CARIBBEAN CEMENT COMPANY LIMITED

1952

2012

"60 Years And Growing Stronger"

A CELEBRATION OF INDUSTRY, GROWTH & EXCELLENCE

Annual Report 2011

www.caribcement.com

ONE CARIBBEAN...
ONE COMPANY
A member of the TCL GROUP

OUR MISSION

Caribbean Cement Company Limited

a member of the TCL Group of Companies,

is committed to providing

high quality products and services

in an environmentally friendly manner,

achieving the financial objectives of its shareholders,

meeting the needs of customers and employees

whilst adding value to the community.

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CARIBBEAN CEMENT COMPANY LIMITED

Registered Office: Rockfort, Kingston
Postal Address: P.O. Box 448, Kingston
Tel: (876) 928-6231-5 Fax: (876) 928-7381
Email: info@caribcement.com

BOARD OF DIRECTORS
Brian Young, *F.C.A. - Chairman*
Rollin Bertrand, *Ph.D*
Bevon Francis, *B.Sc., M.B.A.*
Hollis Hosein, *F.C.C.A., C.A*
Derek Jones, *LLB*
Parris A. Lyew-Ayee, *C.D., B.Sc., M. Eng.*
Lincoln Parmasar, *F.C.C.A., C.A., B.Sc.*
Judith Robinson, *F.C.C.A., Ph.D.*

COMPANY SECRETARY
Bernadene Crooks

MANAGEMENT TEAM
F.L.A. Haynes - *General Manager*
Chester Adams
Marchel Burrell
Orville Hill
Alice Hyde
Brett Johnson
Raymond Mitchell
Dalmain Small
Adrian Spencer
Godfrey Stultz
Ken Wiltshire

SUBSIDIARY COMPANIES
Jamaica Gypsum & Quarries Limited
Rockfort Mineral Bath Complex Limited
Caribbean Gypsum Company Limited.

ATTORNEYS-AT-LAW
Dunn Cox
48 Duke Street, Kingston

Michael Hylton & Associates
11a Oxford Road, Kingston 5

Rattray Patterson Rattray
24-26 Grenada Crescent, Kingston 5

REGISTRAR & TRANSFER AGENTS
PanCaribbean Merchant Bank
60 Knutsford Boulevard, Kingston 5

AUDITORS
Ernst & Young,
8 Olivier Road, Kingston 8

BANKERS
Bank of Nova Scotia Jamaica Ltd.
Citibank, N.A.
National Commercial Bank Jamaica Ltd.
RBTT Bank Jamaica Ltd.

BOARD SUB-COMMITTEES

Audit Committee

Members: Dr. J. Robinson - *Chairperson*
Mr. H. Hosein
Mr. B. Francis

Finance Committee

Members: Mr. B. Young - *Chairman*
Dr. R. Bertrand
Mr. H. Hosein
Dr. J. Robinson

Expansion & Modernization Programme Committee (E & M)

Members: Dr. R. Bertrand - *Chairman*
Mr. B. Francis
Mr. H. Hosein
Mr. D. Jones
Mr. P. A. Lyew-Ayee
Mr. L. Parmasar
Dr. J. Robinson
Mr. B. Young

Corporate Governance Committee
The Corporate Governance Committee was established on March 4, 2005 by Trinidad Cement Limited of which Caribbean Cement Company Limited is a subsidiary. The Corporate Governance guidelines can be viewed on the Company's website – www.caribcement.com.

NOTICE is hereby given that the **SIXTY THIRD ANNUAL GENERAL MEETING** of **CARIBBEAN CEMENT COMPANY LIMITED** will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on July 10, 2012 at 10:00 a.m. to transact the following business and to consider and, if thought fit, pass the following Resolutions:

1. **AUDITED ACCOUNTS FOR YEAR ENDED DECEMBER 31, 2011**
   To receive the audited accounts for the year ended December 31, 2011, together with the Directors' and Auditors' Reports circulated therewith and declare

   THAT the Balance Sheet and Profit & Loss Account for the year ended December 31, 2011, together with the Reports of the Directors and Auditors now submitted to this meeting, be and are hereby adopted.

2. **REMUNERATION OF THE AUDITORS**
   To fix the remuneration of the Auditors:

   THAT the remuneration of the Auditors, Ernst & Young, who have signified their willingness to continue in office, be agreed with the Directors.

3. **ELECTION OF DIRECTORS**
   In accordance with Article 96 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

   - Hollis Hosein
   - Bevon Francis

   a) **THAT** the retiring Director, Hollis Hosein be and is hereby re-elected.
   b) **THAT** the retiring Director, Bevon Francis be and is hereby re-elected.

PURSUANT to Article 100 (A) of the Company's Articles of Association, members qualified to attend and vote at the meeting who wish to nominate a person (other than a retiring Director who may be re-appointed at the meeting) to stand as a Director shall deposit such nomination, in writing, signed by the member at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" between 8:00 a.m. on June 27, 2012 and 4:00 p.m. on July 3, 2012. Each such nomination shall be accompanied by a notice in writing, signed by the person nominated, indicating his/her willingness to be elected.

4. **REMUNERATION OF DIRECTORS**
   To fix the remuneration of the Directors:

   THAT the amount shown in the Accounts of the Company for the year ended December 31, 2011, as remuneration of the Directors for their services as Directors be and is hereby approved.

5. To transact any other business which may properly be transacted at an Annual General Meeting.

NOTE:
A member may appoint a proxy to attend and vote on his/her behalf. The proxy appointed need not be a member of the Company. An appropriate form of proxy accompanies this Notice.

The proxy form must be signed and deposited duly stamped at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" not less than forty-eight hours before the meeting.

BY ORDER OF THE BOARD

B. Crooks

Bernadene M. Crooks
Company Secretary
Rockfort, Kingston

The 8th day of June 2012

The Directors submit this report and the audited Financial Statements for the year ended December 31, 2011.

FINANCIAL RESULTS

Results for the year are shown on pages 15 to 74 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiaries, Jamaica Gypsum & Quarries Limited, Rockfort Mineral Bath Complex Limited and Caribbean Gypsum Company Limited.

HIGHLIGHTS OF THE YEAR ($ Million)

	2011	2010
Turnover	8,033,786	7,929,783
Net Loss	(2,613,360)	(1,557,193)
Total Net Assets	409,193	3,022,553
Loss per Stock Unit $	(3.07)	(1.83)

AUDITORS

The retiring auditors, Ernst & Young, having signified their willingness to continue in office, will be deemed to be reappointed in accordance with the provisions of Article 155 of the Company's Articles of Association.

TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2011

TCL (Nevis) Limited	558,688,942
Trinidad Cement Limited	71,876,497
Scancem International (St. Lucia) Ltd	42,187,482
Mayberry West Indies Limited	22,091,750
National Insurance Fund	11,090,961
Guardian Life Limited	6,823,316
PAM Ltd.- Super Clubs Resort P/Plan	5,483,152
National Housing Trust	4,318,904
Subratie, Michael J.G.	4,012,500
Mayberry Managed Account	2,657,711
TOTAL	729,231,215

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2011

Bevon Francis	175,000
Parris A. Lyew-Ayee	10,000
Derek Jones	3,000
TOTAL	188,000

SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2011

Chester Adams	21,332
Dalmain Small	1,125
Adrian Spencer	3,750
TOTAL	26,207

With the exception of the Directors listed above, no Director or any person/company connected to him/her has a stockholding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2011.

On behalf of the Board of Directors, dated this 8th day of June, 2012.

Brian Young
Chairman

The global recession, particularly in Europe, continued in 2011 and the significant increase in the cost of energy during the year made the economic conditions for Jamaica all the more challenging, as well as for the Caribbean Region in general.


Brian Young, Chairman

On 14th January 2011, our parent company Trinidad Cement Limited [TCL] declared a moratorium on all debt service payments due by all entities in the TCL Group including Caribbean Cement Company Limited and its Subsidiaries [CCCL]. The declaration was made after arriving at an informal agreement with the majority of lenders to restructure the Group's debt in order to ensure adequate liquidity and allow for continuity of business operations. Subsequent to the declaration, debt service payments falling due during the year were not made as a consequence of which the Group went into default of several loan agreements. However, lenders have not sought to enforce their security and other rights which remain unchanged whilst negotiations are taking place with the Group. By 31st December 2011, the TCL Group and its lenders had reached agreement in principle on the features of the restructuring and its key terms. The many agreements to give effect to the debt restructuring are being drafted and signing of these agreements is expected in early May 2012.

In 2011, CCCL recorded impairment losses pertaining to certain plant and machinery and deferred tax assets amounting to $812 million in total. These impairment losses were determined based on management's projections that the Group would generate significant future revenue from exports to Venezuela under the Trade Compensation Mechanism of the PetroCaribe oil agreement between the Governments of Jamaica and Venezuela. A proposed agreement for the sale of CCCL cement to Venezuela is currently under active negotiation and is expected to be concluded in time for deliveries to commence by early 2013. CCCL management had originally projected to have concluded these negotiations in late 2011, but the ill health of the Venezuelan President and recent change of the Government in Jamaica, have resulted in the delay and in turn the need to recognize impairment losses.

You will observe that the Independent Auditors have issued a qualified opinion, on the basis that they have not obtained sufficient appropriate audit evidence to support some of the assumptions used by management in determining the impairment losses. The Board of Directors considers that there is a reasonable expectation that management's assumptions will be realized and therefore approved management's calculation of the impairment losses.

Performance Summary

The CCCL Group recorded a consolidated loss of $2.61 billion for 2011 compared to a loss of $1.56 billion for the prior year. The substantial increase in the consolidated loss is largely due to the recording of impairment losses [$812M] pertaining to certain plant and machinery and deferred tax assets amounting to $193M and $619M respectively. It should be noted that impairment losses are not cash losses and that the impaired plant and machinery are expected to be utilized when market conditions improve, at which time the then fair value of those assets will be recorded in the balance sheet.

Excluding the non cash losses, the net negative cash flow from operations has been financed by further loans from our parent company, TCL, which increased its support to the Company by $2 billion during 2011. This was made possible by the moratorium on all debt service payments declared by TCL at the beginning of 2011. The agreement that has been reached in principle with the Group lenders requires TCL to recommence debt service payments at the end of 2012. Consequently, it is critical for CCCL to generate positive cash flows from operations by the end of 2012. Although the satisfactory conclusion of the proposed agreement to supply cement to Venezuela under the PetroCaribe agreement will greatly assist CCCL in achieving this critical position in 2013, the Board and Management of CCCL, as well as those of TCL, are also actively pursuing other initiatives.

The decline in the operating performance for

2011 was in spite of reductions in fixed costs of $460M, as operating lease charges, personnel costs and professional service fees especially all showed significant savings. However, these gains were eroded by rising energy costs, which increased by $684M [31%] over the prior year.

Market Performance Report

Total cement sales volumes grew by 6%, with exports rising by 11% and the local market showing a 4% gain. While the domestic growth was rather modest, it represents a landmark and a reversal of the continuous decline in our domestic sales over the past five years. The improved local sales volumes were driven by a 45% increase in bulk cement sales as the Government's infrastructural development program got going. However, revenue only grew by 1% year over year, mainly due to the unfavourable bag/bulk selling mix and a decline in export clinker sales. Export cement sales have recorded significant growth in each of the last six years, moving from NIL in 2006 to 216,757 tonnes in 2011 while local sales have moved in the opposite direction moving from 843,295 tonnes in 2006 to 553,157 tonnes in 2011. In addition to a contraction in domestic demand, a significant factor has been the loss of local market share to imported dumped cement, which made up 25% of local sales in 2011.

