CARIB CEMENT

Caribbean Cement Company Limited

Annual Report 2010

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.

CONTENTS:

A Commitment To More Than Just Cement

CORPORATE DATA

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
Christopher Bryan
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

Patterson Mair Hamilton
63-67 Knutsford Boulevard, Kingston 5

Michael Hylton & Associates
11a Oxford Road, Kingston 5

Rattray Patterson Rattray
15 Caledonia Avenue, 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 OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTY SECOND ANNUAL GENERAL MEETING of CARIBBEAN CEMENT COMPANY LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on August 4, 2011 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, 2010**
   To receive the audited accounts for the year ended December 31, 2010, 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, 2010, 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:

   - Parris A. Lyew-Ayee
   - Judith Robinson

   a) THAT the retiring Director, Parris A. Lyew-Ayee be and is hereby re-elected.
   b) THAT the retiring Director, Judith Robinson be and is hereby re-elected.

   In accordance with Article 103 of the Company's Articles of Association, Mr. Lincoln Parmasar, having been appointed a Director since the last Annual General Meeting, retires and being eligible, offers himself for re-election.

   c) THAT the retiring Director, Lincoln Parmasar, 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 July 21, 2011 and 4:00 p.m. on July 28, 2011. 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, 2010, 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 1st day of July 2011

DIRECTORS' REPORT

The Directors submit this report and the audited Financial Statements for the year ended December 31, 2010.

FINANCIAL RESULTS

Results for the year are shown on pages *14* to *71* 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)

	2010	2009
Turnover	7,929.78	8,869.26
Net Loss	(1,557.19)	(144.51)
Total Net Assets	3,022.55	3,240.10
Loss per Stock Unit $	(1.83)	(0.17)

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, 2010	
TCL (Nevis) Limited	558,688,942
Trinidad Cement Limited	71,876,497
Scancem International (St. Lucia) Ltd	42,187,482
Mayberry West Indies Limited	18,361,402
National Insurance Fund	11,090,961
Guardian Life Limited	6,823,316
PAM Ltd.- Super Clubs Resort P/Plan	4,933,912
Gleaner Company Superannuation	4,657,179
National Housing Trust	4,318,904
NCB Insurance Co. Ltd. A/C WT109	3,571,714
TOTAL	**726,510,309**

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2010	
Bevon Francis	175,000
Parris A. Lyew-Ayee	10,000
Derek Jones	3,000
TOTAL	**188,000**

SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2010	
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 stock holding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2010.

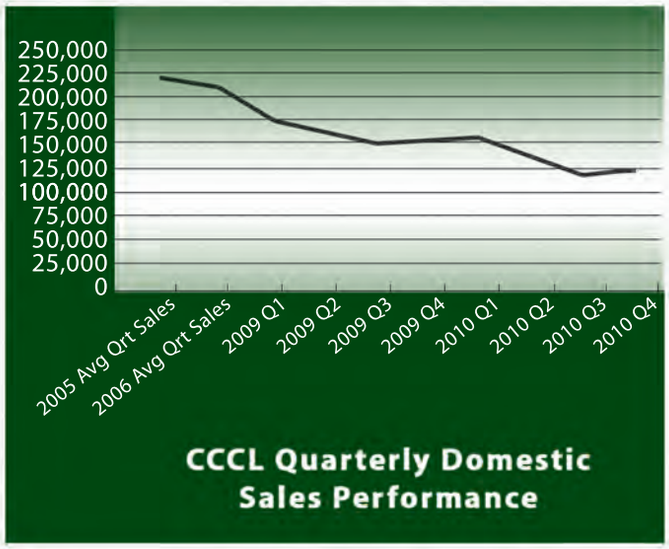
On behalf of the Board of Directors, dated this 1st day of July 2011,

Brian Young
Chairman

CHAIRMAN'S STATEMENT

The year 2010 saw a continuing decline in the Jamaican economy with the domestic cement market contracting by 16% in 2010 over 2009, the third consecutive year of decline. With the continued presence of imported dumped cement, the Company's domestic sales have declined to a level that is undermining the future viability of the Company as, despite the success of our export initiatives [a 120% increase in tonnes sold for 2010 over 2009], the loss in gross profit contribution from domestic sales could not be made up from export sales.

The following chart shows the level of decline in domestic sales by quarter over the last two years, with a comparison to the company's average quarterly domestic sales in 2005 and 2006 when the expansion project was started with the expectation that these volumes would increase in subsequent years.



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

Performance Summary

For the year 2010 the Group recorded a consolidated net loss after tax of $1.56b compared to a loss of $145m for the prior year. The deterioration in the company's performance was as a result of four key issues:-

- First, while sales volumes and total cement production were only 2% below the 2009 performance, the changing market mix of local and export sales saw revenues falling by $939m. Domestic revenues actually fell by $1.1b as sales in the local market declined by a further 18.5% year over year.

- The second issue was the closure of businesses as a result of the declaration of the State of Emergency, resulting in a climate of uncertainty and decline in business and consumer confidence with further reduction in the domestic demand for cement.

- The third issue was the severe weather conditions experienced which exacerbated the soft market conditions.

- Finally, as a result of the extremely soft domestic market, especially in the 3rd quarter of the year, the Company took the decision to shut down the clinker manufacturing line for 40 days to monetise clinker inventories which had risen to 161,000 tonnes, equivalent to more than 200,000 tonnes of cement. The shutdown of the kiln and the under-absorption of overheads during this period resulted in a significant adverse charge to the financial statements. However, it improved the short term working capital position of the Company by over $100m.

Over the year, input costs were negatively impacted by significant increases in energy cost, new taxes applied to imports and diesel fuel, and the implementation of the Weight Restriction Act that increased both production and distribution costs. In the hyper competitive market place, with the continued presence of dumped cement from the Dominican Republic and the USA, the Company was not able to correct selling prices and had to absorb these cost inflations.

The deterioration in the Group's consolidated results was also due to the poor performance of subsidiary, Jamaica Gypsum & Quarries Limited, which incurred a loss after tax of $14m compared to a profit of $130m for the previous year. This was due to the combination of a reduction in tonnage sold and increased costs, particularly fuel, electricity and transportation.

Several cost-cutting measures were put in place by Management to address both variable and fixed costs, including staff reduction of 34 employees. However, funding operations remained challenging throughout the year.

CHAIRMAN'S STATEMENT Continued

The impact on the Group's consolidated balance sheet of the $1.56b loss for the year has been that the steps taken at the beginning of 2010 to strengthen the balance sheet have been lost, i.e. the conversion of US$15m of debt due to the Parent Company into redeemable preference shares and the rescheduling of the operating lease of Kiln 4, both in January 2010.

The amount owing to the Parent Company has increased from $2.0 billion as at December 2009 to $2.2 billion at December 2010, despite the conversion of US$15m to equity in January 2010, a situation that is not sustainable.

Market Performance Report

CCCL's share of the domestic market [80%] was eroded by the importation of 184,000 tonnes of imported dumped cement. Though the Anti-Dumping Commission had concluded that the cement imported from the USA had a dumping margin of 59.7% and cement imported from the Dominican Republic had a dumping margin of 84.69%, they also concluded that 'the Commission is not persuaded that it is necessary to impose a provisional duty on goods under consideration'.

In exploring solutions to the financial situation and lack of protection from imported dumped cement described above, the Company continued to successfully seek out new export markets, resulting in export sales volumes rising by 120%. In addition, the Company has initiated discussions for the supply of significant volumes of product to Haiti and a South American country.

The Parent Company has commenced negotiations with its lenders for a re-profiling of its debts and the lenders are participating in the process without prejudice to their existing legal rights. Upon the successful re-profiling of TCL's debt, it is expected that the Company's annual lease cost for the new Kiln 5 and Mill 5 will be reduced.

Outlook for 2011

From a local macroeconomic perspective, there are indications that the decline that has been experienced over the last fourteen quarters may have been arrested and some uptick in demand is expected in 2011. Several significant public work efforts have been initiated and there is a returning business confidence, as manifested in the announcement of several new private sector investments. While this is good news, domestic demand is unlikely to return to the levels prior to the 2008 recession in the short term, and the Company will be faced with continuing liquidity and profitability challenges in the short to medium term.

The initiatives on the export side have resulted in the signing of an agreement with a prominent Haitian Company that we expect will result in significant increased export sales to Haiti in the medium term. Discussions for the supply of cement to South America are continuing and a successful conclusion to those discussions is anticipated in the near future.

