CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2011

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Apr to Jun 2011	UNAUDITED Three Months Apr to Jun 2010	UNAUDITED Six Months Jan to Jun 2011	UNAUDITED Six Months Jan to Jun 2010	AUDITED Year Jan to Dec 2010
Sales (Cement Tonnes) – Local	136,079	135,227	278,716	292,876	531,605
Sales (Cement Tonnes) – Export	49,179	50,079	101,242	89,083	195,163
Sales (Clinker Tonnes) – Export	9,447	23,006	27,927	27,457	69,418
Revenue	**1,964,428**	**2,126,060**	**4,028,543**	**4,283,000**	**7,929,783**
Operating loss	**(789,840)**	**(344,585)**	**(1,066,729)**	**(259,878)**	**(2,010,378)**
Interest Income	167	240	727	477	812
Interest expense	(116,835)	(76,924)	(217,523)	(151,778)	(333,452)
(Loss)/Gain on currency exchange	(5,853)	94,919	(2,874)	91,711	100,658
Loss before taxation	**(912,361)**	**(326,350)**	**(1,286,399)**	**(319,468)**	**(2,242,360)**
Taxation credit	304,281	108,396	428,842	106,071	685,167
Loss for the year	**(608,080)**	**(217,954)**	**(857,557)**	**(213,397)**	**(1,557,193)**
Total Comprehensive loss	**(608,080)**	**(217,954)**	**(857,557)**	**(213,397)**	**(1,557,193)**
Loss per ordinary stock unit:					
Basic & Diluted	($0.71)	($0.26)	($1.01)	($0.25)	($1.83)
Operating Loss/Revenue Ratio	(40%)	(16%)	(26%)	(6%)	(25%)

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Six Months Jan to Jun 2011	UNAUDITED Six Months Jan to Jun 2010	AUDITED Year Jan to Dec 2010
Loss before taxation	**(1,286,399)**	**(319,468)**	**(2,242,360)**
Adjustment for non-cash items	413,575	240,335	623,207
	(872,824)	(79,133)	(1,619,153)
Change in working capital	1,124,860	(129,937)	625,931
Taxation paid	191	–	(17,835)
Net cash generated by/(used in) operating activities	252,227	(209,070)	(1,011,057)
Net cash used in investing activities	(71,321)	(217,587)	(362,038)
Net cash (used in)/provided by financing activities	(198,426)	244,166	1,277,122
Decrease in cash and cash equivalents	(17,520)	(182,491)	(95,973)
Cash and cash equivalents – beginning of period	(14,097)	81,876	81,876
Cash and cash equivalents – end of period	**(31,617)**	**(100,615)**	**(14,097)**
Represented by:			
Cash and short-term deposits	83,540	86,996	154,056
Bank overdraft	(115,157)	(187,611)	(168,153)
	(31,617)	**(100,615)**	**(14,097)**

DIRECTORS' STATEMENT

The Group's consolidated performance for the first six months of the year was a loss of $858m which represented a deterioration of $645m from the prior year period. Despite total sales volumes being basically on par with the previous year, revenues fell short by $254m, as domestic volumes declined by 6 per cent. As outlined in previous reports, the modest growth in the domestic market place is being enjoyed by the importers of dumped cement. Further, while export volumes have helped to keep our plant assets working, the ensuing revenues and contribution to profit generated are lower than for domestic sales. Notwithstanding, export cement sales rose by 14 per cent in the period, despite very low sales in May when two of our key vessels were delayed in the Dominican Republic, which imposed a series of non-tariff barriers to frustrate our entrance into that market.

The current period has also been significantly impacted by rising world energy prices. This year global petroleum prices have increased by more than 40 per cent following the increase in geo-political tensions in the Middle East, in the latter part of 2010. This in turn has translated to significant increases in both electricity and kiln fuel, key inputs into the manufacture of cement. Due to the presence of increasing quantities of dumped cement in the domestic market, our prices have been suppressed and we have been unable to recover the increases of more than $300m in electricity and fuel costs.

Clinker production was 13 per cent below the prior year performance, partly due to some operational challenges in the second quarter and partly due to the need to curtail the build up of inventories and improve liquidity. Cement plants have a high fixed cost element and when production volumes are reduced, the unabsorbed overheads place a significant burden on the income statement.

Outlook

It is becoming more evident that Jamaica is on a modest economic growth path and domestic demand is expected to grow, albeit slowly. However, based on historical buying patterns, the third quarter domestic sales are likely to be slow. A combination of factors, viz. disposable income being directed to back-to-school activities and severe weather conditions, has influenced this phenomenon. As such our short-term outlook remains guarded.

We do expect to see an increase in our export sales as we consolidate our entries into Haiti and the Dominican Republic. Our negotiations to enter the South American markets, while protracted, continue to show promise and this continues to be a key focus point for Management. These new sales will enable us to better utilise our new kiln and mill and provide us with increased volumes and revenues to strengthen our liquidity position.