Outlook for 2012

The labour strike at our parent company, TCL, has resulted in increased exports of cement at very favourable prices during the first four months of 2012. Although this 'windfall' is temporary, we still expect to achieve very favourable growth in cement exports for the whole of 2012. Cement sales in the local market are currently on par with the prior year period, which is disappointing based on the rebound that was seen in the latter part of last year. We note the new government's transition to office in January 2012 and that it has placed moving the economy forward and job creation high on its agenda. Provided that real economic growth is realized, cement demand and CCCL's fortunes will improve. However, it is also to be noted that significant threats remain and the future remains uncertain, as such we will continue to remain focused on effective cost management and gaining entry to new markets.

Dividend

The financial challenges that the Group is faced with at this time does not allow for a dividend to be declared.

Acknowledgements

I wish to thank my fellow Board Members, the General Manager and his team, all employees and our ever loyal customers for their continuing support in these challenging times which, regrettably, is continuing into its fifth year.

Brian Young
Chairman

Caribbean Cement Company Ltd. recorded a consolidated loss of $2.61 billion for the year, which represented a deterioration of $1.05 billion over the 2010 performance. The operating loss before interest tax and depreciation deteriorated from $1.62 billion to $1.76 billion. The sizeable increase in the consolidated loss position was as a result of the recording of impairment losses related to the idle Kiln 4 pyro-processing line and deferred tax assets. As discussed in the Chairman's report, these impairment losses are non-cash losses and the fair value of the plant and machinery assets may be restored when the market environment improves and the plant is restarted. Notwithstanding, the Company's liquidity position remained critical for much of the year, necessitating funding support from Trinidad Cement Ltd and the deferment of needed maintenance jobs.

F. Anthony Haynes, General Manager

OUR VALUE INDICATORS

Our focus on health, safety, the environment and quality were sustained during the year. There were no lost time accidents reported in 2011 at Caribbean Cement Company Limited or Jamaica Gypsum and Quarries Limited (JGQ). Carib Cement employees had worked 825 days without a lost time accident and JGQ employees worked 1556 days without a lost time accident by the end of the year, and have maintained their unblemished record up to the time of writing.

Our environmental performance also improved over the previous year, with opacity readings off the kiln and mill lines being significantly below NEPA standards and the prior year performance. All dust fallout and trade effluents were also within the NEPA specifications.

The ISO 14001:2004 environmental management system was maintained during the year and was recertified in January 2012. The auditor found zero non-conformances, which very rarely happens, and specially commended the Company for the effective management of the environment.

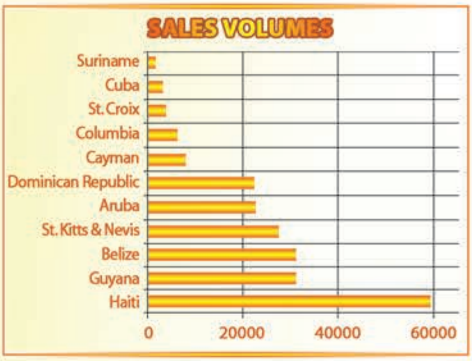
Our documented quality management system, i.e. ISO 9001:2008, was also maintained, audited and recertified during the year. All our products dispatched met the relevant JS and ASTM standard specifications in 2011.

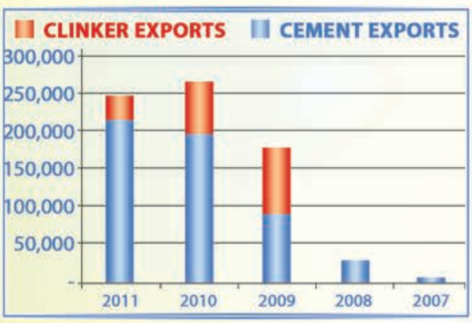
MARKET REVIEW

During the year, Carib Cement delivered 769,912 tonnes of cement which was 6% above the prior year sales volumes. Domestic sales, which totaled 553,157 tonnes, grew by 4% over 2010, following five years of constant decline. Our export sales volumes, which totaled 216,757 tonnes, grew, by 11%. We also exported 31,228 tonnes of clinker; but this represented a decline of 36% over the prior year.

While 2011 represented the first year in five years that the Company's local sales did not decline, the annual sales were in fact lower than they were in 2002, ten years ago, and 36% or 309,243 tonnes lower than in 2005. The domestic landscape remained fiercely competitive and continues to be exacerbated by the continuing presence of dumped cement in the Jamaican market. A total of approximately 170,000 tonnes was imported into the market for 2011; this was 4% more than the quantity achieved in 2010. The importers ended the year with a total market share of 24%. Between 2007 and 2011, approximately 785,000 tonnes of cement has been imported into Jamaica. In a market that has been in decline, the annual imports for 2011 was actually 7% higher than was imported in 2007.

Cement exports continued to grow, with our major markets being Haiti, Guyana and Belize. We expanded our customer base in Haiti by adding two new distributors to the export listing. We also exported 22,457 tonnes to the Dominican Republic market although this was fiercely resisted by the cement producers association, ably assisted by the DR governmental authorities.

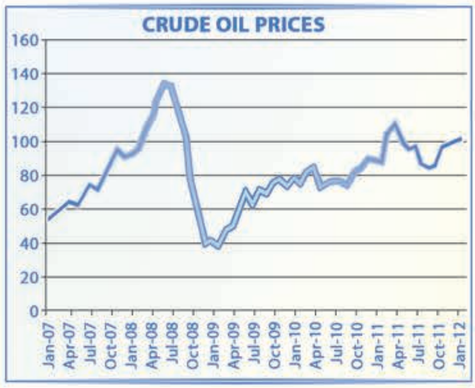




OPERATIONS REVIEW

Cement production for the year was 766,276 tonnes, 6% higher than the previous year. The continuing challenges with free cash flows meant that the ability to procure maintenance spare parts was impaired resulting in many maintenance jobs being deferred and not executed. Cement plant and machinery operate in hot, erosive environments and require the periodic replacement of key wear parts to assure reliability and availability. The consequential deteriorating condition of the plant and equipment meant that there were production challenges and export sales especially had to be curtailed in certain months. Clinker production for the year was 628,286 tonnes, just on par with the prior year. Clinker production was also impacted by the liquidity situation, having to stop as a result of a fuel stock out in the first quarter, and thereafter for reliability reasons in the solid fuel systems and clinker conveying plant.

While the Company continued to enjoy the efficiencies of the new plant, rising oil prices that translated into rising electricity costs especially, significantly undermined the Company's performance, and wiped out much of the savings in fixed costs that were effected.



HUMAN RESOURCES REVIEW

Against the background of continuing financial challenges during the year and continued focus on cash management, there was the consequential pressure on the employees' "social agenda" to maintain their purchasing power.

At this point, the collective agreements for all the various Bargaining Units have expired and the Company remains in negotiations around the new collective agreements. The Company has been constrained in its response to the union's claims as it continues to be negatively impacted by the continued economic fallout in the macro economy.

Following the separation of thirty employees in 2010, there were seven more employees who voluntary resigned from the Company in 2011. The Company has maintained a de facto freeze on all new hirings, redeploying or re-arranging work to have employees assume additional duties and responsibilities when positions were vacated due to resignations or redundancy.

JAMAICA GYPSUM AND QUARRIES

Gypsum and pozzolan performance and output was 35% and 10% respectively below the 2010 figures. The gypsum mine site continued to suffer from depleting reserves and the operations will be moved to a new location in 2013. Liquidity constraints also led to the lack of available critical resources to efficiently operate the mobile fleet. Further, there was no gypsum production for the month of July and August due to a major land-slip that affected the conveying system and supporting structure.

Port rental revenue, which amounted to $40.6m, fell short of the prior year revenue by $10.1m. There were decreased third party sales in the first half of the year due to slow demand for construction aggregates in the region. However, there were increased activities as the year went on, especially during the last quarter as a result of increased construction activity in the Bahamas and in the Cayman Islands.

BUSINESS OUTLOOK

The prospects for global economic growth remain weak and uncertain. Real GDP in advanced economies is projected to expand at the slow pace of between 1% and 2% in 2012, very similar to the 2011 performance. Even these forecasts are hinged on the assumptions that European policy-makers contain the crisis in the euro area periphery, that U.S. policymakers strike a sensible balance between support for the economy and medium-term fiscal consolidation, that Japan shows some recovery and that volatility in global financial markets does not escalate.

The robust economies of China and India are forecast to slow somewhat to single digit growth in 2012, following a weakening of economic activity as a result of global supply-chain disruptions and destocking in the face of more uncertain demand from advanced economies. Despite these occurrences, these emerging economies remain the chief drivers of the world output. Surging commodity prices, in addition to buoyant domestic demand, will also continue to propel Latin America to growth. However, in Central America and the Caribbean the outlook is more subdued as their economic activity is more dependent on the advanced economies.

After three consecutive years of decline, Jamaica recorded its first positive GDP growth in 2011. Early projections had suggested continued growth in 2012 of between 1% and 2% of GDP. However the economy remains very volatile and susceptible to the international shocks that could threaten economic improvement. Any loss of wealth, along with the slowdown in economic activities in the USA and the Eurozone, are expected to have both direct and indirect effects on Jamaica given the high dependence on the affected economies, particularly with respect to trade and remittance flows. Current projections for Jamaica are more cautious.

While there has been a redefining of the macro-economic parameters such as lowering interest rates, reigning in the inflation rate and stabilizing the exchange rate of the Jamaican currency, these modifications did not by themselves resolve the issue of continued job losses as the worrying trend continued to dog the local productive sector, eventually accumulating to over one hundred thousand persons joining the ranks of the unemployed. National elections at the end of 2011 saw the Peoples National Party returned to power, with a mandate to reenergize the productive sector and to maintain respect,transparency, and integrity while continuously engaging in a process of sincere dialogue with the people and workers of Jamaica and with the provision of jobs being at the center of its future thrust. However, despite a surge in business confidence and an increase in expectations from the general public, the outlook for economic growth in 2012 remains guarded.

It is a well-established fact that cement is a commodity that has no utility by itself and as such its demand is derived from other needs. The health of the cement industry is strongly correlated to the economic activity in the market in which the cement producer operates. Cement plants are capital intensive and typically operate with very high operational gearing. The most fundamental value driver for the industry is a robust market demand and full asset utilization. As such the industry is especially sensitive to market growth or decline. The early indicators for 2012 suggest that the Jamaican economy will remain fragile and the continued growth in cement demand may not be realized.

Carib Cement will therefore continue to be challenged to manage its tight liquidity position and to return to profitability. In the hyper-competitive local market we will continue to back our product with outstanding service to differentiate ourselves from the competition. We will also remain focused on continuing to grow our export base, to take advantage of the extra productive capacity as a result of the anaemic local conditions, and help absorb fixed costs. At the same time, it is important that timely and judicious price corrections be maintained to mitigate any rising input costs.

Internally, free cash flows from operations will need to be diverted to the acquisition of much needed spares in order to restore some semblance of plant reliability. Management's focus will continue to be aimed at taking full advantage of the new technology plant and optimizing energy and other operational costs. In regard to fixed costs, discretionary spending will continue to be constrained and the effective rationalization of our manpower, without jeopardising the critical skill base required for the anticipated recovery process, will continue.