It is expected that the Parent Company will come to an agreement with its lending agencies as to a debt restructuring of the TCL Group in the 3rd quarter of 2011.

Dividend

The market and 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 and all employees for their continuing support in these challenging times which, regrettably, is continuing into its fourth year.

Brian Young
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Caribbean Cement Company Ltd. recorded a consolidated loss after tax of $1.56 billion for the year. The subsidiary company, Jamaica Gypsum & Quarries Limited (JGQ) reported a loss of $14m compared to the $130m profit recorded the previous year.

While the year started with a record clinker production in the first quarter, the financial performance quickly deteriorated and was especially disappointing. The poor financial performance was influenced by reduced sales volumes and revenues which could not adequately support the increased fixed costs, especially the operating lease and finance charges, and increases in operating costs. A deteriorating domestic market haunted the Company for the year and deterioration in financial performance culminated in a major third quarter loss.

The third quarter was particularly devastating as the Company reported a loss after tax of $925m. This was influenced by a 40 day shut-down of the pyro-processing line (to convert clinker inventory to cash) and the on-going decline in the domestic demand and sales. In fact, during this quarter, average monthly sales were 39,000 tonnes compared to an average monthly sale of over 70,000 tonnes in 2006; when the Expansion Project was in its embryonic stage.

Over the year, the company recorded an EBITDAR[1] of $364m demonstrating that even with the reduced domestic revenues the Company can fund its operations from internally generated cash. However these cash flows are insufficient to service the operating lease and other finance charges. To this end, the Parent Company, Trinidad Cement Company Ltd., engaged its various lenders towards a re-engineering of the Group's debt profile to re-align debt servicing with cash flows.

VALUE INDICATORS

During 2010 both Carib Cement and JGQ reported zero lost time accidents. While both companies have had no lost time accidents in the past, this is only the second time that both companies recorded zero defects in the same calendar year. Carib Cement employees worked 458 days without a lost time accident and JGQ employees worked 1,181 days without a lost time accident.

The environmental performance was negatively impacted for an extended period earlier in the year until defective filter bags for the Kiln 5 baghouse were replaced. Communication with National Environmental Planning Agency (NEPA) was maintained during the non-conforming period and the kiln opacity has returned to its previous low levels following the corrective works in May. The plant was well within the NEPA target for NOx, SOx and CO emissions.

The Company continues to maintain documented management systems to guide its environmental, quality and security operations. The ISO 14001:2004 and ISPS systems were audited and re-certified. An ISO 9001:2008 Recertification Audit was conducted during the year to determine the level of compliance with the newly revised ISO 9001:2008 Standard. The Company was officially confirmed re-certified on September 30, 2010. Management reviews have confirmed the adequacy, suitability and effectiveness of these management systems.


SGS

Certificate US07/793

The management system of

Caribbean Cement Company Limited

Rockfort
Kingston 2
Jamaica, W.I.

has been assessed and certified as meeting the requirements of

ISO 14001:2004

For the following activities

Open pit mining of limestone, storage of raw materials, raw meal processing for clinkerization, fuel preparation and storage, cement milling, storage, packaging and dispatch of ordinary and blended Portland Cement.

Further clarifications regarding the scope of this certificate and the applicability of ISO 14001:2004 requirements may be obtained by consulting the organization.

This certificate is valid from 8 February 2010 until 7 February 2013 and remains valid subject to satisfactory surveillance audits. Recertification audit due a minimum of 60 days before the expiration date. Issue 2. Certified since February 2007.

Authorized by

Zachary C Pinavis
Accreditation Manager, North America
SGS US Testing Company Inc., Systems & Services Certification
201 Route 17 North, Rutherford, NJ 07070
t (201) 508-3000 f (201) 935-4555 www.us.sgs.com

This certificate remains the property of SGS and shall be returned upon request

Page 1 of 1

ANAB ACCREDITED

[1] *EBITDAR refers to earnings before operating lease, interest and finance charges, depreciation, amortization and restructuring charges*


National Certification Body of Jamaica

Certificate of Conformity

The National Certification Body of Jamaica has assessed the quality management system of:

Caribbean Cement Company Limited
Rockfort, Kingston, Jamaica

(hereinafter called the Organization) and hereby declares that the organization is in conformance with:

ISO 9001:2008

This certificate is valid for the following scope:

Manufacture and distribution of type 1 (ordinary) and 1P (blended) Portland cement.

Authorized Signature
National Certification Body of Jamaica
A Unit of the Bureau of Standards Jamaica
6 Winchester Road, Kingston 10, Jamaica

National Certification Body of Jamaica

ANAB

MARKET REVIEW

The year 2010 was an extremely challenging one for Carib Cement mainly because of the sharp downturn in construction activity and the continuing presence of dumped imported cement in the market.

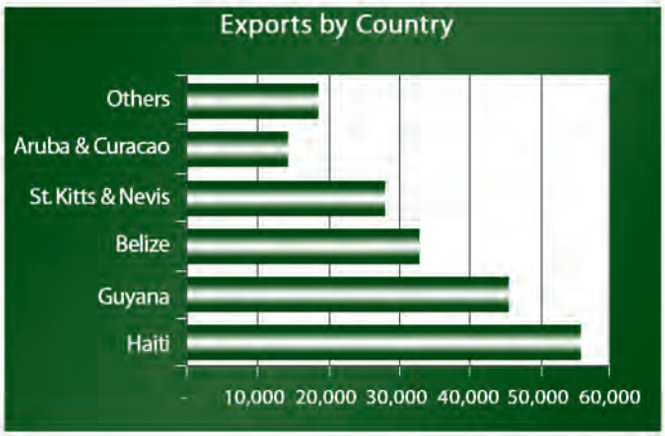
For the year, Carib Cement delivered 726,818 tonnes of cement, down 2% over the previous year. After a promising start to the year, domestic demand collapsed following the closure of businesses due to the declaration of a State of Emergency.

The continuing climate of uncertainty and the decline in business and consumer confidence saw domestic demand falling and the severe weather conditions in the second half of the year continued to exacerbate the soft market conditions.

In this constrained market, import activity increased. A total of 184,168 tonnes of cement was imported from the Dominican Republic (DR) and the USA (estimated value US$21.0m), which equates to 41% of Carib Cement's domestic sales. The Company's complaint to the Anti-dumping & Subsidies Commission (ADSC), that the cement being imported into Jamaica was dumped and injuring the domestic industry, was rebuffed.

The Commission perversely concluded that while cement from both the USA and the DR was in fact dumped, with ascertained dumping margins of 60% and 85% respectively, "the dumping has not caused, is not causing and is not likely to cause material injury that is clearly foreseen and imminent to the Domestic Industry, within the meaning of the Act". The importers, emboldened by the ADSC's ruling, became more aggressive in the market, significantly under-cutting Carib Cement's prices.

Cement exports on the other hand were up 120% over the previous year. In 2010, Carib Cement was recognized for its export achievement for 2009. The Jamaica Exporters Association (JEA) awarded the President's Cup for runner-up Champion Exporter and the award for Champion Manufacturer in Category II. The Jamaica Manufacturers Association (JMA) additionally awarded the Company the Prime Minister's Cup for Champion Exporter in the Large Exporter Category.



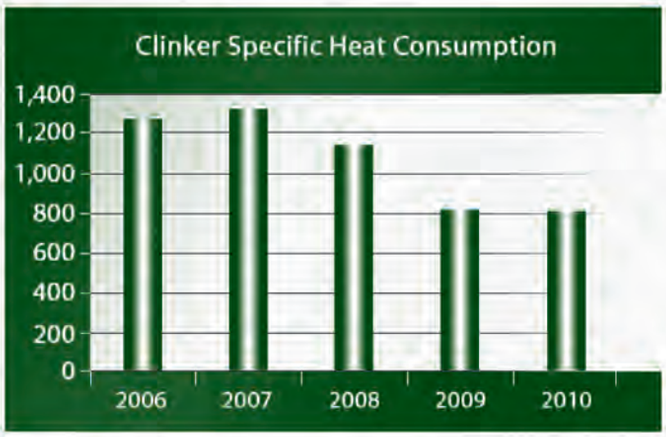
OPERATIONS REVIEW

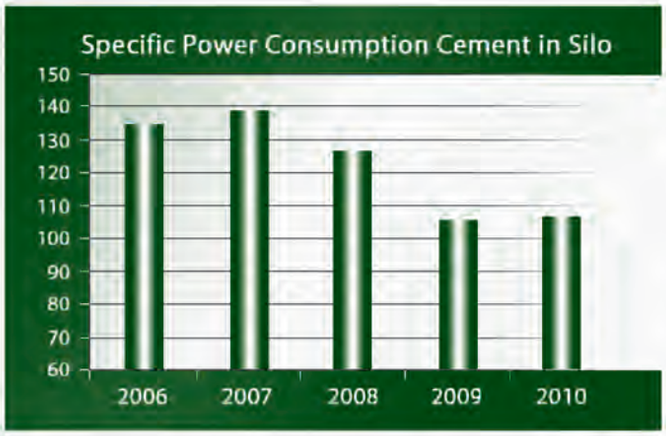
All cement, gypsum and pozzolan manufactured and dispatched continued to exceed the relevant JS and ASTM standards.

