CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2013

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Apr to Jun 2013	UNAUDITED Three Months Apr to Jun 2012	UNAUDITED Six Months Jan to Jun 2013	UNAUDITED Six Months Jan to Jun 2012	AUDITED Year Jan to Dec 2012
Sales (Cement Tonnes)-Local	150,254	140,423	302,116	282,739	536,349
Sales (Cement Tonnes)-Export	68,080	71,899	100,780	134,069	218,722
Sales (Clinker Tonnes)-Export	-	-	-	-	12,673
Revenue	**3,035,195**	**2,411,274**	**5,680,705**	**4,714,450**	**9,084,600**
Profit (loss) before interest, depreciation, tax and amortisation (note 4)	**825,151**	**(198,573)**	**1,009,405**	**(575,126)**	**(750,438)**
Depreciation	(81,113)	(90,242)	(167,405)	(188,327)	(430,695)
Impairment losses	-	-	-	-	(383,577)
Operating profit/(loss)	**744,038**	**(288,815)**	**842,000**	**(763,453)**	**(1,564,710)**
Interest income	1,405	293	1,601	489	2,221
Debt restructuring costs	-	-	-	-	(11,719)
Interest expense	(134,125)	(196,637)	(280,192)	(304,327)	(592,153)
Loss on currency exchange	(251,835)	(92,994)	(700,755)	(136,275)	(505,744)
Profit/(Loss) before taxation	**359,483**	**(578,153)**	**(137,346)**	**(1,203,566)**	**(2,672,105)**
Taxation charge	-	-	-	-	(676,160)
Net profit/(loss) for the period	**359,483**	**(578,153)**	**(137,346)**	**(1,203,566)**	**(3,348,265)**
Total Comprehensive Profit/(loss)	**359,483**	**(578,153)**	**(137,346)**	**(1,203,566)**	**(3,348,265)**
Profit/(Loss) per ordinary stock unit EPS in dollars - Basic & Diluted	0.42	(0.68)	(0.16)	(1.41)	(3.93)
Profit (loss) before interest, depreciation, tax and amortisation/Revenue Ratio	27%	(8%)	18%	(12%)	(8%)

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
UNAUDITED SIX MONTHS JAN TO JUN 2013				
Revenue				
External customers	5,663,307	17,398	-	5,680,705
Inter-segment	4,807	104,370	(109,177)	-
Total Revenue	**5,668,114**	**121,768**	**(109,177)**	**5,680,705**
Depreciation and amortisation	163,506	3,899	-	167,405
Segment (loss)/profit before taxation	(162,921)	25,575	-	(137,346)
Operating assets	8,586,416	396,833	(379,923)	8,603,326
Operating liabilities	4,245,090	169,268	(311,813)	4,102,545
Capital expenditure	208,527	8,127	-	216,654
UNAUDITED SIX MONTHS JAN TO JUN 2012				
Revenue				
External customers	4,690,346	24,104	-	4,714,450
Inter-segment	4,193	127,622	(131,815)	-
Total Revenue	**4,694,539**	**151,726**	**(131,815)**	**4,714,450**
Depreciation and amortisation	180,744	7,583	-	188,327
Segment (loss)/profit before taxation	(1,218,587)	15,021	-	(1,203,566)
Operating assets	9,323,228	377,392	(374,199)	9,326,421
Operating liabilities	10,254,633	163,006	(296,845)	10,120,794
Capital expenditure	83,394	1,836	-	85,230
AUDITED YEAR JAN TO DEC 2012				
Revenue				
External customers	9,012,719	71,881	-	9,084,600
Inter-segment	9,559	220,416	(229,975)	-
Total Revenue	**9,022,278**	**292,297**	**(229,975)**	**9,084,600**
Depreciation and amortisation	417,996	12,699	-	430,695
Impairment losses	386,949	-	(3,372)	383,577
Segment (loss)/profit before taxation	(2,683,973)	2,625	9,243	(2,672,105)
Operating assets	8,278,953	309,507	(100,157)	8,488,303
Operating liabilities	11,351,906	107,516	(32,047)	11,427,375
Capital expenditure	131,832	17,385	-	149,217

DIRECTORS' STATEMENT

The Group reported a consolidated loss of $137 million for the first six months of 2013 compared to a loss of $1,204 million in the corresponding period of 2012. The loss of $137 million is after charging $701 million of non-cash foreign exchange losses compared to $136 million of foreign exchange losses for 2012.

As a consequence of the restructuring of US$75 million of debt due to our parent company, Trinidad Cement Ltd [TCL], at the end of June 2013, Group Equity has moved from negative $2,939 million at the beginning of 2013 to positive $4,501 million at the end of the first six months of 2013. The restructuring of the debt was completed with the conversion of US$37 million to preference shares, in accordance with the approval given by the shareholders at the Annual General Meeting, and with TCL making a capital contribution of US$38 million to defray the balance. A major consequence of the debt restructuring is that $591 million of charges that had been accrued in relation to withholding taxes have been reversed, resulting in the much improved operating profit reported for the second quarter of 2013.