F.L.A. Haynes
General Manager

Caribbean Cement Company Limited (CCCL) was conceptualized in 1921, and incorporated in 1947 under the Factories Act. In 1999, the TCL Group, owners of two other cement production facilities in the English speaking Caribbean located in Trinidad (Trinidad Cement Limited) and Barbados (Arawak Cement Company Limited), acquired and became the majority shareholder of CCCL. The TCL group currently operates manufacturing plants and other related facilities in other parts of the Caribbean.

The Company's primary activity is the manufacture and sale of Ordinary Portland Cement and Portland Pozzolan Cement. Carib Cement subscribes to the requirements of ISO 9001:2008 standard for Quality Management Systems, ISO 14001:2004 standard for Environmental Management Systems and all other relevant legal and regulatory requirements.

CCCL is a traditional cement plant where both clinker and cement are produced on the same site.

Principal Officers

L-R FRONT ROW:

Raymond Mitchell – *Quality Manager*
Godfrey Stultz – *Projects Manager*
Alice Hyde – *Marketing Manager*
Ken Wiltshire – *Operations Manager*
F. Anthony Haynes – *General Manager*
Adrian Spencer – *Materials Manager*

L-R BACK ROW:

Bernadene Crooks – *Company Secretary*
Orville Hill – *Finance Manager*
Dalmain Small – *Human Resource Manager*
Chester Adams – *Planning & Development Manager*
Brett Johnson – *Manufacturing Manager*
Marchel Burrell – *Actg. Quarries Manager*

Rockfort Mineral Bath Complex Limited

Sitting at the foot of the imposing Long Mountain in East Kingston, at what was once called Harbour Head, Rockfort Mineral Bath (RMBC) has been refreshing Jamaicans and visitors since its discovery in the aftermath of the Great Earthquake of 1907. The waters of the bath flow from cold water springs in the surrounding mountain range. Many patrons credit healing and good health to the radioactivity and saline content of the water. Rockfort was first fortified as protection against the possibility of a French invasion from Santo Domingo under the command of Ducasse in 1694. The present fort is believed to date from 1729. Previously the main road into Kingston ran through the gateway of the fort.

In 1992, RMBC was incorporated as a wholly owned subsidiary of Carib Cement to develop the historical site and operate the spa as one of the Company's community outreach programmes. The property is operating at present with the Public Pool only as renovations are ongoing.

Caribbean Gypsum Company Limited

Caribbean Gypsum Company's major asset is its 167 acres of gypsum/anhydrite quarry lands which considerably enhance the reserves of raw materials available to the CCCL Group. No quarrying or trading is being done at this time.

Jamaica Gypsum & Quarries Limited

JQO, a wholly owned subsidiary, was acquired from the National Investment Bank of Jamaica in 1990 as part of the Company's strategy to control its major sources of raw material. JGQ produces Gypsum, Anhydrite, Fines, Pozzolan and Shale for both local and export markets.

The company exports most of its product to markets in South America and the Caribbean.

BOARD OF DIRECTORS

- Jamaica Gypsum & Quarries Limited
- Rockfort Mineral Bath Complex Limited
- Caribbean Gypsum Company Limited

Brian Young - *Chairman*
Rollin Bertrand
Bevon Francis
Hollis Hosein
Derek Jones
Parris A. Lyew-Ayee
Judith Robinson

SENIOR OFFICERS

F.L.A. Haynes - General Manager
Orville Hill - Finance Manager
Bernadene Crooks - *Company Secretary*

Celebrating 60 YEARS & GROWING STRONGER

Caribbean Cement Company Limited was officially opened on January 28, 1952 and production started on February 8, 1952. In 2012, Carib Cement celebrates its 60th anniversary. This significant milestone in the life of the Company is being recognized through various events throughout the year which commenced with a Church Service at St. Benedict the Moor Catholic Church, near Harbour View, on January 29, 2012 at which members of the Board, Shareholders, Management, Trade Union representatives, staff members and their families gave thanks for the past 60 years, and for the years to come.

(l-r) Brian Young, Anthony Haynes, Sen. Navel Clarke, Vincent Morrison, Parris A. Lyew-Ayee.

Mr. & Mrs. Wilfred Roberts (Shareholders), Father Collin Henriques, and Anthony Haynes

Members of the Carib Cement family worshipping at St. Benedict the Moor Catholic Church

RJR Outside Broadcast live from the Plant on February 8, 2012 with Alan Magnus & Paula Ann Porter-Jones interviewing Barrington Brown, an employee for over 35 years, and Latoya Thomas, Mining Engineer.

CARIBBEAN CEMENT COMPANY LIMITED

TEN YEAR FINANCIAL SUMMARY
(In $'000 except for items *)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	Restated 2002
SALES	8,033,786	7,929,783	8,869,260	8,805,293	7,847,307	6,730,968	5,999,295	5,452,759	4,016,643	3,676,266
(Loss) profit before taxation	(2,983,995)	(2,242,360)	(241,028)	571,932	681,172	363,348	215,451	859,012	632,300	526,083
Cement Claims			-	-	(21,500)	(304,539)	-	-	-	-
Taxation	370,635	685,167	96,516	(155,494)	(137,549)	18,357	(46,524)	(16,651)	(177,416)	(146,617)
Net (loss) profit	(2,613,360)	(1,557,193)	(144,512)	416,438	522,123	77,166	168,927	842,361	454,884	379,466
*Net (loss) profit per Share	(3.07)	(1.83)	(0.17)	0.49	0.61	0.09	0.20	0.99	0.53	0.45
Cash Distribution/ Dividend Proposed	-	-	-	-	-	-	-	59,580	59,580	42,557
*Cash Distribution/ Dividend per Share	-	-	-	-	-	-	-	0.07	0.07	0.05
EBITDA	(1,760,893)	(1,623,526)	465,889	1,153,105	996,134	277,438	393,708	1,044,382	915,607	717,576
Shareholders Equity	409,193	3,022,553	3,240,096	3,458,584	3,155,921	2,747,573	2,784,182	2,771,121	2,102,115	1,820,586
*Share Holders' Equity Per Share	0.48	3.55	3.81	4.06	3.71	3.23	3.27	3.26	2.47	2.14
Capital Expenditure - Other	-	-	-	-	24,548	37,246	83,605	120,211	368,178	38,225
Capital Expenditure - CWIP	98,093	362,160	972,132	572,198	1,127,567	966,303	819,523	269,743	98,372	121,694
Total Capital Expenditure	98,093	362,160	972,132	572,198	1,152,115	1,003,549	903,128	389,954	466,550	159,919
Depreciation	518,402	386,852	317,835	318,307	312,196	273,467	262,190	269,380	217,488	191,034
Working Capital	(588,543)	(839,251)	(47,509)	8,052	453,813	50,968	(53,261)	118,665	(346,746)	(229,247)
Property Plant & Equip't Before Dep'n	9,286,740	9,201,962	8,852,624	7,901,716	7,333,573	6,214,072	5,222,734	4,319,606	3,979,743	3,655,789
Long Term debt	3,827	4,006	3,178	6,117	7,897	12,288	10,248	9,315	9,013	558
Total Third Party Debt	560,100	684,533	793,155	608,273	422,892	751,118	455,955	98,134	206,800	104,217
Parent Company Debt	5,210,290	3,107,745	2,424,062	1,334,164	1,894,038	1,526,057	1,069,856	639,744	788,903	561,418
Total Debt	5,770,390	3,792,278	3,217,217	1,942,437	2,316,930	2,277,175	1,525,811	737,878	995,703	665,635
*Cement imported (tonnes)	-	-	-	46,062	25,988	119,032	-	-	-	12,311
*Clinker imported (tonnes)	-	-	-	75,931	73,599	77,520	101,434	41,192	Zero	53,564
*Pozzolan Imported (tonnes)	-	-	-	-	-	-	114,812	35,319	4,200	-
*Production										
Cement	766,274	723,489	736,560	724,528	773,019	760,815	844,843	808,070	607,682	613,981
Clinker	628,287	629,444	742,208	578,067	519,598	604,174	542,114	605,814	600,980	532,140
*Cement Sold - tonnes										
Local	553,157	531,605	652,651	720,260	807,484	843,295	862,400	800,354	589,433	620,319
Export	216,757	195,163	88,912	28,463	5,964	-	2,762	3,501	16,058	4,912
TOTAL	769,914	726,768	741,563	748,723	813,448	843,295	865,162	803,855	605,491	625,231
*Clinker Export - tonnes	31,228	69,418	88,259	-	-	-	-	-	-	-

Auditors' Report & Financial Statements

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ERNST & YOUNG
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

We have audited the accompanying financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") and Caribbean Cement Company Limited (the "Company") which comprise the consolidated and company statements of financial position as at 31 December 2011, and the related consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In 2011, management recorded impairment losses pertaining to certain plant and machinery and deferred tax assets amounting to $193,292,000 (Company: $193,292,000) and $618,391,000 (Company: $593,959,000), respectively. These impairment losses were determined based on management's projections which assumed that the Group will generate significant revenue from exports to a certain market under a proposed agreement currently under active negotiation for which the terms and conditions have not been agreed as at the date of this audit report. We have not obtained sufficient appropriate audit evidence to support the inclusion of the cashflows from these exports. Had management excluded these cashflows from its projections, the Group would have recognized an additional impairment loss of $764,886,000 (Company: $764,886,000) in the statement of comprehensive income for the year then ended. The impact of this adjustment would reduce the carrying amount of plant and machinery, inventories (spares), deferred tax assets and shareholders' equity by $220,376,000, $87,674,000, $456,836,000 and $764,886,000, respectively. Additionally, the Group would have recorded a shareholders' deficiency amounting to $355,693,000 (Company: $486,479,000) and net loss after tax of $3,378,246,000 (Company: $3,306,019,000) as at 31 December 2011 and for the year then ended. Accordingly, the basic loss per ordinary stock unit would have been reported as ($3.97) for 2011.

A member firm of Ernst & Young Global Limited
Partners: Allison Peart. Linval Freeman

ERNST & YOUNG

Chartered Accountants

INDEPENDENT AUDITORS' REPORT, CONTINUED

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries, Continued

Qualified Opinion
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial positions of the Group and the Company as at 31 December 2011, and of the Group's and the Company's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Emphasis of Matter
We draw attention to Note 2a (iii) in the financial statements which indicates that the Group reported accumulated losses of $4,152,955,000 (Company: $4,283,736,000) as at 31 December 2011 and operating losses of $2,490,076,000 (Company: $2,408,839,000) for the year then ended. In addition, the Group's net current liabilities amounted to $588,543,000 (Company: $660,655,000) as at 31 December 2011. The accumulated losses, operating losses and net current liabilities have not been adjusted for the impact of the matters described in the Basis for Qualified Opinion paragraph above. These conditions, along with other matters as set forth in Note 2a (iii), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on the going concern basis because, as described in Note 2a (iii), the Company's management has embarked on a number of initiatives that, based on projections, demonstrate increases in revenue, cashflows and profitability of the Company, and hence improvement in the financial performance and position of the Group, for the year ending 31 December 2012 and beyond. In addition, Trinidad Cement Limited (the ultimate parent company), has also embarked on a debt restructuring exercise with the intention to provide the financing necessary to enable the Group to continue in business. Our opinion is not qualified in respect of this matter.