Clinker production for the year was 629,444 tonnes compared to the previous year's performance of 742,208 tonnes, a shortfall of 112,764 tonnes. Clinker production started well in the first quarter achieving a record production. However, with rising clinker inventories, the Company's increasing liquidity crisis led to an extended stoppage of the kiln spanning most of August and September.

Cement production for the year was 723,489 tonnes. This year saw the first full year of operation for cement mill #5. The mill started the year with a number of reliability issues that impacted the uptime of the mill. Furthermore, the mill had an extended stop for OEM modifications to the main gearbox as well as two grinding surfaces repair jobs. These issues were largely resolved during the year.

The improvements in specific energy consumption were maintained over the year and the benefits from the newer technologies continue to bear fruit.





In July, a commemoration ceremony was held on the plant to recognize the completion of the Expansion & Modernization project. The event was attended by the Prime Ministers of Jamaica and Trinidad and Tobago.

HUMAN RESOURCES

The internal industrial relations climate as expected was heavily influenced by the national economic environment and the impact that it had on the financial performance of the Company. During the year, negotiations were concluded with all three bargaining units. Negotiation with the National Workers Union (NWU) was one of the most protracted and was concluded after some twenty-one (21) months. The Company, as part of its cost containment strategy, separated 34 employees during the year.

The Company continued to promote its role as a good corporate citizen with the key initiative for the year being the training and engagement of community personnel to complete paving works associated with the new plant. In addition, CCCL refurbished the Crime Control Room for the Jamaica Constabulary and sponsored the development and printing of a construction Safety Handbook for the Incorporated Masterbuilders Association.

JAMAICA GYPSUM & QUARRIES LIMITED

The deterioration in performance over the previous year and in relation to budget was directly related to diminished revenues with escalating operational costs. Production of gypsum and pozzolan were both below the 2009 performance. While pozzolan production was constrained by low sales, operational challenges curtailed gypsum production, reducing stock to critically low levels. Low utilization of the mobile fleet and the inability to win raw materials were the significant causal factors for the low production. The severe liquidity situation of the company delayed repair and maintenance works.

There were also significant increases in operational cost that were not recovered through price adjustments. Higher oil prices, the implementation of a 40% increase in the ad valorem tax on diesel fuel and the implementation of weight restrictions for road haulage trucks saw increases in operational expenses.

BUSINESS OUTLOOK

Global recovery from the 2008 recession has varied considerably around the world. Growth in Asia is expected to approach double digit levels, driven mainly by domestic demand in China, India, and Indonesia as well as other Asian economies. On the other hand, in the Caribbean, for the main part the lingering effects of the economic downturn have stymied the pace of recovery and the usual signs that

emerge in a post downturn period. The recovery process remains fragile given the delicate balance that is needed to move the drivers of demand from public to private sector sources and the government policies to support this transition.

Therefore, while Jamaica is expected to emerge from its three-year recession in 2011, the country's medium-term economic outlook remains relatively subdued. Most forecasts estimate that the GDP will grow by 1% in 2011. The major growth drivers; tourism, the bauxite/alumina industry and remittances are all expected to show improvements into 2011, giving value to expectations that the economy may turn-around in the medium to long term. However, there are still hurdles to overcome as the Government must find ways to balance meeting the targets set out in the IMF-Stand-By Agreement, stimulate the economy, deal with the scourge of crime and settle the public sector wage disputes that remain highly contentious. The economy continues to remain very susceptible to high energy prices and severe weather conditions.

The launch of the five-year US$400-million Jamaica Development Infrastructure Programme (JDIP) involves a comprehensive rehabilitation of the island's road network. The JDIP is designed to repair roads and bridges, train rivers, reinforce sea defenses and build bridges. There have also been other announcements of housing projects through the Housing Association of Jamaica, the National Housing Trust and private developers for next year, all of which bode well for the cement sector.

The indications are therefore that the decline in cement consumption will be arrested in 2011 and some small growth realized. The Company will therefore maintain close contact with the governmental agencies and other stakeholders to promote its value proposition of competitive pricing, availability, quality, reliability, dependability and enhanced technical services to ensure it wins a significant portion of these infrastructural projects.

At the same time, the focus on developing the export market base will be sustained. The Company is expected to consolidate its entry into Haiti in the latter part of the year with the establishment of a warehousing facility in Port au Prince. New markets in the Dominican Republic and South and Central America are also being targeted for entry.

The emphasis on controlling and reducing spending, especially discretionary and overhead costs will be maintained in 2011. Gains made in reducing overheads will be built upon and strategies employed to reduce training and development, communication, technical services and insurance expenses. At the same time manufacturing initiatives will be aimed at improving energy utilization and reducing the costs of packaging and other consumable costs.

The industrial relations environment is not likely to differ significantly from the past year and will be overshadowed by continuing uncertainty and the hostile economic reality of rising inflation levels, with little opportunity for correction through wage increases. Management will therefore continue to be challenged with managing internal expectations while at the same time building hope, demonstrating that the best job is being done under the circumstances and that the long term interest of everyone will be served by weathering this period of austerity. The industrial contracts for the various bargaining units have all expired and the intention will be to maintain a zero cost impact for the current agreement. For the time being, the move to reduce headcount to deal with the financial imbalances in the company has been put on hold.

The key people emphasis for 2011 will be to bring focus and committed action to the strategy-critical activities that are necessary to successfully realize the objectives of the 2011 Corporate Plan and assure the long term sustainability of Carib Cement. We recognize that performance is not only tied to the behaviour of our markets but to the behaviour of our internal stakeholders.

In 2011, therefore, we will focus on bringing together a cross-section of leaders at various levels in the organization who share a common aspiration and vision, who are persuasive and influential and who have the motivation, competences and conviction to lead breakthrough changes.

F.L.A. Haynes
General Manager

TEN YEAR FINANCIAL SUMMARY

CARIBBEAN CEMENT COMPANY LIMITED

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

	2010	2009	2008	2007	2006	2005	2004	2003	Restated 2002	2001
SALES	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	3,160,402
(Loss) profit before taxation	(2,242,360)	(241,028)	571,932	681,172	363,348	215,451	859,012	632,300	526,083	394,409
Cement Claims		-	-	(21,500)	(304,539)		-	-	-	-
Taxation	685,167	96,516	(155,494)	(137,549)	18,357	(46,524)	(16,651)	(177,416)	(146,617)	(100,567)
Net (loss)profit	(1,557,193)	(144,512)	416,438	522,123	77,166	168,927	842,361	454,884	379,466	293,842
*Net (loss) profit per Share	(1.83)	(0.17)	0.49	0.61	0.09	0.20	0.99	0.53	0.45	0.35
Cash Distribution/ Dividend Proposed	-	-	-	-	-	-	59,580	59,580	42,557	42,557
*Cash Distribution/ Dividend per Share	-	-	-	-	-	-	0.07	0.07	0.05	0.05
EBITDA	(1,623,526)	465,889	1,153,105	996,134	277,438	393,708	1,044,382	915,607	717,576	579,480
Shareholders Equity	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	1,664,238
*Share Holders' Equity Per Share	3.55	3.81	4.06	3.71	3.23	3.27	3.26	2.47	2.14	1.96
Capital Expenditure Other				24,548	37,246	83605	120,211	368,178	38,225	75,219
Capital Expenditure - CWIP	362,160	972,132	572,198	1,127,567	966,303	819,523	269,743	98,372	121,694	77,899
Total Capital Expenditure	362,160	972,132	572,198	1,152,115	1,003,549	903,128	389,954	466,550	159,919	153,118
Depreciation	386,852	317,835	318,307	312,196	273,467	262,190	269,380	217,488	191,034	175,932
Working Capital	(839,251)	(47,509)	8,052	453,813	50,968	(53,261)	118,665	(346,746)	(229,247)	(592,808)
Property Plant & Equip't Before Dep'n	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	3,498,180
Long Term debt	4,006	3,178	6,117	7,897	12,288	10,248	9,315	9,013	558	81,745
Total Third Party Debt	684,533	793,155	608,273	422,892	751,118	455,955	98,134	206,800	104,217	310,246
Parent Company Debt	3,107,745	2,424,062	1,334,164	1,894,038	1,526,057	1,069,856	639,744	788,903	561,418	643,485
Total Debt	3,792,278	3,217,217	1,942,437	2,316,930	2,277,175	1,525,811	737,878	995,703	665,635	953,731
*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	39,852
*Pozzalan Imported (tonnes)	-	-	-	-	-	114,812	35,319	4,200	-	2,487
*Production										
Cement	723,489	736,560	724,528	773,019	760,815	844,843	808,070	607,682	613,981	596,247
Clinker	629,444	742,208	578,067	519,598	604,174	542,114	605,814	600,980	532,140	511,598
*Cement Sold - tonnes										
Local	531,605	652,651	720,260	807,484	843,295	862,400	800,354	589,433	620,319	594,669
Export	195,163	88,912	28,463	5,964	-	2,762	3,501	16,058	4,912	4,815
TOTAL	726,768	741,563	748,723	813,448	843,295	865,162	803,855	605,491	625,231	599,484
*Clinker Export tonnes	69,418	88,259	-	-	-	-	-	-	-	-