We also expect that the debt re-profiling exercise being undertaken by the parent company will be concluded by the end of September and that Carib Cement will continue to enjoy the current moratorium on the operating lease and finance payments, providing the opportunity to stabilise the operations.

Brian Young
Chairman
August 12, 2011

Dr. Rollin Bertrand
Director/Group CEO
August 12, 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to Jun 2011	UNAUDITED Six Months Jan to Jun 2010	AUDITED Year Jan to Dec 2010
Balance at beginning of period	**3,022,553**	**3,240,096**	**3,240,096**
Issue of Preference Share	–	1,339,650	1,339,650
Total Comprehensive loss	(857,557)	(213,397)	(1,557,193)
Balance at end of period	**2,164,996**	**4,366,349**	**3,022,553**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.06.2011	UNAUDITED 30.06.2010	AUDITED 31.12.2010
Non-Current Assets	6,347,468	5,781,739	6,040,760
Current Assets	2,922,088	3,308,119	3,158,828
Current Liabilities	(5,008,607)	(3,447,301)	(3,998,079)
Non-Current Liabilities	(2,095,953)	(1,276,208)	(2,178,956)
Total Net Assets	**2,164,996**	**4,366,349**	**3,022,553**
Share Capital	1,808,837	1,808,837	1,808,837
Preference share	1,339,650	1,339,650	1,339,650
Reserves	(983,491)	1,217,862	(125,934)
Group Equity	**2,164,996**	**4,366,349**	**3,022,553**

SEGMENT INFORMATION

J$'000	Cement	Gypsum and Pozzolan	Adjustments and Eliminations	Consolidated
UNAUDITED SIX MONTHS JAN TO JUN 2011				
Revenue				
External Customers	3,951,513	77,030	–	4,028,543
Inter-segment	4,669	81,792	(86,461)	–
Total Revenue	**3,956,182**	**158,822**	**(86,461)**	**4,028,543**
Depreciation and amortisation	190,751	7,985	–	198,736
Segment loss before taxation	(1,211,737)	(74,662)	–	(1,286,399)
Operating assets	9,172,868	360,734	(264,046)	9,269,556
Operating liabilities	7,152,992	111,331	(159,763)	7,104,560
Capital expenditure	69,161	421	–	69,582
UNAUDITED SIX MONTHS JAN TO JUN 2010				
Revenue				
External Customers	4,190,749	92,251	–	4,283,000
Inter-segment	3,769	139,160	(142,929)	–
Total Revenue	**4,194,518**	**231,411**	**(142,929)**	**4,283,000**
Depreciation and amortisation	178,624	9,408	–	188,032
Segment (loss)/profit before taxation	(285,934)	35,945	(69,479)	(319,468)
Operating assets	8,809,260	402,565	(121,967)	9,089,858
Operating liabilities	4,535,680	42,414	145,415	4,723,509
Capital expenditure	211,973	1,007	–	212,980
AUDITED YEAR JAN TO DEC 2010				
Revenue				
External Customers	7,747,425	182,358	–	7,929,783
Inter-segment	9,620	281,096	(290,716)	–
Total Revenue	**7,757,045**	**463,454**	**(290,716)**	**7,929,783**
Depreciation and amortisation	368,710	18,142	–	386,852
Segment loss before taxation	(2,243,892)	(14,703)	16,235	(2,242,360)
Operating assets	9,030,950	371,070	(202,432)	9,199,588
Operating liabilities	6,203,292	71,892	(98,149)	6,177,035
Capital expenditure	356,429	5,731	–	362,160

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, 2010. The Group has adopted all new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after January 1, 2011 and which are relevant to the Group's operations. The adoption of these standards and interpretations did not have any material effect on the Group's financial position or results.

2. Segment Information

Management's prinicipal reporting and decision-making are by product and accordingly the segment information is so presented.

3. Going Concern

Caribbean Cement Company Limited and its subsidiaries (CCCL Group) reported significant losses for the year 2010 and a working capital deficit at December 31, 2010. Additionally the CCCL Group suffered further losses in the first six months of 2011 and a deterioration of the working capital deficit. In addition, the ultimate parent, Trinidad Cement Limited was in default of its obligations under several loan agreements and as such the lenders could demand immediate repayment which TCL is not in a position to meet. CCCL's major productive assets which are leased from TCL and its own fixed and floating assets are included in the security for these loans and should lenders enforce their security, there is a material risk that CCCL may not be able to continue as a going concern.

TCL has commenced negotiations with its lenders for a re-profiling of its debts and the lenders are participating in the process without prejudice to their existing legal rights. These discussions are scheduled to be completed in September 2011. Upon the successful re-profiling of TCL's debt, directors propose to negotiate with TCL a reduction in the lease charges to the CCCL Group. Additionally, a number of significant new sales contracts are being pursued which have the potential to return CCCL to profitability.

The Directors have a reasonable expectation that the CCCL Group will have, based on the plans and strategies as outlined in the preceding paragraph, adequate cash flows and profitability that will allow the CCCL Group to continue in operational existence in the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing these financial statements.