Report on Additional Requirements of the Jamaican Companies Act
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement with the accounting records, and give the information required by the Jamaican Companies Act in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

12 April 2012

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2011
(Expressed in Jamaican Dollars)

	Notes	2011 $'000	2010 $'000
NET ASSETS			
Non-current assets			
Property, plant and equipment	10	5,094,159	5,704,966
Deferred tax asset	6	676,160	314,580
Goodwill	11	-	17,489
Intangible assets	12	931	3,725
		5,771,250	6,040,760
Current assets			
Inventories	14	2,250,690	2,278,492
Receivables and prepayments	15	667,354	532,196
Due from related companies	16	65,243	145,411
Taxation recoverable		42,262	48,673
Cash and cash equivalents	17	153,584	154,056
		3,179,133	3,158,828
Current liabilities			
Bank overdraft	18	34,353	168,153
Payables and accruals	19	2,722,841	2,169,173
Due to related companies	20	440,603	941,850
Income tax payable		13,606	38,376
Short-term loans	22	554,882	676,587
Current portion of long-term loans	23	1,391	3,940
		3,767,676	3,998,079
Working capital deficit		(588,543)	(839,251)
Non-current liabilities			
Due to related companies	20	4,769,687	2,165,895
Long-term loans	23	3,827	4,006
Deferred tax liability	6	-	9,055
		4,773,514	2,178,956
TOTAL NET ASSETS		409,193	3,022,553

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2011
(Expressed in Jamaican Dollars)

SHAREHOLDERS' EQUITY	Notes	2011 $'000	2010 $'000
Share capital:			
Ordinary	24	1,808,837	1,808,837
Preference	24	1,339,650	1,339,650
Reserves:			
Realized capital gain		1,413,661	1,413,661
Accumulated losses		(4,152,955)	(1,539,595)
GROUP EQUITY		409,193	3,022,553

The accompanying notes form an integral part of these financial statements.

On 28 March 2012, the Board of Directors authorized these financial statements for issue.

.... Director
Brian Young

.... Director
Dr. Rollin Bertrand

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	Notes	2011 $'000	2010 $'000
Revenue	3	8,033,786	7,929,783
Loss before interest, depreciation and tax	3	(1,760,893)	(1,623,526)
Depreciation	3	(518,402)	(386,852)
Impairment losses	10,11	(210,781)	-
Operating loss		(2,490,076)	(2,010,378)
Interest income		928	812
Debt restructuring costs	31	(28,487)	-
Finance costs	5	(466,360)	(232,794)
Loss before taxation		(2,983,995)	(2,242,360)
Taxation credit	6	370,635	685,167
Net loss for the year	7	(2,613,360)	(1,557,193)
Total comprehensive loss attributable to equity holders		(2,613,360)	(1,557,193)
Loss per ordinary stock unit	8	($3.07)	($1.83)

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement Of Changes In Equity
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	Note	Realized capital gain $'000	Accumulated (losses)profits $'000	Total reserves $'000	Ordinary share capital $'000	Preference share capital $'000	Total capital & reserves $'000
Balance as at 1 January 2010		1,413,661	17,598	1,431,259	1,808,837	-	3,240,096
Total comprehensive loss for the year		-	(1,557,193)	(1,557,193)	-	-	(1,557,193)
Issue of preference shares	24	-	-	-	-	1,339,650	1,339,650
Balance as at 31 December 2010		1,413,661	(1,539,595)	(125,934)	1,808,837	1,339,650	3,022,553
Total comprehensive loss for the year		-	(2,613,360)	(2,613,360)	-	-	(2,613,360)
Balance as at 31 December 2011		1,413,661	(4,152,955)	(2,739,294)	1,808,837	1,339,650	409,193

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	2011 $'000	2010 $'000
Cash flows from operating activities		
Loss before taxation	(2,983,995)	(2,242,360)
Adjustments for:		
Depreciation, amortization and impairment of property, plant and equipment	711,694	386,852
(Gain) loss on disposal of property, plant and equipment	(1,733)	1,189
Interest income	(928)	(812)
Interest expense	431,875	333,452
Goodwill impairment	17,489	-
Unrealized foreign exchange losses (gains)	41,164	(97,474)
	(1,784,434)	(1,619,153)
Decrease in inventories	27,803	402,532
Increase in receivables and prepayments	(129,825)	(111,315)
Decrease in due from related companies	80,168	45,166
Increase (decrease) in payables and accruals	433,826	(89,890)
(Decrease) increase in due to related companies	(501,247)	586,287
Cash used in operations	(1,873,709)	(786,373)
Interest received	928	812
Interest paid	(34,046)	(207,661)
Taxation paid	(24,770)	(17,835)
Net cash used in operating activities	(1,931,597)	(1,011,057)
Cash flows from investing activities		
Additions to property, plant and equipment	(98,093)	(362,160)
Proceeds from disposal of property, plant and equipment	1,734	122
Net cash used in investing activities	(96,359)	(362,038)
Cash flows from financing activities		
Loans received	-	87,186
Repayment of loans	(124,433)	(193,513)
Related companies	2,285,717	1,383,449
Net cash provided by financing activities	2,161,284	1,277,122
Increase (decrease) in cash and cash equivalents	133,328	(95,973)
Net cash and cash equivalents - beginning of year	(14,097)	81,876
Net cash and cash equivalents – end of year	119,231	(14,097)
Represented by:		
Cash and short-term deposits	153,584	154,056
Bank overdraft	(34,353)	(168,153)
	119,231	(14,097)

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position
As at 31 December 2011
(Expressed in Jamaican Dollars)

	Notes	2011 $'000	2010 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	4,947,106	5,542,868
Investment in subsidiaries	13	89,310	89,310
Deferred tax asset	6	676,160	314,580
		5,712,576	5,946,758
Current assets			
Inventories	14	2,190,715	2,269,503
Receivables and prepayments	15	614,280	493,575
Due from related companies	16	42,586	119,128
Taxation recoverable		42,262	48,673
Due from subsidiary	21	32,252	-
Cash and cash equivalents	17	135,908	144,834
		3,058,003	3,075,713
Current liabilities			
Bank overdraft	18	34,353	168,153
Payables and accruals	19	2,687,429	2,144,183
Due to parent and related companies	20	440,603	941,850
Due to subsidiary	21	-	98,317
Short-term loans	22	554,882	676,587
Current portion of long-term loans	23	1,391	3,940
		3,718,658	4,033,030
Working capital deficit		(660,655)	(957,317)
Non-current liabilities			
Due to parent and related companies	20	4,769,687	2,165,895
Long-term loans	23	3,827	4,006
		4,773,514	2,169,901
TOTAL NET ASSETS		278,407	2,819,540

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position
As at 31 December 2011
(Expressed in Jamaican Dollars)

	Notes	2011 $'000	2010 $'000
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary	24	1,808,837	1,808,837
Preference	24	1,339,650	1,339,650
Reserves:			
Realized capital gain		1,413,656	1,413,656
Accumulated losses		(4,283,736)	(1,742,603)
COMPANY EQUITY		278,407	2,819,540

The accompanying notes form an integral part of these financial statements.

On 28 March 2012, the Board of Directors authorized these financial statements for issue.

.... Director .... Director
Brian Young Dr. Rollin Bertrand

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Comprehensive Income
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	Notes	2011 $'000	2010 $'000
Revenue	3	7,927,399	7,741,321
Loss before interest, depreciation and tax	3	(1,715,310)	(1,647,958)
Depreciation		(500,237)	(367,577)
Impairment losses	10	(193,292)	-
Operating loss		(2,408,839)	(2,015,535)
Interest income		891	763
Debt restructuring costs	31	(28,487)	-
Finance costs	5	(466,278)	(228,007)
Loss before taxation		(2,902,713)	(2,242,779)
Taxation credit	6	361,580	697,169
Net loss for the year	7	(2,541,133)	(1,545,610)
Total comprehensive loss attributable to equity holders		(2,541,133)	(1,545,610)

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Changes In Equity
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	Note	Realized capital gain $'000	Accumulated losses $'000	Total reserves $'000	Ordinary share capital $'000	Preference share capital $'000	Total capital & reserves $'000
Balance as at 1 January 2010		1,413,656	(196,993)	1,216,663	1,808,837	-	3,025,500
Total comprehensive loss for the year		-	(1,545,610)	(1,545,610)	-	-	(1,545,610)
Issue of preference shares	24	-	-	-	-	1,339,650	1,339,650
Balance as at 31 December 2010		1,413,656	(1,742,603)	(328,947)	1,808,837	1,339,650	2,819,540
Total comprehensive loss for the year			(2,541,133)	(2,541,133)	-	-	(2,541,133)
Balance as at 31 December 2011		1,413,656	(4,283,736)	(2,870,080)	1,808,837	1,339,650	278,407

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Cash Flows
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

	2011 $'000	2010 $'000
Cash flows from operating activities		
Loss before taxation	(2,902,713)	(2,242,779)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	693,529	367,577
(Gain) loss on disposal of property, plant and equipment	(1,733)	1,189
Interest income	(891)	(763)
Interest expense	431,875	333,427
Unrealized foreign exchange losses (gains)	41,299	(97,025)
	(1,738,634)	(1,638,374)
Decrease in inventories	78,790	367,347
Increase in receivables and prepayments	(115,506)	(94,934)
Decrease in due from related companies	76,542	24,548
Increase (decrease) in payables and accruals	423,402	(80,395)
(Decrease) increase in due to parent and related companies	(501,247)	586,287
(Decrease) increase in due to subsidiary	(130,569)	20,850
Cash used in operations	(1,907,222)	(814,671)
Interest received	891	763
Interest paid	(34,046)	(207,636)
Taxation paid	-	(191)
Net cash used in operating activities	(1,940,377)	(1,021,735)
Cash flows from investing activities		
Additions to property, plant and equipment	(97,767)	(356,429)
Proceeds from disposal of property, plant and equipment	1,734	122
Net cash used in investing activities	(96,033)	(356,307)
Cash flows from financing activities		
Loans received	-	87,186
Repayment of loans	(124,433)	(193,513)
Related companies	2,285,717	1,383,449
Net cash provided by financing activities	2,161,284	1,277,122
Increase (decrease) in cash and cash equivalents	124,874	(100,920)
Net cash and cash equivalents - beginning of year	(23,319)	77,601
Net cash and cash equivalents – end of year	101,555	(23,319)
Represented by:		
Cash and short-term deposits	135,908	144,834
Bank overdraft	(34,353)	(168,153)
	101,555	(23,319)

The accompanying notes form an integral part of these financial statements

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

1. Corporate information

Caribbean Cement Company Limited (the "Company") and its Subsidiaries are incorporated under the laws of Jamaica. The Company is a public company listed on the Jamaica Stock Exchange.

The Company is a 65.65% owned subsidiary of TCL (Nevis) Limited. TCL (Nevis) Limited is a wholly owned subsidiary of Trinidad Cement Limited (the "Ultimate Parent Company") which also owns 8.45% of the ordinary shares of the Company. The principal activities of Caribbean Cement Company Limited and its Subsidiaries (the "Group") are the manufacture and sale of cement and the mining and sale of gypsum, shale and pozzolan.

The registered office of the Company is Rockfort, Kingston, Jamaica.

2. Significant accounting policies

a) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

(ii) Basis of measurement

These financial statements have been prepared under the historical cost convention except for the measurement at deemed cost of certain property, plant and equipment. Deemed cost represents fair value at the date of transition to IFRS.

(iii) Going concern

The Group's and the Company's current economic environment is challenging and as a result, the Group has reported accumulated losses of $4,152,955,000 (Company: $4,283,736,000) as at 31 December 2011 and operating losses of $2,490,076,000 (Company: $2,408,839,000) for the year then ended. In addition, the Group's current liabilities have exceeded its current assets by $588,543,000 (Company: $660,655,000) as at 31 December 2011. The directors consider that the outlook will remain challenging despite some recent positive indicators of growth in the domestic market for cement and plans for expansion into more lucrative export markets.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(iii) Going concern (continued)

The Company is currently negotiating the supply of a relatively large amount of cement to a new customer under a three year contract. That contract would make a significant contribution to the Company's forecast turnover and net cash flow over the contract period. Management has pursued a number of new markets and increased market share in existing ones with some level of success.