Auditors' Report & Financial Statements

Index:

ERNST & YOUNG
Chartered Accountants

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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 2010, 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 audit opinion.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT, CONTINUED

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial positions of the Group and the Company as at 31 December 2010, 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
Without qualifying our opinion, we draw attention to Note 2a (iii) in the financial statements which indicates that the Group has incurred accumulated losses of $1,539,595,000 (Company: $1,742,603,000) as at 31 December 2010 and operating losses of $2,010,378,000 (Company: $2,015,535,000) for the year then ended. In addition, the Group's current liabilities have exceeded its current assets by $839,251,000 (Company: $957,317,000) as at 31 December 2010. 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 2011 and beyond. In addition, Trinidad Cement Limited (the 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.

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.

Chartered Accountants
Kingston, Jamaica

17 May 2011

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2010
(Expressed in Jamaican Dollars)

	Notes	2010 $'000	2009 $'000
NET ASSETS			
Non-current assets			
Property, plant and equipment	11	5,704,966	5,725,473
Deferred tax asset	7	314,580	-
Goodwill	12	17,489	17,489
Intangible assets	13	3,725	9,222
		6,040,760	5,752,184
Current assets			
Inventories	15	2,278,492	2,681,024
Receivables and prepayments	16	532,196	423,540
Due from related companies	17	145,411	190,577
Taxation recoverable		48,673	48,482
Cash and cash equivalents	18	154,056	81,876
		3,158,828	3,425,499
Current liabilities			
Bank overdraft	19	168,153	-
Payables and accruals	20	2,169,173	2,284,707
Due to related companies	21	941,850	355,563
Income tax payable		38,376	42,761
Short-term loans	23	676,587	787,077
Current portion of long-term loans	24	3,940	2,900
		3,998,079	3,473,008
Working capital deficit		(839,251)	(47,509)
Non-current liabilities			
Due to related companies	21	2,165,895	2,068,499
Long-term loans	24	4,006	3,178
Deferred tax liability	7	9,055	392,902
		2,178,956	2,464,579
TOTAL NET ASSETS		3,022,553	3,240,096

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

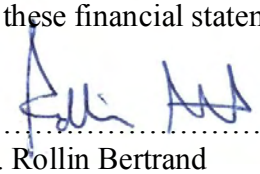
CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2010
(Expressed in Jamaican Dollars)

SHAREHOLDERS' EQUITY	**Notes**	**2010**	**2009**
		$'000	$'000
Share capital:			
Ordinary	25	1,808,837	1,808,837
Preference	25	1,339,650	-
Reserves:			
Realized capital gain		1,413,661	1,413,661
Accumulated losses (profits)		(1,539,595)	17,598
GROUP EQUITY		3,022,553	3,240,096

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

On 17 May 2011, the Board of Directors authorized these financial statements for issue.

……Director……Director

Brian Young Dr. Rollin Bertrand

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income
Year ended 31 December 2010
(Expressed in Jamaican Dollars)

	Notes	2010 $'000	2009 $'000
Revenue	3	7,929,783	8,869,260
Operating (loss) profit	3	(2,010,378)	222,030
Interest income		812	4,834
Finance costs	5	(232,794)	(467,892)
Loss before taxation		(2,242,360)	(241,028)
Taxation credit	7	685,167	96,516
Net loss for the year	8	(1,557,193)	(144,512)
Total comprehensive loss attributable to equity holders		(1,557,193)	(144,512)
Loss per ordinary stock unit	9	($1.83)	($0.17)

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 2010
(Expressed in Jamaican Dollars)

	Notes	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 2009		1,339,685	236,086	1,575,771	1,808,837	-	3,384,608
Total comprehensive loss for the year		-	(144,512)	(144,512)	-	-	(144,512)
Transfer of realized gain	6	73,976	(73,976)	-	-	-	-
Balance as at 31 December 2009		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	25	-	-	-	-	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

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 2010
(Expressed in Jamaican Dollars)

	2010 $'000	2009 $'000
Cash flows from operating activities		
Loss before taxation	(2,242,360)	(241,028)
Adjustments for:		
Depreciation and amortization	386,852	317,835
Amortization of deferred gain	-	(73,976)
Loss on disposal of property, plant and equipment	1,189	17,721
Interest income	(812)	(4,834)
Interest expense	333,452	173,498
Unrealized foreign exchange (gains) losses	(97,474)	188,941
	(1,619,153)	378,157
Decrease (increase) in inventories	402,532	(142,219)
Increase in receivables and prepayments	(111,315)	(61,846)
Decrease in due from related companies	45,166	325,764
Decrease in payables and accruals	(89,890)	(363,849)
Increase in due to related companies	586,287	124,196
Cash (used in) generated from operations	(786,373)	260,203
Interest received	812	4,834
Interest paid	(207,661)	(166,073)
Taxation paid	(17,835)	(42,846)
Net cash (used in) generated from operating activities	(1,011,057)	56,118
Cash flows from investing activities		
Additions to property, plant and equipment	(362,160)	(972,132)
Intangible assets	-	(8,381)
Proceeds from disposal of property, plant and equipment	122	663
Net cash used in investing activities	(362,038)	(979,850)
Cash flows from financing activities		
Loans received	87,186	1,247,081
Repayment of loans	(193,513)	(1,086,979)
Related companies	1,383,449	855,789
Net cash provided by financing activities	1,277,122	1,015,891
(Decrease) increase in cash and cash equivalents	(95,973)	92,159
Net cash and cash equivalents - beginning of year	81,876	(10,283)
Net cash and cash equivalents – end of year	(14,097)	81,876
Represented by:		
Cash and short-term deposits	154,056	81,876
Bank overdraft	(168,153)	-
	(14,097)	81,876

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 2010
(Expressed in Jamaican Dollars)

	Notes	2010	2009
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	5,542,868	5,555,328
Investment in subsidiaries	14	89,310	89,310
Deferred tax asset	7	314,580	-
		5,946,758	5,644,638
Current assets			
Inventories	15	2,269,503	2,636,850
Receivables and prepayments	16	493,575	401,748
Due from related companies	17	119,128	143,676
Taxation recoverable		48,673	48,482
Cash and cash equivalents	18	144,834	77,601
		3,075,713	3,308,357
Current liabilities			
Bank overdraft	19	168,153	-
Payables and accruals	20	2,144,183	2,250,222
Due to parent and related companies	21	941,850	355,563
Due to subsidiary	22	98,317	77,467
Short-term loans	23	676,587	787,077
Current portion of long-term loans	24	3,940	2,900
		4,033,030	3,473,229
Working capital deficit		(957,317)	(164,872)
Non-current liabilities			
Due to parent and related companies	21	2,165,895	2,068,499
Long-term loans	24	4,006	3,178
Deferred tax liability	7	-	382,589
		2,169,901	2,454,266
TOTAL NET ASSETS		2,819,540	3,025,500

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 2010
(Expressed in Jamaican Dollars)

	Notes	2010	2009
		$'000	$'000
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary	25	1,808,837	1,808,837
Preference	25	1,339,650	-
Reserves:			
Realized capital gain		1,413,656	1,413,656
Accumulated losses		(1,742,603)	(196,993)
COMPANY EQUITY		2,819,540	3,025,500

