with our Expansion and Modernization program due to the financial support of our parent company. The upgrade to our solid fuel firing system was completed and in service for most of 2006, during which time we experienced significant efficiency improvements in our use of kiln fuels.

The two major elements of the Expansion and Modernization program, the new kiln No.5 and mill No.5 are well advanced as the majority of the kiln equipment has been delivered. Construction of the new kiln line commenced in April 2006 and, at the time of writing, the foundation works are substantially complete and the erection of the plant and machinery is in progress. The new plant and equipment remain on schedule for start up in 2008.

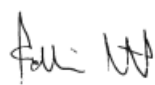
OUTLOOK

While the first half of 2006 was very disappointing, the corrective actions taken have resulted in improvements in our performance in the second half of the year and cement operations have returned to generating profits. In the market place, the Carib Cement brand is holding its own and consequently we expect to arrest the declines of the previous two years and return an improved performance in 2007. We also look forward to 2008 and beyond when the benefits of the Expansion and Modernization program will begin to be realized.

Given the continuing need to channel all internally generated funds to the Expansion and Modernization programme, the Board of Directors does not consider it prudent to recommend a dividend for the year 2006.



Brian Young
Chairman
March 16, 2007



Dr. Rollin Bertrand
Director/Group CEO
March 16, 2007

CONSOLIDATED BALANCE SHEET

J\$'000	AUDITED 31.12.2006	AUDITED 31.12.2005
Non-Current Assets	4,065,304	3,719,218
Current Assets	2,131,216	1,732,082
Current Liabilities	(2,080,248)	(1,785,343)
Non-Current Liabilities	(1,368,699)	(881,775)
Total Net Assets	2,747,573	2,784,182
Share Capital	1,808,837	425,569
Reserves	637,210	1,943,312
Shareholders' Equity	2,446,047	2,368,881
Deferred Gain	301,526	415,301
Group Equity	2,747,573	2,784,182

CONSOLIDATED CASH FLOW STATEMENT

J\$'000	AUDITED Year Ended 31.12.2006	AUDITED Year Ended 31.12.2005
Group Net Profit before Taxation	58,809	215,451
Adjustment for non-cash items	212,875	221,977
	271,684	437,428
Change in working capital	(311,692)	(53,317)
Taxation paid	(536)	(207,188)
Net cash (used in)/generated by operating activities	(40,544)	176,923
Net cash used in investing activities	(999,043)	(906,817)
Net cash provided by financing activities	973,147	701,147
Decrease in cash and short term funds	(66,440)	(28,747)
Cash and short term funds - beginning of period	(7,000)	21,747
Cash and short term funds - end of period	(73,440)	(7,000)
Represented by:		
Cash and short-term deposits	66,638	103,266
Bank overdraft	(140,078)	(110,266)
	(73,440)	(7,000)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	AUDITED Year Ended 31.12.2006	AUDITED Year Ended 31.12.2005
Balance at beginning of period	2,368,881	2,259,534
Net Profit for period	77,166	168,927
Dividends		(59,580)
Balance at end of period	2,446,047	2,368,881

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 \$304,539,000 to settle these claims.
- In the previous year, the Company elected under Section 37 of the Companies Act 2004 to have its existing shares converted into shares without nominal or par value at the end of the eighteen month period allowed. Those shares were converted during the year.
- 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 January 1, 2006 and which are relevant to the Group's operations. There was no material effect on the company's financial position.