TCL Group commenced negotiations with its lenders for a restructuring of its debt portfolio. On 14 January 2011 a moratorium on debt service was declared and thereafter payments were not made as a consequence of which the Group went into default of several loan agreements which continued to year end. However, lenders have not sought to enforce their security and other rights which remain unchanged whilst negotiations are taking place with the Group. By 31 December 2011, the TCL Group and its lenders had reached agreement in principle on the features of the restructuring and its key terms. The many agreements to give effect to the debt restructuring are being drafted and signing of these agreements is expected in April 2012.

The directors have concluded that the combination of the above circumstances could represent a material uncertainty casting doubt about the Group's and the Company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties, the directors have a reasonable expectation that the Group and the Company will have adequate resources, based on the plans and strategies as outlined in the preceding paragraphs, to generate adequate cash flows and profitability that will allow the Group and the Company 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.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(iv) Current year changes in accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new and amended IFRSs and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of 1 January 2011:

- IAS 24: Related Party Disclosures (amendment)
- IAS 32: Financial Instruments: Presentation (amendment)
- IFRIC14 Prepayments of a Minimum Funding Requirement (amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of these Standards and Interpretations is deemed not to have an impact on the financial statements or performance of the Group.

Improvements to IFRSs

In May 2010 the IASB issued its third omnibus amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

IFRS 7 Financial Instruments - Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(iv) Current year changes in accounting standards and interpretations (continued)

Other amendments
Other amendments to IFRSs and IFRIC interpretations resulting from the IASB's improvements projects that are either not applicable to the Group or did not have any impact on the accounting policies, financial position or performance of the Group are as follows:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statements
- IFRIC 13 Customer Loyalty Programmes

(v) Future changes in accounting standards and interpretation

The Group has not adopted early the following new and revised IFRSs that have been issued but are not yet effective or are likely to have a significant impact on the Group's operations:

IFRS 7 *Financial Instruments: Disclosures (Amendment)*
The amendment is required for annual periods beginning on or after 1 July 2011. It requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when:
- Financial assets are derecognised in their entirety, but the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety

IFRS 9 *Financial Instruments — Classification and Measurement*
IFRS 9 is effective for annual periods beginning on or after 1 January 2013. The first phase of IFRS 9 Financial Instruments addresses the classification and measurement of financial instruments (Phase 1). The IASB's work on the other phases is ongoing and includes impairment of financial instruments and hedge accounting, with a view to replacing IAS 39 Financial Instruments: Recognition and Measurement in its entirety. Phase 1 of IFRS 9 applies to all financial instruments within the scope of IAS 39.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
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2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) Future changes in accounting standards and interpretation (continued)

IFRS 10 *Consolidated Financial Statements*
IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements and is effective for annual periods beginning on or after 1 January 2013. It also addresses the issues raised in SIC-12 *Consolidation — Special Purpose Entities* resulting in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements.
IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, it changes whether an entity is consolidated by revising the definition of control. Control exists when an investor has:

- Power over the investee (defined in IFRS 10 as when the investor has existing rights that give it the current ability to direct the relevant activities)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 *Joint Ventures*
IFRS 11 is effective for annual periods beginning on or after 1 January 2013. It replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' in IFRS 10.

IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 is effective for annual periods beginning on or after 1 January 2013 and applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new. The objective of the new disclosure requirements is to help the users of financial statements understand the following:

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows
- The nature of, and the risks associated with, the entity's interest in other entities.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) Future changes in accounting standards and interpretation (continued)

IFRS 13 *Fair Value Measurement*
IFRS 13 is effective for annual periods beginning on or after 1 January 2013. It does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. Fair value under IFRS 13 is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date' (i.e., an 'exit price').

IAS 1 *Presentation of Items of Other Comprehensive Income — Amendments to IAS 1*
IAS 1 is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendments do not change the nature of the items that are currently recognised in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods.

IAS 12 *Income Taxes* (Amendment) — *Deferred Taxes: Recovery of Underlying Assets*
The amendment to IAS 12 is effective for annual periods beginning on or after 1 January 2012 and introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed, an own use basis must be adopted. The amendment also introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) Future changes in accounting standards and interpretation (continued)

IAS 19 *Employee Benefits (Revised)*
The revised standard is effective for annual periods beginning on or after 1 January 2013 and includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in OCI when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in OCI with no subsequent recycling to profit or loss.
- Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Liabilities.
- The distinction between short-term and other long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement to the benefits.

b) Basis of consolidation
The Group's financial statements present the results of operations and financial position of the Company and its Subsidiaries as follows:

Subsidiaries:	**Ownership Level**
Jamaica Gypsum and Quarries Limited	100 %
Caribbean Gypsum Company Limited	100 %
Rockfort Mineral Bath Complex Limited	100 %

The financial statements for the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Caribbean Gypsum Company Limited had no trading activities during the year.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

c) Interest bearing loans and borrowings

Borrowings are stated initially at cost, being the fair value of consideration received net of transaction cost associated with the borrowings. After initial recognition, borrowings are measured at amortized cost using the effective interest method; any difference between proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

d) Property, plant and equipment

Land and buildings, held for use in the production or supply of goods and services or for administrative purposes, and certain machinery and equipment are stated in the statement of financial position at their deemed cost, being the fair value on the basis of their existing use at the date of the adoption of IFRS 1, less any subsequent accumulated depreciation and impairment losses. The values of these assets are subject to annual management reviews.

Other property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred. Land is not depreciated.

Depreciation is calculated on the straight-line method over the useful lives of the assets. Current annual rates of depreciation are:

Buildings	2.5% to 5%
Plant, machinery and equipment	3% to 33.3%
Office furniture and equipment	25% to 33.3%
Motor vehicles	20% to 33.3%

Leasehold land and improvements are amortized over the remaining term of the lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

The useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

It is the Group's policy to capitalize interest on loans specific to capital projects during the period of construction. The interest rate is determined by using the weighted average cost of capital.

e) Inventories

Plant spares and raw materials are valued at the lower of weighted average cost and net realizable value. Work in progress and finished goods are valued at the lower of cost, including attributable production overheads, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale.

f) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, short-term deposits, receivables, long-term loans, related company balances and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Group's and the Company's financial instruments are discussed in Note 30.

g) Foreign currency translation

The Group's functional and presentation currency is Jamaican dollars. Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the statement of financial position. Non-monetary assets and liabilities and transactions denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the transaction. Exchange differences on foreign currency translations are recognized in the statement of comprehensive income. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

h) Taxation

The taxation charge is based on the results for the year as adjusted for items, which are non-assessable or disallowed. The taxation charge is calculated using the tax rate in effect at the statement of financial position date.

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

i) Pension benefits

The Group has a defined contribution pension scheme for all permanent employees. The scheme is managed by an outside agency. The Group's liability is limited to its contributions which are accounted for on the accrual basis and charged to the statement of comprehensive income in the period to which they relate.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

j) Revenue recognition (continued)

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of goods have been passed to the buyers and the amounts of revenue can be measured reliably.

Rental and interest income are recognized as they accrue unless collectability is in doubt.

k) Receivables and payables

Trade receivables are carried at anticipated realizable value. A provision is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

Liabilities for trade and other accounts payable, which are normally settled on 30 to 90 days terms, are recorded at amounts representing the fair value of the consideration to be paid in the future for goods and services received by the statement of financial position date, whether or not billed.

l) Net cash and cash equivalents

For the purpose of the statement of cash flows, net cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of bank overdraft.

m) Earnings per stock unit

The earnings per stock unit is computed by dividing profit attributable to ordinary stockholders by the weighted average number of ordinary stock units in issue during the year.

n) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The areas involving the highest degree of judgement or estimation are:

(i) Accruals

Amounts accrued for certain expenses are based on estimates and are included in payables and accruals.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
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2. Significant accounting policies (continued)

n) Use of estimates and judgements (continued)

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimate of the value in use of the cash generating units to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

(iii) Deferred tax assets

In recognizing a deferred tax asset for unused tax losses, management uses judgment to determine the probability that future taxable profits will be available to facilitate utilization of these unused tax losses.

(iv) Property, plant and equipment

Management exercises judgement in determining whether costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense.

Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation determined thereon.

(v) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(vi) Provision for obsolescence

Estimates of provision for obsolescence are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. Estimates of provision for obsolescence also take into consideration the purpose for which the inventory is held.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

o) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. The expense relating to any provision is charged to the statement of comprehensive income net of any reimbursement.

p) Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income over the period of the lease relative to the benefit expected to be derived from the use of the asset.

q) Deferred expenditure

The costs of installed refractories and grinding media are amortized over a period of six to twelve months to match the estimated period of their economic usefulness.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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2. Significant accounting policies (continued)

r) Impairment of non-financial assets (continued)

The following criteria are also applied in assessing impairment of goodwill:

- Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired;

- Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

s) Investments

Equity investments in subsidiaries, classified as non-current, are stated at cost less impairment adjustments.

t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other segments. The Group bases its segment reporting on business segments whose results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available and, from which it earns income and incurs expenses.

u) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, they are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization of these assets is computed on the straight line method over a three year period.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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3. Operating loss

Operating loss consists of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Revenue	8,033,786	7,929,783	7,927,399	7,741,321
Expenses:				
Raw materials and consumables	737,565	767,572	973,131	1,035,404
Fuels and electricity	3,176,908	2,493,137	3,159,124	2,459,323
Personnel remuneration and benefits (Note 4)	1,888,956	1,995,224	1,820,769	1,916,339
Repairs and maintenance	385,617	374,388	350,848	331,635
Operating lease	1,590,915	1,894,338	1,590,915	1,894,338
Marketing and selling expenses	123,687	151,011	113,030	131,220
Transportation	376,332	333,272	352,490	298,747
Insurance	216,641	197,987	208,555	192,186
Training and staff development	56,091	62,604	56,091	62,604
Technical assistance fees and related charges	140,410	190,409	138,523	186,617
Security	118,443	110,076	97,085	88,824
Equipment hire	461,884	413,978	342,666	328,480
Other operating expenses	366,925	360,935	314,790	306,493
Changes in inventories of finished goods and work in progress	159,846	264,829	166,233	213,451
Total expenses	9,800,220	9,609,760	9,684,250	9,445,661
Loss before other income	(1,766,434)	(1,679,977)	(1,756,851)	(1,704,340)
Other income	5,541	56,451	41,541	56,382
Loss before interest, tax and depreciation	(1,760,893)	(1,623,526)	(1,715,310)	(1,647,958)
Depreciation and amortization	(518,402)	(386,852)	(500,237)	(367,577)
Impairment losses	(210,781)	-	(193,292)	-
Operating loss	(2,490,076)	(2,010,378)	(2,408,839)	(2,015,535)

Depreciation and amortisation includes $120,539,000 representing amounts for accelerated depreciation for certain assets.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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3. Operating loss (continued)

Other income includes:				
(Gain) loss on disposal of property, plant and equipment	(1,681)	15,605	(1,733)	15,605

Operating loss is arrived at after charging:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Audit fees				
Current year	11,910	11,910	10,595	10,595
Prior year	-	110	-	-
Directors' emoluments				
Fees	7,774	7,836	7,774	7,836

4. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Wages and salaries	1,436,825	1,426,285	1,387,954	1,361,579
Statutory contributions	120,037	123,866	113,297	117,734
Pension costs (Note 25)	53,442	64,145	53,218	62,834
Redundancy costs	43,127	93,081	34,051	93,081
Other personnel costs	235,525	287,847	232,249	281,111
	1,888,956	1,995,224	1,820,769	1,916,339

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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5. Finance costs

Finance costs consist of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Interest expense	431,875	333,452	431,875	333,427
Loss (gain) on currency exchange	34,485	(100,658)	34,403	(105,420)
	466,360	232,794	466,278	228,007

6. Taxation

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Statement of comprehensive income				
The taxation credit consists of:				
Deferred tax credit	370,635	698,427	361,580	697,169
Income tax charge - current year	-	(268)	-	-
- prior year under-accrual	-	(12,992)	-	-
	370,635	685,167	361,580	697,169

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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6. Taxation (continued)

The taxation credit differs from the theoretical amount that would arise using the income tax rate as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loss before taxation	(2,983,995)	(2,242,360)	(2,902,713)	(2,242,779)
Taxed at 33.3%	994,665	747,453	967,571	747,593
Tax on non-assessable income	14,806	5,202	-	5,202
Tax on non-allowable expenses	(27,273)	(59,388)	(21,421)	(56,535)
Other	6,828	4,892	9,389	909
Tax benefits not recognised	(618,391)	-	(593,959)	-
Prior year under-accrual	-	(12,992)	-	-
Effective tax credit	370,635	685,167	361,580	697,169

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred tax asset (liability)				
Balance at beginning of year	305,525	(392,902)	314,580	(382,589)
Deferred tax credit for the year	370,635	698,427	361,580	697,169
Balance at end of year, net	676,160	305,525	676,160	314,580

Deferred tax asset (liability) comprises the following:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred liability in subsidiary, net	-	(9,055)	-	-
Deferred asset in Company, net	676,160	314,580	676,160	314,580
	676,160	305,525	676,160	314,580

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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6. Taxation (continued)

The significant components of deferred tax asset (liability) are as follows:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Deferred tax liability:				
Property, plant and equipment	(1,119,094)	(1,264,834)	(1,110,585)	(1,255,173)
Unrealized exchange gains	(10,407)	(32,342)	(10,407)	(32,342)
	(1,129,501)	(1,297,176)	(1,120,992)	(1,287,515)
Deferred tax asset:				
Tax losses	2,194,069	1,473,578	2,149,513	1,461,222
Accrued vacation	47,148	45,290	46,407	45,290
Accrued redundancy	3,669	31,027	3,669	31,027
Interest payable	175,582	55,026	175,582	55,026
Unrealized exchange losses	7,658	-	7,658	-
Other	8,282	10,136	8,282	9,530
	2,436,408	1,615,057	2,391,111	1,602,095
	1,306,907	317,881	1,270,119	314,580
Tax benefits not recognised	(630,747)	(12,356)	(593,959)	-
	676,160	305,525	676,160	314,580

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits amount to approximately $6,582,208,000 (2010 - $4,442,398,000) for the Group and $6,448,538,000 (2010 - $4,405,328,000) for the Company.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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7. Loss after taxation and accumulated losses

	2011 $'000	2010 $'000
a) The net loss is dealt with in the financial statements as follows:		
Company	(2,541,133)	(1,545,610)
Subsidiaries	(72,227)	(11,583)
	(2,613,360)	(1,557,193)
b) The accumulated (losses) profits are reflected in the financial statements as follows:		
Company	(4,283,736)	(1,742,603)
Subsidiaries	130,781	203,008
	(4,152,955)	(1,539,595)

8. Loss per ordinary stock unit

	Group	
	2011 $'000	2010 $'000
Loss attributable to stockholders	(2,613,360)	(1,557,193)
Number of stock units in issue (thousands)	851,138	851,138
Loss per ordinary stock unit	($3.07)	($1.83)

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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9. Related party transactions

a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Included in the statement of comprehensive income:				
(Income) expenses –				
Sale of gypsum	(16,940)	(38,044)	-	-
Sale of cement	(411,972)	(427,394)	(411,972)	(427,394)
Sale of clinker	(124,753)	(133,462)	(124,753)	(133,462)
Freight charges	15,512	2,008	15,512	2,008
Technical fee charges	75,814	76,883	75,814	76,883
Purchase of goods and materials	434,003	457,540	434,003	457,540
Interest charges on advances	242,613	129,678	242,613	129,678
Operating lease (Note 10)	1,590,915	1,894,338	1,590,915	1,894,338

Included in the statement of financial position:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Short-term amounts (repaid) received net	(419,798)	632,512	(423,423)	611,895
Long-term amounts received net	2,606,975	101,106	2,606,975	101,106

b) Transactions between the Company and its subsidiaries:

	Company	
	2011 $'000	**2010** $'000
Included in the Company statement of comprehensive income:		
Purchase of gypsum, shale and pozzolan	201,029	264,422
Port fees paid	5,276	25,674
Management fee received	(36,000)	(36,000)
Subvention	9,896	10,011

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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9. Related party transactions (continued)

c) Compensation of directors and key management personnel

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Short-term employee benefits	86,875	89,586	86,875	89,586
Directors' fees	7,774	7,836	7,774	7,836
	94,649	97,422	94,649	97,422

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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(Expressed in Jamaican Dollars)

10. Property, plant and equipment

Property, plant and equipment consist of the following:

Group:

	2011				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles** $'000	**Office furniture and equipment** $'000	**Capital work in progress** $'000	**Total** $'000
At cost					
1 January 2011	1,168,199	7,382,220	303,665	347,878	9,201,962
Additions	-	-	-	98,093	98,093
Disposals and adjustments	-	(13,315)	-	-	(13,315)
Transfers	-	6,905	2,636	(9,541)	-
31 December 2011	1,168,199	7,375,810	306,301	436,430	9,286,740
Accumulated depreciation					
1 January 2011	483,678	2,798,976	214,342	-	3,496,996
Charges during the year	34,831	464,749	16,028	-	515,608
Impairment	-	193,292	-	-	193,292
Disposals	-	(13,315)	-	-	(13,315)
31 December 2011	518,509	3,443,702	230,370	-	4,192,581
Net book value 31 December 2011	649,690	3,932,108	75,931	436,430	5,094,159
Net book value 31 December 2010	684,521	4,583,244	89,323	347,878	5,704,966

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

10. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Group:

	2010				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles** $'000	**Office furniture and equipment** $'000	**Capital work in progress** $'000	**Total** $'000
At cost					
1 January 2010	1,136,376	6,122,169	302,937	1,291,142	8,852,624
Additions	-	-	-	362,160	362,160
Disposals and adjustments	-	(12,822)	-	-	(12,822)
Transfers	31,823	1,272,873	728	(1,305,424)	-
31 December 2010	1,168,199	7,382,220	303,665	347,878	9,201,962
Accumulated depreciation					
1 January 2010	451,264	2,478,490	197,397	-	3,127,151
Charges during the year	32,414	331,996	16,945	-	381,355
Disposals and adjustments	-	(11,510)	-	-	(11,510)
31 December 2010	483,678	2,798,976	214,342	-	3,496,996
Net book value					
31 December 2010	684,521	4,583,244	89,323	347,878	5,704,966

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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10. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2011				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles** $'000	**Office furniture and equipment** $'000	**Capital work in progress** $'000	**Total** $'000
At cost					
1 January 2011	1,025,910	7,191,326	302,295	328,930	8,848,461
Additions	-	-	-	97,767	97,767
Disposals and adjustments	-	(13,315)	-	-	(13,315)
Transfers	-	6,905	2,636	(9,541)	-
31 December 2011	1,025,910	7,184,916	304,931	417,156	8,932,913
Accumulated depreciation					
1 January 2011	438,048	2,655,580	211,965	-	3,305,593
Disposals and adjustments	-	(13,315)	-	-	(13,315)
Impairment	-	193,292	-	-	193,292
Charges during the year	29,787	454,700	15,750	-	500,237
31 December 2011	467,835	3,290,257	227,715	-	3,985,807
Net book value					
31 December 2011	558,075	3,894,659	77,216	417,156	4,947,106
Net book value					
31 December 2010	587,862	4,535,746	90,330	328,930	5,542,868

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
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10. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2010				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles** $'000	**Office furniture and equipment** $'000	**Capital work in progress** $'000	**Total** $'000
At cost					
1 January 2010	996,459	5,931,751	301,670	1,274,972	8,504,852
Additions	-	-	-	356,429	356,429
Disposals	-	(12,822)	-	-	(12,822)
Transfers	29,451	1,272,396	624	(1,302,471)	-
31 December 2010	1,025,910	7,191,325	302,294	328,930	8,848,459
Accumulated depreciation					
1 January 2010	408,727	2,345,569	195,228	-	2,949,524
Charges during the year	-	(11,510)	-	-	(11,510)
Disposals	29,321	321,519	16,737	-	367,577
31 December 2010	438,048	2,655,578	211,965	-	3,305,591
Net book value					
31 December 2010	587,862	4,535,747	90,329	328,930	5,542,868

10. Property, plant and equipment (continued)

a) In August 2004, an arrangement to lease Kiln 4 from Trinidad Cement Limited (TCL) was executed by the Company. This lease extends to 2014 (Note 27) and can be terminated at the option of the Company.

In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln are owned by TCL and the rest is owned by the Company. On 1 December 2008, the Company entered into a lease arrangement with TCL which ends in 2028, in respect of the units that TCL owns (Note 27).

Cement Mill 5 assets are partly owned by TCL and the rest is owned by the Company. On commissioning of the Mill in January 2010, the Company entered into a lease arrangement with TCL in respect of the units that TCL owns. (Note 27).

b) TCL obtained loans in the amount of US$105,000,000 in order to finance the construction of Kiln 5 and Cement Mill 5. The loans are secured by a first charge on Kiln 5 and Cement Mill 5, owned by TCL but leased to the Company, and a debenture over fixed and floating assets of the Company in addition to the maintenance of several financial ratios and covenants.

c) Included under plant and machinery is the Kiln 4 asset with a carrying value of $577,533,000 as at 1 January 2011. This asset is not currently operating. Management expects to recommence operations of the Kiln in the medium term based on expected future market demands. Certain assets continue to be depreciated based on their current economic life.

The Group has reviewed the recoverable amount of Kiln 4 assets based on discounted cash flows from the expected future earnings and has concluded that the carrying amount of the asset is impaired. A rate of 18.8% was used to discount the future cash flows. The impairment losses of $193,292,000 representing a partial write-down of these assets have been recognized in the statement of comprehensive income.