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

On 17 May 2011, 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 2010
(Expressed in Jamaican Dollars)

	Notes	2010 $'000	2009 $'000
Revenue	3	7,741,321	8,695,025
Operating (loss) profit	3	(2,015,535)	26,410
Interest income		763	843
Finance costs	5	(228,007)	(468,007)
Loss before taxation		(2,242,779)	(440,754)
Taxation credit	7	697,169	157,522
Net loss for the year	8	(1,545,610)	(283,232)
Total comprehensive loss attributable to equity holders		(1,545,610)	(283,232)

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 2010
(Expressed in Jamaican Dollars)

	Notes	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 2009		1,339,680	160,215	1,499,895	1,808,837	-	3,308,732
Total comprehensive loss for the year		-	(283,232)	(283,232)	-	-	(283,232)
Transfer of realized gain	6	73,976	(73,976)	-	-	-	-
Balance as at 31 December 2009		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	25	-	-	-	-	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

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 2010
(Expressed in Jamaican Dollars)

	2010 $'000	2009 $'000
Cash flows from operating activities		
Loss before taxation	(2,242,779)	(440,754)
Adjustments for:		
Depreciation	367,577	295,269
Amortization of deferred gain	-	(73,976)
Loss on disposal of property, plant and equipment	1,189	17,721
Interest income	(763)	(843)
Interest expense	333,427	173,613
Unrealized foreign exchange (gains) losses	(97,025)	192,941
	(1,638,374)	163,971
Decrease (increase) in inventories	367,347	(136,038)
Decrease in receivables and prepayments	(94,934)	(71,078)
Decrease in due from related companies	24,548	368,891
Decrease in payables and accruals	(80,395)	(325,064)
Increase in due to parent and related companies	586,287	124,196
Increase (decrease) in due to subsidiary	20,850	(83,766)
Cash (used in) generated from operations	(814,671)	41,112
Interest received	763	843
Interest paid	(207,636)	(161,264)
Taxation paid	(191)	(1,677)
Net cash used in operating activities	(1,021,735)	(120,986)
Cash flows from investing activities		
Additions to property, plant and equipment	(356,429)	(969,155)
Proceeds from disposal of property, plant and equipment	122	663
Repayment by subsidiaries	-	90,862
Net cash used in investing activities	(356,307)	(877,630)
Cash flows from financing activities		
Loans received	87,186	1,247,081
Repayment of loans	(193,513)	(997,236)
Related companies	1,383,449	842,865
Net cash provided by financing activities	1,277,122	1,092,710
(Decrease) increase in cash and cash equivalents	(100,920)	94,094
Net cash and cash equivalents - beginning of year	77,601	(16,493)
Net cash and cash equivalents – end of year	(23,319)	77,601
Represented by:		
Cash and short-term deposits	144,834	77,601
Bank overdraft	(168,153)	-
	(23,319)	77,601

The accompanying notes form an integral part of these financial statements

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 $1,539,595,000 (Company: $1,742,603,000) as at 31 December 2010 and operating losses of $2,010,378,000 (Company: $2,015,535,000) for the year then ended. In addition, the Group's current liabilities have exceeded its current assets by $839,251,000 (Company: $957,317,000) as at 31 December 2010. 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.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(iii) Going concern (continued)

If lease charges and depreciation and amortization are excluded from the Group's operating results, its operating loss of $2,010,378,000 would have been an operating profit of $270,812,000 and the Company's operating loss of $2,015,535,000 would have been a operating profit of $246,381,000, demonstrating that even with the reduced domestic sales volume which declined by 9% and 19% in 2009 and 2010, respectively, the Group can fund its operations from internally generated cash. That positive cash position has been improving each month during 2011 and provides a certain level of optimism about the future if the lease charges by Trinidad Cement Limited (the parent company or TCL) are renegotiated.

The directors of TCL are currently undertaking negotiations with all its lenders for the re-profiling of its debt portfolio and the lenders are participating in the process without prejudice to their legal rights. Upon completion of the debt re-profiling, which is expected to be completed by 31 July 2011, the directors of the Company will be re-negotiating the existing operating lease payments with the parent company to reduce the required annual cash outflow: the lease charges will be aligned with the re-profiling of TCL's debt associated with the leased assets and assumed lower domestic demand volumes whilst higher export volumes are pursued.

The Company has placed a proposal for the supply of a relatively large amount of cement to a potential new customer under a three year contract. The customer's decision is awaited, but if awarded to the Company, the contract would make a significant contribution to the Company's forecast turnover and net cash flows over the contract period. Concurrently, the directors are pursuing a number of other new markets with some level of success to date such as in the case of Haiti and Dominican Republic.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(iii) Going concern (continued)

Notwithstanding the explicit action taken by the majority of lenders to re-profile TCL's debt portfolio, lenders have retained their rights to demand immediate repayment of all outstanding obligations which TCL is not in a position to meet. Therefore secured lenders can initiate legal action to enforce their security which includes Kiln 5 and Cement Mill 5, that would render the Group and the Company unable to continue as a going concern.

The declaration by TCL of a moratorium on all debt service payments due by TCL and all its related entities, including the Group, triggered a demand notice from one of the Company's unsecured lenders for immediate repayment of outstanding obligations of $122,372,000 and Letter of Credit for US$1,946,000 which had not yet crystallized. Of these totals, $122,372,000 and US$1,239,000 have since been liquidated with the repayment of the remainder under discussion with the lender.

The directors have concluded that the combination of the above circumstances represent a material uncertainty that casts significant 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.

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 2010:

- IAS 27: Consolidated and Separate Financial Statements (Amended)
- IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 17: Distributions of Non-cash Assets to Owners
- IFRS 2: Share-based Payment: Group Cash settled Share-based Payment Transactions
- IFRS 3: Business Combinations (Revised) and IAS 27: Consolidated and Separate Financial Statements (Amended)

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 April 2009 the International Accounting Standards Board ("IASB") issued 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:

IAS 1: Presentation of Financial Statements The amendment clarifies the current/non-current classification of convertible instruments where the terms of a liability that could at any time result in its settlement by the issuance of equity instruments at the option of the counterparty, does not affect its classification.

IAS 7: Statement of Cash Flows States that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

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

Improvements to IFRSs (continued)

IAS 8: Operating segments The amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures used by the chief operating decision maker.

IAS 17: Leases The specific guidance on classifying land as a lease has been removed so that only the general guidance remains.

IAS 36: Impairment of assets The amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment defined in IFRS 8 before aggregation for reporting purposes.

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 2: Share-based Payment
- IFRS 5: Non-current Asset Held for Sale and Discontinued Operations
- IAS 38: Intangible Assets
- IAS 39: Financial Instruments: Recognition and Measurement
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) Future changes in accounting standards and interpretations

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

IAS 24 ***Related Party Disclosures (Amendment)***
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 ***Financial Instruments: Presentation – Classification of Rights Issues (Amendment)***
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 ***Financial Instruments: Classification and Measurement***
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) Future changes in accounting standard and interpretations, (continued)

IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment will have no impact on the financial statements of the Group.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)

The IASB issued improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they will become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amended IFRSs and IFRICs are as follows:

- IFRS 3: Business Combinations
- IFRS 7: Financial Instruments: Disclosures
- IAS 1: Presentation of Financial Statements
- IAS 27: Consolidated and Separate Financial Statements
- IAS 34: Interim Financial Reporting
- IFRIC 13: Customer Loyalty Programmes

The Group expects no impact from the adoption of the amendments on its financial position or performance.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

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.

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 31.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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:

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.

2. Significant accounting policies (continued)

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) Provision for cement claims

In some instances the amounts provided for cement claims not yet settled are based on the payment experience for claims already settled and reports submitted by independent professionals.

(ii) Accruals

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

(iii) 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.

(iv) 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.

(v) 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.

2. Significant accounting policies (continued)

(vi) 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 estimated 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.

(vii) 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.

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, chains and grinding media are amortized over a period of six to twelve months to match the estimated period of their economic usefulness.

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.

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.

v) Comparative balances

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year in relation to the fair values presentation of financial assets and liabilities.