We note that even before the write back of the withholding taxes, operating profit for the second quarter had improved over the prior quarter from $98 million to $153 million. This improvement is principally as a result of increased revenue from the 3% price adjustment in the domestic market in April and a doubling of export sales volumes in the second quarter, due primarily to our entry into the very vibrant Panama market. We have also experienced operational gains through significant improvements in our plant efficiency, in particular specific energy consumption, following expenditure of approximately US$5 million in capital maintenance and upgrade works earlier this year. As a result of the improved performance, we have been able to meet our debt obligations over the last six months.

Outlook

With the restructuring of the intra-group debt, the threat of foreign exchange translation losses (totalling $701 million year to date) has been significantly mitigated. We expect to maintain the improvement in export sales and grow these even further as we enter new markets in South America. While we do not foresee any meaningful growth in the domestic market, with careful cost management and the expected growth in export earnings, we expect to maintain these favourable results over the rest of this year.

Brian Young
Chairman
July 31, 2013

Dr Rollin Bertrand
Director/Group CEO
July 31, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.06.2013	UNAUDITED 30.06.2012	AUDITED 31.12.2012
Non-Current Assets	4,583,945	5,671,572	4,545,366
Current Assets	4,019,381	3,654,849	3,942,937
Current Liabilities	(2,379,247)	(3,044,894)	(3,751,513)
Non-Current Liabilities	(1,723,298)	(7,075,900)	(7,675,862)
Total net assets/(liabilities)	**4,500,781**	**(794,373)**	**(2,939,072)**
Ordinary share capital	1,808,837	1,808,837	1,808,837
Preference share capital (note 4)	5,077,759	1,339,650	1,339,650
Realised capital gain	1,413,661	1,413,661	1,413,661
Capital contributed by Parent (note 4)	3,839,090	-	-
Accumulated losses	(7,638,566)	(5,356,521)	(7,501,220)
Group Equity/(Deficit)	**4,500,781**	**(794,373)**	**(2,939,072)**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Six Months Jan to Jun 2013	UNAUDITED Six Months Jan to Jun 2012	AUDITED Year Jan to Dec 2012
Group Net Loss before Taxation	**(137,346)**	**(1,203,566)**	**(2,672,105)**
Adjustment for non-cash items	535,115	641,254	1,984,814
	397,769	(562,312)	(687,291)
Change in working capital	(766,038)	782,996	(238,542)
Taxation paid	112	(1,500)	(13,606)
Net cash (used in)/generated by operating activities	(368,157)	219,184	(939,439)
Net cash used in investing activities	(208,527)	(82,440)	(148,817)
Net cash provided by financing activities	574,934	34,098	1,213,328
(Decrease)/increase in cash and short-term funds	(1,750)	170,842	125,072
Cash and short term funds - beginning of period	244,303	119,231	119,231
Cash and short term funds - end of period	**242,553**	**290,073**	**244,303**
Represented by:			
Cash and short-term deposits	242,553	290,600	244,303
Bank overdraft	-	(527)	-
	242,553	**290,073**	**244,303**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to Jun 2013	UNAUDITED Six Months Jan to Jun 2012	AUDITED Year Jan to Dec 2012
Balance at beginning of period	**(2,939,072)**	**409,193**	**409,193**
Preference shares issued (note 4)	3,738,109	-	-
Capital contributed by Parent (note 4)	3,839,090	-	-
Total Comprehensive loss	(137,346)	(1,203,566)	(3,348,265)
Balance at end of period	**4,500,781**	**(794,373)**	**(2,939,072)**

Notes:

1. **Basis of Preparation**
The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the unaudited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (Group) for the period ended 30 June 2013 which are prepared in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

2. **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 31 December 2012 except that the Group has adopted all new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after 1 January 2013 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.

3. **Segment Reporting**
Management's principal reporting and decision-making are by product and accordingly the segment information is so presented.

4. **Debt Conversion and Capital Contribution/Operating profit**
(i) Effective 29 June 2013, the debt of US$75,000,000 owed to Trinidad Cement Limited (TCL) was restructured to strengthen the equity position of the company. Pursuant to shareholders' approval, US$37,000,000 was converted to redeemable preference shares as reflected in the increase of $3,738 million in the preference shares balance. In addition, a capital contribution of US$38,000,000 by the parent was made and is reflected in the balance of $3,839 million captioned as 'Contributed capital by parent'.

(ii) As a consequence of this capital contribution, accrued withholding tax of $591,486,000 associated with these amounts was no longer payable by the company and accordingly was reversed. If the reversal of $591,486,000 was excluded from the three months and six months statements, the 'Profit (loss) before, interest, depreciation tax and amortisation' would have been $233,665,000 and $417,919,000 respectively and 'Net loss for the period' for the three months and six months would have been $232,003,000 and $728,832,000.

5. **Going Concern**
The CCCL Group continues to take action to increase operating margins and domestic volumes to counter the difficult operating environment whilst the parent company remains committed to provide support if required. Notwithstanding the improvement in operating performance and financial position over the past six months, of both CCCL and TCL, the directors have concluded that the challenging demand environment and the financial position of the CCCL Group continue to represent a material uncertainty that may impact the ability of the Group to continue as a going concern.

However, based on current plans and strategies being pursued, the directors have a reasonable expectation that the Group will generate adequate cash flows and profitability which would allow the Group to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.