

Caribbean Cement Company Limited

The Directors of the Caribbean Cement Company Limited Report the Consolidated Unaudited Results for the Six Months Ended 30th June, 2003.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	J\$'000 Unaudited Six Months 2003	J\$'000 Unaudited Six Months 2002	J\$'000 Audited Year End 2002
SALES (CEMENT TONNES)	298,433	304,212	625,329
REVENUE	<u>1,977,629</u>	<u>1,775,692</u>	<u>3,676,266</u>
OPERATING PROFIT	397,267	327,092	640,317
Finance Cost- Not	<u>(117,906)</u>	<u>(56,751)</u>	<u>(114,234)</u>
Profit Before Taxation	279,361	270,341	526
Taxation	<u>(80,034)</u>	<u>(76,072)</u>	<u>(151,311)</u>
Group Net profit After Taxtion	199,327	194,269	374,772
Earnings per ordinary stock unit	=====		
Cents- Basic & Diluted	23.42	22.82	44.03
Operating Profit/Revenue Ratio	20.09%	18.42%	17.42%
	=====		

Directors' Statement

The company has achieved a performance comparable to the same period last year. Group net profit after taxation was \$199.3M compared to the profit of \$194.3M over the corresponding period last year, but operating profit was up 21% (\$397.3M compared to \$327.1M). However, increased financial costs as a result of the depreciation in the currency rate resulted in a significant erosion of this gain. When we consider our first quarter earnings were only \$43.0M, compared to the prior year period of \$113.0M (due to the planned stop and major overhaul of the Kiln 4 in this year's first quarter), you will recognize that the second quarter performance can be considered very satisfactory, particularly so in an environment that continues to be very difficult and challenging.

These results were achieved against a backdrop of great uncertainty with regard to the currency exchange rate, increased financial charges resulting from the currency depreciation, new taxes and tariffs following the reading of the 2003/4 national budget and the unabated importation of cement into Jamaica which we consider to be dumped. Our results are almost entirely as a consequence of improvements in operational efficiencies and productivity, following the major upgrade works carried out in the first quarter and timely price corrections as we responded to changing currency exchange rates.

While we were able to raise our efficiency levels and increase production substantially, the presence of such imported cement in the market saw our sales falling off and inventories increasing. We also invested approximately \$150M into upgrading our plant over the period. As a result, the group's net cash position has deteriorated from \$157M at the beginning of the period to \$5M at the close of the period.

OUTLOOK

We are optimistic that improved work systems are becoming embedded at Carib Cement and will continue to make gains in our internal efficiencies. We regret that despite our dedicated efforts, fair trading measures have not yet been implemented, but wish to assure our shareholders that we will continue to pursue this matter vigorously.

Consolidated Balance Sheet

	J\$'000 Unaudited Six Months 2003	J\$'000 Unaudited Six Months 2002	J\$'000 Unaudited Six Months 2002
Non-Current Assets	2,381,224	2,299,356	2,285,341
Current Assets	1,294,939	1,053,825	1,254,060
Current Liabilities	(1,397,346)	(1,485,200)	(1,483,307)
Non-Current Liabilities	(211,142)	(66,360)	(130,859)
Total Net Assets	<u>2,067,675</u>	<u>1,801,621</u>	<u>1,925,235</u>
Share Capital	425,569	425,569	425,569
Reserves	<u>942,367</u>	<u>562,537</u>	<u>743,040</u>
Shareholders' Equity	1,367,936	988,106	1,168,609
Deferred Gain	<u>699,739</u>	<u>813,515</u>	<u>756,626</u>
Group Equity	<u>2,067,675</u>	<u>1,801,621</u>	<u>1,925,235</u>

Consolidated Cashflow Statement

	J\$'000 Unaudited Six Months 2003	J\$'000 Unaudited Six Months 2002	J\$'000 Unaudited Six Months 2002
Group Net Profit after Taxation	199,327	194,269	374,772
Adjustment for non- cash items	<u>133,900</u>	<u>113,057</u>	<u>226,879</u>
	333,227	307,326	601,651
Change in the Working Capital	<u>(288,036)</u>	<u>(40,316)</u>	<u>(108,976)</u>
Net cash (Used in)/generated by operating activities	45,191	267,010	492,674

Net cash (Used in)/ provided by investing activities	(128,764)	(75,446)	(159,919)
Net cash generated by financial activities	(68,258)	(75,267)	(94,805)
(Decrease)/Increase in cash and short term funds	(151,831)	116,297	237,951
Cash and short term funds- beginning of period	156,577	(81,374)	(81,374)
Cash and short term funds- end of period	4,746	34,923	156,577

Consolidated Statement of Changes In Equity

	J\$'000 Unaudited Six Months 2,003	J\$'000 Unaudited Six Months 2,002	J\$'000 Unaudited Six Months 2,002
Balance at beginning of period	1,168,609	793,837	793,837
Net Profit for period	199,327	194,269	374,772
Dividend	-	-	-
Balance at end of period	1,367,936	988,106	1,168,609

Notes

1. **Accounting policies**

The accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2002.

2. **Finance costs**

Finance costs include loss on exchange amounting to \$86.258 million for 2003

compared with \$25,025 million for 2002,