3. Operating profit

Operating profit consists of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Revenue	7,929,783	8,869,260	7,741,321	8,695,025
Expenses:				
Raw materials and consumables	767,572	693,181	1,035,404	1,010,437
Fuels and electricity	2,493,137	2,293,655	2,459,323	2,286,323
Personnel remuneration and benefits (Note 4)	1,995,224	1,842,888	1,916,339	1,785,461
Repairs and maintenance	374,388	362,254	331,635	308,745
Operating lease	1,894,338	1,791,297	1,894,338	1,791,297
Depreciation and amortization	386,852	317,835	367,578	295,269
Marketing and selling expenses	151,011	202,175	131,220	152,823
Transportation	333,272	303,062	298,747	282,969
Insurance	197,987	168,339	192,186	163,621
Training and staff development	62,604	83,521	62,604	83,481
Technical assistance fees and related charges	190,409	165,161	186,617	163,717
Security	110,076	98,567	88,824	78,415
Equipment hire	413,978	350,111	328,480	313,954
Other operating expenses	360,935	386,822	306,492	349,826
Changes in inventories of finished goods and work in progress	264,829	(325,671)	213,451	(313,316)
Total expenses	9,996,612	8,733,197	9,813,238	8,753,022
(Loss) profit before other income	(2,066,829)	136,063	(2,071,917)	(57,997)
Other income	56,451	85,967	56,382	84,407
Operating (loss) profit	(2,010,378)	222,030	(2,015,535)	26,410
Other income includes:				
Amortization of deferred gain (Note 6)	-	73,976	-	73,976
Insurance claim	15,605	-	15,605	-

3. Operating profit (continued)

Operating profit is arrived at after charging:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Audit fees				
Current year	11,910	11,979	10,595	10,595
Prior year	110	345	-	345
Directors' emoluments				
Fees – current year	7,836	9,638	7,836	9,638
– prior year	-	1,664	-	1,664

4. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Wages and salaries	1,426,285	1,394,444	1,361,579	1,348,821
Statutory contributions	123,866	126,124	117,734	121,495
Pension costs (Note 26)	64,145	65,966	62,834	65,073
Redundancy costs	93,081	-	93,081	-
Other personnel costs	287,847	256,354	281,111	250,072
	1,995,224	1,842,888	1,916,339	1,785,461

5. Finance costs

Finance costs consist of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Interest expense	333,452	173,498	333,427	173,613
(Gain) loss on currency exchange	(100,658)	294,394	(105,420)	294,394
	232,794	467,892	228,007	468,007

6. Deferred gain

	Group and Company	
	2010	**2009**
	$'000	$'000
Balance at 1 January	-	73,976
Amortization for the year	-	(73,976)
Balance at 31 December	-	-

Deferred gain represented the profit from the sale of certain machinery and equipment in August 1999 which was being credited to the statement of comprehensive income over the 10 year period of the original operating lease.

The prior years' amortization gains were transferred to capital reserve as realized capital gains.

7. Taxation

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Statement of comprehensive income				
The taxation credit consists of:				
Deferred tax credit	698,427	155,542	697,169	157,522
Income tax charge - current year	(268)	(59,026)	-	-
- prior year under-accrual	(12,992)	-	-	-
	685,167	96,516	697,169	157,522

7. Taxation (continued)

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Loss before taxation	(2,242,360)	(241,028)	(2,242,779)	(440,754)
Taxed at 33.3%	747,453	80,343	747,593	146,918
Tax on non-assessable income	5,202	27,307	5,202	27,568
Tax on non-allowable expenses	(59,388)	(9,715)	(56,535)	(10,572)
Other	4,892	(1,419)	909	(6,392)
Prior year under-accrual	(12,992)	-	-	-
Effective tax credit	685,167	96,516	697,169	157,522

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Deferred tax asset (liability)				
Balance at beginning of year	(392,902)	(548,444)	(382,589)	(540,111)
Deferred tax credit for the year	698,427	155,542	697,169	157,522
Balance at end of year, net	305,525	(392,902)	314,580	(382,589)

Deferred tax asset (liability) comprises the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Deferred liability in subsidiary, net	(9,055)	(10,312)	-	-
Deferred asset (liability) in Company, net	314,580	(382,590)	314,580	(382,589)
	305,525	(392,902)	314,580	(382,589)

7. Taxation (continued)

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Deferred liability:				
Property, plant and equipment	(1,264,834)	(843,133)	(1,255,173)	(832,206)
Unrealized exchange gains	(32,342)	-	(32,342)	-
	(1,297,176)	(843,133)	(1,287,515)	(832,206)
Deferred asset:				
Tax losses	1,461,222	324,112	1,461,222	324,112
Unrealized exchange losses	-	62,980	-	64,310
Accrued vacation	45,290	43,473	45,290	43,473
Accrued redundancy	31,027	-	31,027	-
Other	65,162	19,666	64,556	17,722
	1,602,701	450,231	1,602,095	449,617
	305,525	(392,902)	314,580	(382,589)

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits amount to approximately $4,383,667,000 (2009 - $1,012,390,000) for the Group and the Company.

8. Loss after taxation and accumulated losses

		2010 $'000	2009 $'000
a)	The net (loss) profit is dealt with in the financial statements as follows:		
	Company	(1,545,610)	(283,232)
	Subsidiaries	(11,583)	138,720
		(1,557,193)	(144,512)
b)	The accumulated (losses) profits are reflected in the financial statements as follows:		
	Company	(1,742,603)	(196,993)
	Subsidiaries	203,008	214,591
		(1,539,595)	17,598

9. Loss per ordinary stock unit

	Group	
	2010 $'000	2009 $'000
Loss attributable to stockholders	(1,557,193)	(144,512)
Number of stock units in issue (thousands)	851,138	851,138
Loss per ordinary stock unit	($1.83)	($0.17)

10. Related party transactions

a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Included in the statement of comprehensive income:				
(Income) expenses –				
Sale of gypsum	(38,044)	(44,260)	-	-
Sale of cement	(427,394)	(88,018)	(427,394)	(88,018)
Sale of clinker	(133,462)	(487,349)	(133,462)	(487,349)
Freight charges	2,008	17,853	2,008	17,853
Technical fee charges	76,883	78,146	76,883	78,146
Purchase of goods and materials	457,540	304,918	457,540	304,918
Interest charges on advances	129,678	15,053	129,678	15,053
Operating lease (Note 11)	1,894,338	1,791,297	1,894,338	1,791,297

Included in the statement of financial position:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Short-term amounts received net	632,512	396,374	611,895	439,501
Long-term amounts received net	101,106	965,702	101,106	965,702
Included in property, plant and equipment:				
Interest capitalized	-	99,599	-	99,599

10. Related party transactions (continued)

b) Transactions between the Company and its subsidiary, Jamaica Gypsum and Quarries Limited:

	Company	
	2010	**2009**
	$'000	$'000
Included in the Company statement of comprehensive income:		
Purchase of gypsum, shale and pozzolan	264,422	322,639
Port fees paid	25,674	36,000
Management fee received	(36,000)	-

c) Compensation of directors and key management personnel

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Short-term employee benefits	89,586	115,480	89,586	115,480
Directors' fees – current year	7,836	9,638	7,836	9,638
– prior year	-	1,664	-	1,664
	97,422	126,782	97,422	126,782

11. Property, plant and equipment

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

11. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Group:

	2009				
	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 2009	999,519	5,948,960	277,899	675,338	7,901,716
Additions	-	95	133	971,904	972,132
Disposals and adjustments	-	(8,467)	-	(12,757)	(21,224)
Transfers	136,857	181,581	24,905	(343,343)	-
31 December 2009	1,136,376	6,122,169	302,937	1,291,142	8,852,624
Accumulated depreciation					
1 January 2009	425,338	2,210,987	180,130	-	2,816,455
Charges during the year	25,926	270,343	17,267	-	313,536
Disposals	-	(2,840)	-	-	(2,840)
31 December 2009	451,264	2,478,490	197,397	-	3,127,151
Net book value					
31 December 2009	685,112	3,643,679	105,540	1,291,142	5,725,473

11. 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 and adjustments	-	(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
Disposals and adjustments	-	(11,510)	-	-	(11,510)
Charges during the year	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

11. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2009				
	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 2009	862,390	5,761,576	276,765	656,190	7,556,921
Additions	-	-	-	969,155	969,155
Disposals	-	(8,467)	-	(12,757)	(21,224)
Transfers	134,069	178,642	24,905	(337,616)	-
31 December 2009	996,459	5,931,751	301,670	1,274,972	8,504,852
Accumulated depreciation					
1 January 2009	388,501	2,090,356	178,238	-	2,657,095
Charges during the year	20,226	258,053	16,990	-	295,269
Disposals	-	(2,840)	-	-	(2,840)
31 December 2009	408,727	2,345,569	195,228	-	2,949,524
Net book value					
31 December 2009	587,732	3,586,182	106,442	1,274,972	5,555,328

11. 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 28) 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 28).