11. Goodwill

Goodwill arises on consolidation and relates to the acquisition of Jamaica Gypsum and Quarries Limited. The Group performed its annual impairment test as at 31 December 2011. The future cash flows from Jamaica Gypsum and Quarries Limited were considered and a rate of 17.5% used to discount the future cash flows. As a result of this analysis, management has recognised an impairment charge of $17,489,000 which is recorded in the consolidated statement of comprehensive income. This represents the full impairment of the goodwill previously carried.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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12. Intangible assets

	The Group		
	Exploration cost $'000	**Dredging cost** $'000	**Total 2011** $'000
At cost			
1 January and 31 December 2011	2,521	13,570	16,091
Accumulated amortization			
1 January 2010	1,680	5,189	6,869
Amortization	841	4,656	5,497
1 January 2011	2,521	9,845	12,366
Amortization	-	2,794	2,794
31 December 2011	2,521	12,639	15,160
Net book value			
31 December 2011	-	931	931
31 December 2010	-	3,725	3,725

13. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	Company	
	2011 $'000	**2010** $'000
At cost:		
Jamaica Gypsum and Quarries Limited 375,000,000 ordinary shares	79,000	79,000
Rockfort Mineral Bath Complex Limited 21,000,000 ordinary shares	6,310	6,310
Caribbean Gypsum Company Limited 1,000 ordinary shares	4,000	4,000
	89,310	89,310

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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14. Inventories

Inventories consist of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Plant spares	797,914	764,776	797,914	764,776
Consumables	281,855	223,671	281,855	223,670
Raw materials and work in progress	778,312	908,381	766,356	940,844
Finished goods	389,908	378,562	341,889	337,111
Goods in transit	16,311	5,716	16,311	5,716
	2,264,300	2,281,106	2,204,325	2,272,117
Provision for obsolescence and impairment	(13,610)	(2,614)	(13,610)	(2,614)
	2,250,690	2,278,492	2,190,715	2,269,503

15. Receivables and prepayments

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Trade receivables	387,792	384,339	361,825	347,325
Sundry receivables and prepayments	298,374	190,457	268,748	186,577
	686,166	574,796	630,573	533,902
Less: Impairment provision	(18,812)	(42,600)	(16,293)	(40,327)
	667,354	532,196	614,280	493,575

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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15. Receivables and prepayments (continued)

Changes in impairment provision

	Group individually impaired		Company individually impaired	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Balance as at 1 January	42,600	10,777	40,327	8,504
(Recoveries) charges	(23,788)	31,823	(24,034)	31,823
Balance as at 31 December	18,812	42,600	16,293	40,327

As at 31 December, the aging analysis of trade receivables net of impaired provision is as follows:

The Group

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**61-90 days**	**> 90 days**
	$'000	$'000	$'000	$'000	$'000	$'000
2011	368,980	169,651	70,740	417	70,222	57,951
2010	341,739	175,238	75,907	61,194	19,901	9,499

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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15. Receivables and prepayments (continued)

	The Company					
			Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	>90 days
	$'000	$'000	$'000	$'000	$'000	$'000
2011	345,532	168,756	66,115	(1,764)	68,723	43,702
2010	306,998	167,880	72,296	57,337	72	9,413

16. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Readymix (West Indies) Limited	49	49	49	49
Arawak Cement Company Limited	65,006	62,019	42,349	41,589
TCL Trading Limited	-	43,502	-	43,502
TCL Guyana Limited	188	33,988	188	33,988
Trinidad Cement Limited	-	5,853	-	-
	65,243	145,411	42,586	119,128

17. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at bank and in hand	153,584	154,056	135,908	144,834

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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18. Bank overdraft

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Bank overdraft	34,353	168,153	34,353	168,153

This balance will be restructured into long-term facilities under the Group's Debt Restructuring exercise. The applicable interest rate is 22.25% per annum. (Note 31)

19. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
Sundry payables and accruals	1,360,442	1,028,360	1,333,294	1,025,247
Trade payables	1,257,760	1,055,788	1,251,161	1,036,686
Statutory obligations	104,639	85,025	102,974	82,250
	2,722,841	2,169,173	2,687,429	2,144,183

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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20. Due to parent and related companies

The amounts due to parent and related companies consist of the following:

	Group		Company	
	2011 $'000	**2010** $'000	**2011** $'000	**2010** $'000
TCL Ponsa Manufacturing Ltd	3,946	8,317	3,946	8,317
Trinidad Cement Limited	4,542,862	2,525,458	4,542,862	2,525,458
TCL (Nevis) Limited	185,227	127,849	185,227	127,849
TCL Packaging Limited	412,370	373,940	412,370	373,940
TCL Trading Limited	65,885	72,181	65,885	72,181
	5,210,290	3,107,745	5,210,290	3,107,745
Long-term	4,769,687	2,165,895	4,769,687	2,165,895
Short-term	440,603	941,850	440,603	941,850
	5,210,290	3,107,745	5,210,290	3,107,745

	Group and Company	
	2011 $'000	**2010** $'000
The long term amount comprises the following:		
Trinidad Cement Limited	4,463,554	1,993,460
TCL Packaging Limited	147,204	146,245
TCL Trading Limited	54,254	53,809
TCL Nevis Limited	104,675	103,818
	4,769,687	2,297,332
Less current portion included in short-term	-	(131,437)
	4,769,687	2,165,895

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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20. Due to parent and related companies (continued)

Trinidad Cement Limited:

Loan #	Interest rate per annum %	2011 US$'000	2010 US$'000	2011 $'000	2010 $'000
1	10.50	3,625	3,625	313,077	310,510
2	10.00	2,249	2,249	194,240	192,647
3	10.00	13,706	13,706	1,183,766	1,174,062
4	10.00	1,100	-	95,005	-
5	10.00	1,434	-	123,859	-
6	10.00	1,300	-	112,278	-
		23,414	19,580	2,022,225	1,677,219
		TT$'000	TT$'000		
7	10.00	23,700	23,700	318,314	316,241
		23,700	23,700	318,314	316,241
		US$'000	US$'000		
Long term payables		24,581	-	2,123,015	-
		24,581	-	2,123,015	-
				4,463,554	1,993,460

Loan # 1 represents Kiln 5 lease payable which was renegotiated as a long term loan in September 2009. It is repayable in sixteen equal quarterly installments, and initially was to commence March 2011. In December 2011, a review of the company's loan portfolio was done and the repayment was rescheduled to commence March 2013.

Loan # 2 represents Kiln 5 lease payable which was converted to a long term loan in March 2010. In December 2011, the loan was rescheduled to mature in March 2014.

Loan # 3 represents lease obligations (Kiln 5 and Cement Mill 5) and Kiln #5 current advance payable which were converted to a long term loan in September 2010. It is rescheduled to be repaid upon maturity on 31 December 2016.

Loan # 4 represents amounts advanced to the company in June 2011. It is repayable upon maturity on 31 March 2015.

Loan # 5 represents amounts advanced to the company in July 2011. It is repayable upon maturity on 31 March 2014.

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20. Due to parent and related companies (continued)

Trinidad Cement Limited (continued):

Loan # 6 represents amounts advanced to the company in September 2011. It is repayable upon maturity on 31 December 2016.

Loan # 7 represents Kiln 4 lease payable which was converted to a long term loan in December 2009. In December 2011, the loan was rescheduled to mature in March 2014.

Long term payables represent short term amounts payable to TCL which was converted to long term as at 31 December 2011.

TCL Packaging Limited:

Interest rate per annum %	2011 TT $'000	2010 TT$'000	2011 $'000	2010 $'000
9.50	10,960	10,960	147,204	146,245
	10,960	10,960	147,204	146,245

This loan was received in 2006 in the amount of TT$9.2m. In December 2010, outstanding interest of TT$1.7m was capitalized bringing the total loan value to TT$10.96m. The loan is repayable in four equal installments commencing June 2013 after it was rescheduled in December 2011.

TCL Trading Limited:

Loan #	Interest rate per annum %	2011 US$'000	2010 US$'000	2011 $'000	2010 $'000
1	7.00	410	410	35,448	35,157
2	7.50	218	218	18,806	18,652
		628	628	54,254	53,809

Loan # 1 was received in 2008 and is repayable in four semi-annual installments which began June 2009. The loan was rescheduled in 2011 and repayments are now scheduled to commence June 2013.

Loan # 2 represents the conversion of short term advances to a long term loan. It is repayable in twelve equal quarterly installments which began March 2009. The loan was rescheduled in 2011 and repayments are scheduled to start March 2013.

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20. Due to parent and related companies (continued)

TCL Nevis Limited:

Interest rate per annum %	2011 US$'000	2010 US$'000	2011 $'000	2010 $'000
10.00	1,212	1,212	104,676	103,818
	1,212	1,212	104,676	103,818

This loan represents management fees converted to a long term loan in September 2010. It has been rescheduled and is now repayable upon maturity in December 2016.

21. Due from (to) subsidiary

This amount represents the net of trade amounts due to Jamaica Gypsum and Quarries Limited and management fees charged by the parent company.

22. Short-term loans

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Bank of Nova Scotia (Ja.) Ltd	-	120,000	-	120,000
RBC Bank Jamaica Limited (see table below)	554,882	556,587	554,882	556,587
	554,882	676,587	554,882	676,587

Bank of Nova Scotia Jamaica Limited

Interest rate per annum %	Group Balance 2011 $'000	Group Balance 2010 $'000	Company Balance 2011 $'000	Company Balance 2010 $'000
16.75	-	120,000	-	120,000
	-	120,000	-	120,000

This Bank of Nova Scotia loan was repaid during the year.

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22. Short-term loans (continued)

RBC Bank Jamaica Limited

Loan #	Interest rate per annum	Group Balance		Company Balance	
	%	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
1	9.50	59,882	61,587	59,882	61,587
2	15.75	135,000	135,000	135,000	135,000
3	18.25	360,000	360,000	360,000	360,000
		554,882	556,587	554,882	556,587

At year end, the Company is in default of all loan agreements. Therefore as required by IAS 1: "Presentation of financial statements," all loan balances have been classified as current liabilities, to reflect the fact that the loans are callable on demand as a result of the breach. The Company is currently negotiating the restructuring of debt service payments (Note 31).

23. Long-term loans

Long-term loans are repayable as follows:

	Group and Company	
	2011	2010
	$'000	$'000
Amounts repayable within:		
One year	1,391	3,940
Two years	1,330	1,356
Three years	1,313	1,060
Four years	1,184	1,060
Five years	-	530
	5,218	7,946
Current portion	(1,391)	(3,940)
	3,827	4,006

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23. Long-term loans (continued)

These loans are:

	Interest rate percentage	Group and Company	
		2011 $'000	**2010** $'000
RBC Bank Jamaica Limited	18.25	762	804
Bank of Nova Scotia	19.50	-	2,372
Other	20.00	4,456	4,770
		5,218	7,946

Each loan is secured by bills of sale over certain of the Company's motor vehicles. The loans are repayable in equal monthly installments. The loan classified as "Other", represents a motor vehicle loan which was provided to a Company executive in accordance with the Company's motor vehicle policy.

24. Share capital

Share capital consists of the following:

	Number of units	Number of units	Group and Company	
	2011 (000)	**2010** (000)	**2011** $'000	**2010** $'000
Authorized:				
Ordinary shares of no par value	1,350,000	1,350,000		
Preference shares	15,000	15,000		
Issued and fully paid:				
Ordinary stock units of no par value	851,138	851,138	1,808,837	1,808,837
Preference shares	15,000	15,000	1,339,650	1,339,650
			3,148,487	3,148,487

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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24. Share capital (continued)

On 5 January 2010 at an Extraordinary General Meeting the members approved a resolution for the conversion of US$15,000,000 of the Company's indebtedness to TCL into fifteen million (15,000,000) redeemable preference shares of US$1 each.

The preference shares confer upon the holders thereof no right at any time to receive any dividend beyond such dividend as the Company may, at its discretion, declare upon the preference shares provided that if the Company shall declare any dividend on its ordinary stock units it shall at the same time declare a dividend on the preference shares at a rate no lower than the rate declared on the ordinary stock units. All dividends declared upon the preference shares shall be paid in United States dollars.

The preference shares may be redeemed at any time at the sole discretion of the Company.

25. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's and Company's contributions in the year amounted to $53,442,000 (2010 - $64,145,000) and $53,218,000 (2010 - $62,834,000) respectively.

26. Contingencies

There are several pending legal actions and other claims, estimated at $60,000,000 (2010 - $62,000,000), in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's Attorneys, that liability, if any, arising out of these claims is not likely to be material. Accordingly, no provision has been made in these financial statements in respect of these matters.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

27. Commitments

a) Operating leases

The Company has commitments of $21,852,719,000 (US$253,018,694) under the operating leases with Trinidad Cement Limited, which are payable semi-annually in United States dollars (Note 3).

In the year ending 31 December:

	$'000
2012	1,853,717
2013	1,872,422
2014	1,881,041
2015	1,778,182
2016-2024	14,467,357
	21,852,719

b) Guarantees

The Company has provided guarantees in the form of letters of credit and indemnity to third parties in the amount of $10,500,000 (2010 - $216,084,000).

c) Capital commitment

There were no capital commitments as at 31 December 2011 and 2010.

28. Limestone reserves

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The lease term has 37 years remaining but exploitable reserves are expected to have a life of 167 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 125 years. These limestone reserves are not recorded in these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
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29. Operating segment reporting

As at 31 December 2011

	Cement $'000	Gypsum and pozzolan $'000	Adjustments and eliminations $'000	Consolidated $'000
Revenue				
External customers	7,933,992	99,794	-	8,033,786
Inter-segment	9,729	206,305	(216,034)	-
Total revenue	7,943,721	306,099	(216,034)	8,033,786
Segment results				
Depreciation and amortization	501,368	17,034	-	518,402
Impairment losses	210,781	-	-	210,781
Segment loss before tax	(2,902,058)	(108,867)	26,930	(2,983,995)
Operating assets	8,780,573	279,416	(109,606)	8,950,383
Operating liabilities	8,493,392	80,050	(32,252)	8,541,190
Other disclosure				
Capital expenditure	97,767	326	-	98,093

As at 31 December 2010

	Cement $'000	Gypsum and pozzolan $'000	Adjustments and eliminations $'000	Consolidated $'000
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
Segment results				
Depreciation and amortization	368,710	18,142	-	386,852
Segment loss before tax	(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
Other disclosure				
Capital expenditure	356,429	5,731	-	362,160

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

30. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans and overdrafts, operating leases, trade payables and related party balances. The Group has various financial assets such as trade receivables, cash and short-term deposits and related party balances which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentrations of credit risk. Cash and short-term deposits are placed with reputable financial institutions. The primary concentration of the Group's credit risk is with its trade receivables, which is mitigated by regular credit evaluation of its customers' credit worthiness and credit limits. In addition, receivable balances are monitored on an ongoing basis to mitigate the Group's exposure to bad debts.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2011, the Group's exposure related to bank overdraft which had a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The interest rate exposure of borrowings is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Total borrowings:				
At fixed rates	5,329,787	2,981,865	5,329,787	2,981,865
At floating rates	34,353	168,153	34,353	168,153
	5,364,140	3,150,018	5,364,140	3,150,018
Weighted average effective interest rates:				
	(%)	(%)	(%)	(%)
Bank overdraft	22.3	22.0	22.3	22.0
Bank borrowings (US$ loans)	9.5	9.5	9.5	9.5
Other bank borrowings	19.6	19.0	19.6	19.0
Related party loans	10.0	10.0	10.0	10.0

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

30. Financial risk management objectives and policies (continued)

Interest rate risk (continued)
The following table demonstrates the sensitivity to a reasonably possible change in interest rates of the Group's and Company's loss before tax, with all other variables held constant.

	Group & Company	
	Increase/decrease in basis points	Effect on loss before tax
		$'000
2011		
JMD	+100	(344)
JMD	-100	344
2010		
JMD	+100	(1,681)
JMD	-100	1,681

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from purchases by the Group in currencies other than its functional currency. Approximately sixty percent (60%) of the Group's purchases are denominated in currencies other than its functional currency.

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Group's and the Company's loss before tax, with all other variables held constant.

			Group	Company
		Change in Exchange rate	Effect on loss before tax	Effect on loss before tax
			$'000	$'000
2011	US$	+1%	30,719	157,003
	US$	-1%	(30,719)	(157,003)
	TT$	+1%	21,694	108,471
	TT$	-1%	(21,694)	(108,471)
	Euro	+1%	114	571
	Euro	-1%	(114)	(571)

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

30. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

		Change in exchange rate	Group Effect on loss before tax	Company Effect on loss before tax
			$'000	$'000
2010	US$	+5%	164,273	172,618
	US$	-5%	(164,273)	(172,618)
	TT$	+5%	8,835	8,835
	TT$	-5%	(8,835)	(8,835)
	Euro	+5%	654	654
	Euro	-5%	(654)	(654)

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group maintains a balance between continuity of funding and flexibility through the use of bank overdraft, bank loans and related party financing.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2011 based on contractual undiscounted payments.

	The Group					
As at 31 December 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Interest bearing loans and borrowings	34,353	297	555,976	4,773,514	-	5,364,140
Due to related companies	-	-	440,603	-	-	440,603
Trade and other payables	-	2,722,841	-	-	-	2,722,841
	34,353	2,723,138	996,579	4,773,514	-	8,527,584

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

30. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	The Group					
As at 31 December 2010	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Interest bearing loans and borrowings	288,153	65,337	626,628	2,169,900	-	3,150,018
Due to related companies	-	810,413	-	-	-	810,413
Trade and other payables	-	2,169,173	-	-	-	2,169,173
	288,153	3,044,923	626,628	2,169,900	-	6,129,604

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2011 based on contractual undiscounted payments.

	The Company					
As at 31 December 2011	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Interest bearing loans and borrowings	34,353	297	555,976	4,773,514-	-	5,364,140
Due to related companies	-	-	440,603	-	-	440,603
Trade and other payables	-	2,687,429	-	-	-	2,687,429
	34,353	2,687,726	996,579	4,773,514-	-	8,492,172

	The Company					
As at 31 December 2010	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Interest bearing loans and borrowings	288,153	65,337	626,628	2,169,900	-	3,150,018
Due to related companies	-	810,413	-	-	-	810,413
Trade and other payables	-	2,144,183	-	-	-	2,144,183
	288,153	3,019,933	626,628	2,169,900	-	6,104,614

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
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30. Financial risk management objectives and policies (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business, maximize shareholder value, and comply with externally imposed capital ratio requirements.

The Group manages its capital structure and makes adjustments, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. At year end, the Group did not comply with externally imposed capital ratio requirements to which it is subject (Note 31).

Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

	The Group			
	Carrying amount		Fair values	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	153,584	154,056	153,584	154,056
Receivables	667,354	381,296	667,354	381,296
Due from related companies	65,243	145,411	65,243	145,411
Financial liabilities				
Bank overdraft	34,353	168,153	34,353	168,153
Payables	2,643,052	1,821,879	2,643,052	1,821,879
Due to related companies	5,210,290	3,107,745	3,380,073	1,868,383
Short term loans	554,882	676,587	554,882	676,587
Long term loans	5,218	7,946	2,929	6,329

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
Year ended 31 December 2011
(Expressed in Jamaican Dollars)

30. Financial risk management objectives and policies (continued)

Fair values (continued)

	The Company			
	Carrying amount		Fair values	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	135,908	144,834	135,908	144,834
Receivables	614,280	345,476	614,280	345,476
Due from related companies	74,838	119,128	74,838	119,128
Financial liabilities				
Bank overdraft	34,353	168,153	34,353	168,153
Payables	2,609,304	1,799,466	2,609,304	1,799,466
Due to related companies	5,210,290	3,107,745	3,380,073	1,868,383
Short term loans	554,882	676,587	554,882	676,587
Long term loans	5,218	7,946	2,929	6,329

31. Debt Restructuring

As stated in note 2a (iii), under the terms of the restructuring, short-term and long-term debt will effectively be bundled into one loan to be repaid quarterly over the period from March 2013 to December 2018. Quarterly interest payments will recommence from December 2012 and will include an additional 200 basis points on existing rates with a floor on LIBOR and Base Rates of 4%. The TCL Group will be required to comply with certain financial covenants and expenditure limits. The current unsecured debt will be secured by a pledge on assets owned by TCL Group. Until the restructuring agreements are executed, as expected in April 2012, secured lenders can initiate legal action to seize and liquidate critical assets of the Group over which a charge is held, including Kiln 5 and Cement Mill 5, that would render the Group and the Company unable to continue as a going concern.

32. Subsequent events

Subsequent to year end the Board of Directors of TCL approved the recommendation of management for TCL Group to pledge additional assets as security for certain borrowings in accordance with the terms of the debt restructuring exercise.

NOTES

Form of Proxy - 2012

Please affix
$100 postage
stamp here

I/We ____
(Name of Shareholder)

of ____
(Address)

being a member(s) of the above named Company, hereby appoint ______________________ of
(Name of Proxy)

____ or failing him/her
(Address)

____ of
(Name of Proxy)

____
(Address)

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 10h day of July 2012 at 10:00 a.m. and at any adjournment thereof.

Signed this day of 2012

____
(Signature)

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the resolutions listed below. Unless otherwise instructed, the Proxy will vote as he thinks fit.

RESOLUTION	For	Against
Resolution 1		
Resolution 2		
Resolution 3 (a)		
(b)		
Resolution 4:		

Note:

1. To be valid, this Form of Proxy must be lodged at the Registered Office of the Company not less than forty-eight hours before the meeting.
2. Any alteration in this Form of Proxy shall be initialed.
3. In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which the names stand on the register.
4. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal.
5. Please affix a $100.00 postage stamp in the space provided above.

Postal address: CARIBBEAN CEMENT COMPANY LIMITED
P.O. Box 448 Kingston
Registered Office: Rockfort, Kingston

Please cut here

Key Milestones in Our History

1947 *Carib Cement was incorporated (August 10)*

1949 *First Annual Report produced (December 31)*

1950 *Work on factory commenced. First Annual General Meeting (September 15)*

1952 *Official opening of factory (January 28)*

1956 *Plant capacity doubled to 200,000 tonnes.*

1964 *Third production line & Kiln 3 added taking plant capacity to 400,000 tonnes.*

1980 *National Investment Corp. (now NIBJ) owned 90.3% shares.*

1983 *Dry process line installed increasing plant capacity to 600,000 tonnes.*

1985 *NIBJ now owned 99.4% of shares.*

1987 *NIBJ divested its majority holding to the public.*

1990 *Jamaica Gypsum and Quarries Limited acquired as a wholly owned subsidiary.*

1992 *Rockfort Mineral Bath Complex Limited incorporated - wholly owned subsidiary.*

1998 *Government now controlled 43% of the company's shares.*

1999 *TCL Group acquired Government's 43% holding.*

1999 *TCL increased its share holding to 74.1% due to a Rigts Issue.*

2000 *Rockfort Mineral Bath subleased as part of CCCL's restructuring.*

2002 *Celebrated 50 years of Building Jamaica.*

2005 *Highest cement production (844,843 tonnes)*

2006 *Groundbreaking for Kiln 5 expansion project.*

2007 *Achieved certifications in ISO 14001, ISO 9001 and BSJ Plant Certification Mark.*

2008 *Kiln 5 commissioned. Civil works started on Mill5.*

2009 *Cement Mill 5 commissioned; Highest clinker production (742,208 tonnes)*

2010 *Commemorative Ceremony for the Kiln 5 Project.*

2011 *Record export sales of 216,757 tonnes of cement.*

2012 *Caribbean Cement Company Limited celebreates 60 years and growing stronger.*

CARIB CEMENT

Caribbean
Cement Company
Limited