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. Cement Mill 5 lease is scheduled to expire in 2044 (Note 28).

b) TCL secured loans originally 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) The amount of borrowing costs capitalized during the previous year amounted to $125,974,000. There was no capitalization of interest during the year.

d) Included under plant and machinery is the Kiln 4 asset with a carrying value of $577,533,000. This asset is not currently operating and is therefore idle. Management is expected to recommence operations of the Kiln in the medium term based on expected future market demands. The asset continues to be depreciated based on its current economic life.

12. Goodwill

Goodwill arises on consolidation and relates to the acquisition of Jamaica Gypsum and Quarries Limited.

13. Intangible assets

	Exploration cost	Dredging cost	Total 2010
	$'000	$'000	$'000
At cost			
1 January 2009	2,521	5,189	7,710
Additions	-	8,381	8,381
31 December 2009 & 2010	2,521	13,570	16,091
Accumulated amortization			
1 January 2009	840	1,730	2,570
Amortization	840	1,730	2,570
Impairment	-	1,729	1,729
31 December 2009	1,680	5,189	6,869
Amortization	841	4,656	5,497
31 December 2010	2,521	9,845	12,366
Net book value			
31 December 2010	-	3,725	3,725
31 December 2009	841	8,381	9,222

14. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	Company	
	2010	**2009**
	$'000	$'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

15. Inventories

Inventories consist of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Plant spares	764,776	766,077	764,776	766,035
Consumables	223,671	369,792	223,670	369,792
Raw materials and work in progress	908,381	1,087,985	940,844	1,136,682
Finished goods	378,562	440,820	337,111	347,991
Goods in transit	5,716	18,964	5,716	18,964
	2,281,106	2,683,638	2,272,117	2,639,464
Provision for obsolescence	(2,614)	(2,614)	(2,614)	(2,614)
	2,278,492	2,681,024	2,269,503	2,636,850

16. Receivables and prepayments

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Trade receivables	384,339	175,134	347,325	155,691
Sundry receivables and prepayments	190,457	259,183	186,577	254,561
	574,796	434,317	533,902	410,252
Less: Impairment provision	(42,600)	(10,777)	(40,327)	(8,504)
	532,196	423,540	493,575	401,748

Changes in impairment provision

	Group individually impaired		Company individually impaired	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Balance as at 1 January	10,777	10,886	8,504	7,821
Charges (recoveries)	31,823	(109)	31,823	683
Balance as at 31 December	42,600	10,777	40,327	8,504

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 $'000	**Neither past due nor impaired** $'000	**< 30 days** $'000	**30-60 days** $'000	**61-90 days** $'000	**> 90 days** $'000
2010	341,739	175,238	75,907	61,194	19,901	9,499
2009	164,357	129,727	25,853	2,724	536	5,517

16. 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
2010	306,998	167,880	72,296	57,337	72	9,413
2009	147,187	116,952	22,423	1,759	536	5,517

17. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Readymix (West Indies) Limited	49	51	49	51
Arawak Cement Company Limited	62,019	56,863	41,589	43,415
TCL Trading Limited	43,502	49,655	43,502	49,655
TCL Guyana Limited	33,988	-	33,988	-
Trinidad Cement Limited	5,853	84,008	-	50,555
	145,411	190,577	119,128	143,676

18. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Cash at bank and in hand	154,056	81,876	144,834	77,601

19. Bank overdraft

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Bank overdraft	168,153	-	168,153	-

Bank overdraft facilities are unsecured.

20. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Sundry payables and accruals	1,630,422	1,552,714	1,627,308	1,538,891
Trade payables	453,726	555,753	434,625	538,110
Statutory obligations	85,025	176,240	82,250	173,221
	2,169,173	2,284,707	2,144,183	2,250,222

21. Due to parent and related companies

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
TCL Ponsa Manufacturing Ltd	8,317	4,327	8,317	4,327
Trinidad Cement Limited	2,525,458	1,996,077	2,525,458	1,996,077
TCL (Nevis) Limited	127,849	63,586	127,849	63,586
TCL Packaging Limited	373,940	301,527	373,940	301,527
TCL Trading Limited	72,181	58,545	72,181	58,545
	3,107,745	2,424,062	3,107,745	2,424,062
Long-term	2,165,895	2,068,499	2,165,895	2,068,499
Short-term	941,850	355,563	941,850	355,563
	3,107,745	2,424,062	3,107,745	2,424,062

21. Due to parent and related companies (continued)

	2010	2009
	$'000	$'000
The long term amount comprises the following:		
Trinidad Cement Limited (Note 25)	1,993,460	1,996,077
TCL Packaging Limited	146,245	129,286
TCL Trading Limited	53,809	56,102
TCL Nevis Limited	103,818	-
	2,297,332	2,181,465
Less current portion included in short-term	(131,437)	(112,966)
	2,165,895	2,068,499

Trinidad Cement Limited:

Loan #	Interest rate per annum %	2010 US$'000	2009 US$'000	2010 $'000	2009 $'000
1	8.20	-	13,000	-	1,161,030
2	10.50	3,625	5,625	310,510	502,361
3	10.00	2,249	-	192,647	-
4	10.00	13,706	-	1,174,062	-
		19,580	18,625	1,677,219	1,663,391
		TT$'000	TT$'000		
5	10.00	23,700	23,700	316,241	332,686
		23,700	23,700	316,241	332,686

Loan # 1 was received in December 2008 with an original value of US$11.9m and tenure of 18 months. During the year 2009, an additional net disbursement of US$1.1m was received bringing the total loan to US$13m. However, in January 2010, it was converted to redeemable preference shares denominated in US dollars with repayment of interest and redemption at the sole discretion of the Company (Note 25).

Loan # 2 represents Kiln 5 lease payable renegotiated as a long term loan in September 2009. In January 2010, US$2m of the loan was converted to redeemable preference shares with payment of interest and redemption at the sole discretion of the Company. The remaining portion of the long term loan is repayable in 16 quarterly installments, commencing March 2011.

21. Due to parent and related companies (continued)

Trinidad Cement Limited (continued):

Loan # 3 represents Kiln 5 lease payable converted to a long term loan in March 2010. During the year the loan was revised to mature on 31 January 2013.

Loan # 4 represents lease obligations (Kiln 5 and Cement Mill 5) payable and Kiln 5 current advance payable converted to a long term loan in September 2010. It is repayable upon maturity on 30 September 2013.

Loan # 5 represents Kiln 4 lease payable converted to a long term loan in December 2009. During the year the loan was revised to mature on 31 January 2013.

TCL Packaging Limited:

Interest rate per annum %	2010 TT $'000	2009 TT$'000	2010 $'000	2009 $'000
9.50	10,960	9,210	146,245	129,286
	10,960	9,210	146,245	129,286

This loan was received in 2006 with an original value of TT$9.2m and tenure of four years. In December 2010, outstanding interest of TT$1.7m was capitalized bringing the total loan value to TT$10.9m. Additionally, the tenure was extended to 2013. The loan is payable in four semi-annual installments, commencing June 2012.

TCL Trading Limited:

Loan #	Interest rate per annum %	2010 TT$'000	2009 TT$'000	2010 $'000	2009 $'000
1	7.00	2,635	2,611	35,157	36,655
2	7.50	1,398	1,385	18,652	19,447
		4,033	3,996	53,809	56,102

Loan # 1 was received in 2008 and is repayable in four semi-annual installments which began in June 2009.

Loan # 2 represents short term advances converted to a long term loan in December 2007. It is repayable in 12 equal quarterly installments which began in March 2009.

21. Due to parent and related companies (continued)

TCL Nevis Limited:

Interest rate per annum %	2010 US$'000	2009 US$'000	2010 $'000	2009 $'000
10.00	1,212	-	103,818	-
	1,212	-	103,818	-

This loan represents management fees converted to a long term loan in September 2010. It is repayable upon maturity in September 2013.

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22. Due to subsidiary

This represents trade amounts owing to Jamaica Gypsum and Quarries Limited.

23. Short-term loans

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Bank of Nova Scotia (Ja.) Ltd	120,000	205,000	120,000	205,000
RBTT Bank Jamaica Limited (see table below)	556,587	582,077	556,587	582,077
	676,587	787,077	676,587	787,077

Bank of Nova Scotia Jamaica Limited

Loan #	Interest rate per annum %	Group Balance 2010 $'000	Group Balance 2009 $'000	Company Balance 2010 $'000	Company Balance 2009 $'000
1	22.50	-	75,000	-	75,000
2	16.75	120,000	130,000	120,000	130,000
		120,000	205,000	120,000	205,000

23. Short-term loans (continued)

Bank of Nova Scotia Jamaica Limited (continued)

Bank of Nova Scotia loan #1, denominated in Jamaican dollars repayable in quarterly installments, was fully repaid in August 2010.

Bank of Nova Scotia loan #2 is denominated in Jamaican dollars with an original amount of $130,000,000 which was received in September 2009. The loan is repayable on demand.

RBTT Bank Jamaica Limited

Loan #	Interest rate per annum	Group Balance		Company Balance	
	%	2010	2009	2010	2009
		$'000	$'000	$'000	$'000
1	9.50	61,587	87,077	61,587	87,077
2	15.75	135,000	135,000	135,000	135,000
3	21.00	360,000	360,000	360,000	360,000
		556,587	582,077	556,587	582,077

RBTT loans # 1, is denominated in US dollars with outstanding balance of US$715,000, and is to be repaid within twelve months.

RBTT loan #2 is denominated in Jamaican dollars and is repayable in July 2011.

RBTT loan #3 is denominated in Jamaican dollars and is repayable in September 2011.

24. Long-term loans

Long-term loans are repayable as follows:

	Group and Company	
	2010	**2009**
	$'000	$'000
Amounts repayable within:		
One year	3,940	2,900
Two years	1,356	1,747
Three years	1,060	1,431
Four years	1,060	-
Five years	530	-
	7,946	6,078
Current portion	(3,940)	(2,900)
	4,006	3,178

These loans are:

	Interest rate percentage	Repayable	Group and Company 2010	2009
			$'000	$'000
RBTT Bank Jamaica Limited	21.75%	2012	804	1,312
Bank of Nova Scotia	19.50%	On demand	2,372	4,766
Other	20.00%	2015	4,770	-
			7,946	6,078

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 category of 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.

25. Share capital

Share capital consists of the following:

	Number of units 2010 (000)	Number of units 2009 (000)	Group and Company 2010 $'000	Group and Company 2009 $'000
Authorized:				
Ordinary shares of no par value	1,350,000	1,350,000		
Preference shares	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	-	1,339,650	-
			3,148,487	1,808,837

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. (Note 21)

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.

26. 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 contributions in the year amounted to $64,145,000 (2009 - $65,966,000).

27. Contingencies

There are several pending legal actions and other claims, estimated at $62,000,000 at the year end, 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.

28. Commitments

a) Operating leases

The Company has commitments of $23,507,796,000 (US$274,436,553) 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
2011	1,819,719
2012	1,839,700
2013	1,858,376
2014	1,867,030
2015-2028	16,122,971
	23,507,796

b) Capital commitment

There were no capital commitments at 31 December 2010. At 31 December 2009 capital commitments of $35,000,000 (US$392,000) were approved and contracted for in respect of the expansion and modernization programme.

c) Guarantees

The Company has provided guarantees in the form of letters of credit and indemnity to third parties in the amount of $216,084,000 (2009 - $190,923,000).

29. 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 38 years remaining but exploitable reserves are expected to have a life of 168 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 126 years. These limestone reserves are not recorded in these financial statements.

30. Operating segment reporting

As at 31 December 2010

	Cement	Gypsum and pozzolan	Adjustments and eliminations	Consolidated
	$'000	$'000	$'000	$'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
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

As at 31 December 2009

	Cement	Gypsum and pozzolan	Adjustments and eliminations	Consolidated
	$'000	$'000	$'000	$'000
Revenue				
External customers	8,698,109	171,151	-	8,869,260
Inter-segment	11,562	322,639	(334,201)	-
Total revenue	8,709,671	493,790	(334,201)	8,869,260
Results				
Depreciation and amortization	295,832	22,003	-	317,835
Segment profit (loss) before tax	26,410	194,591	(462,029)	(241,028)
Operating assets	8,815,203	335,527	26,953	9,177,683
Operating liabilities	5,467,439	33,776	436,372	5,937,587
Other disclosure				
Capital expenditure	969,155	11,357	-	980,512

31. 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 2010, the Group's exposure related to bank overdraft which had a floating interest rate. There was no significant interest rate risk as at 31 December 2009. 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	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Total borrowings:				
At fixed rates	2,981,865	2,861,654	2,981,865	2,861,654
At floating rates	168,153	-	168,153	-
	3,150,018	2,861,654	3,150,018	2,861,654
Weighted average effective interest rates:				
	(%)	(%)	(%)	(%)
Bank overdraft	22.0	-	22.0	-
Bank borrowings (US$ loans)	9.5	9.5	9.5	9.5
Other bank borrowings	19.0	21.0	19.0	21.0
Related party loans	10.0	8.0	10.0	8.0

31. 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 profit before tax**
		$'000
2010		
JMD	+100	(1,681)
JMD	-100	1,681
2009		
JMD	+100	-
JMD	-100	-

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.

		Change in Exchange rate	Group effect on profit before tax	Company effect on profit 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)

31. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

		Change in exchange rate	Group effect on profit before tax	Company effect on profit before tax
			$'000	$'000
2009	US$	+5%	(82,441)	(84,668)
	US$	-5%	82,441	84,668
	TT$	+5%	(36,360)	(36,360)
	TT$	-5%	36,360	36,360
	Euro	+5%	(1,768)	(1,768)
	Euro	-5%	1,768	1,768

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 2010 based on contractual undiscounted payments.

	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

31. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	The Group					
As at 31 December 2009	**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	-	29,744	760,233	2,071,677	-	2,861,654
Due to related companies	-	230,315	125,248	-	-	355,563
Trade and other payables	-	2,284,707	-	-	-	2,284,707
	-	2,544,766	885,481	2,071,677	-	5,501,924

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2010 based on contractual undiscounted payments.

	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

	The Company					
As at 31 December 2009	**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	-	29,744	760,233	2,071,677	-	2,861,654
Due to related companies	-	230,315	125,248	-	-	355,563
Trade and other payables	-	2,250,222	-	-	-	2,250,222
	-	2,510,281	885,481	2,071,677	-	5,467,439

31. 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 healthy financial position in order to support its business activities and maximise shareholder value. The Group is required to comply with several financial ratios and other quantitative targets in accordance with certain loan agreements. Important among these targets is a current ratio of not less than 0.9.

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	154,056	81,876	154,056	81,876
Receivables	381,296	211,936	381,296	211,936
Due from related companies	145,411	190,577	145,411	190,577
Financial liabilities				
Bank overdraft	168,153	-	168,153	-
Payables	1,821,879	1,689,316	1,821,879	1,689,316
Due to related companies	3,107,745	2,424,062	1,868,383	1,785,923
Short term loans	676,587	787,077	676,587	787,077
Long term loans	7,946	6,078	6,329	4,888

31. Financial risk management objectives and policies (continued)

Fair values (continued)

	The Company			
	Carrying amount		Fair values	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	144,834	77,601	144,834	77,601
Receivables	345,476	190,144	345,476	190,144
Due from related companies	119,128	143,676	119,128	143,676
Financial liabilities				
Bank overdraft	168,153	-	168,153	-
Payables	1,799,466	1,671,753	1,799,466	1,671,753
Due to related companies	3,107,745	2,424,062	1,868,383	1,785,923
Short term loans	676,587	787,077	676,587	787,077
Long term loans	7,946	6,078	6,329	4,888

32. Subsequent events

On 14 January 2011, 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. The declaration was made after informal agreement with the majority of lenders who wanted to ensure adequate liquidity in the TCL Group to allow for continuity of business operations. Subsequent to the declaration, debt service payments falling due have not been made. The majority of lenders have formed a Steering Committee to participate in the debt re-profiling negotiations, commenced by TCL, and have caused the engagement of independent restructuring consultants and legal advisors. The restructuring consultants have completed their review and report on the TCL Group's business plans and financial projections which will form the basis of the re-profiling. TCL Group expects the re-profiling exercise to be completed by 31 July 2011. The debt re-profiling exercise is intended to facilitate the full repayment of all debt obligations and position TCL Group to prosper from the rebound in market conditions.

CARIBBEAN CEMENT COMPANY LIMITED

Form of Proxy - 2011

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 4th day of August 2011 at 10:00 a.m. and at any adjournment thereof.

Signed this day of 2011

_____
(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)		
	(c)		
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