

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J\$'000	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	Three Months Jul to Sep	Three Months Jul to Sep	Nine Months Jan to Sep	Nine Months Jan to Sep	Year Jan to Dec
	2010	2009	2010	2009	2009
Sales (Cement Tonnes)-Local	117,131	152,280	410,007	496,183	652,651
Sales (Cement Tonnes)-Export	43,722	21,163	132,805	59,716	88,912
Sales (Clinker Tonnes)-Export	21,212	8,128	48,669	88,253	88,254
Revenue	1,851,928	1,990,557	6,134,928	6,908,293	8,869,260
Operating (loss)/profit	(1,293,009)	(371,936)	(1,552,887)	238,594	222,030
Interest Income	112	101	589	455	4,834
Interest expense	(83,177)	(47,875)	(234,955)	(123,405)	(173,498)
Loss/(gain) on currency exchange	(11,313)	(11,632)	80,398	(250,564)	(294,394)
Loss before taxation	(1,387,387)	(431,342)	(1,706,855)	(134,920)	(241,028)
Taxation credit	462,857	140,350	568,928	60,063	96,516
Loss for the year	(924,530)	(290,992)	(1,137,927)	(74,857)	(144,512)
Total Comprehensive loss	(924,530)	(290,992)	(1,137,927)	(74,857)	(144,512)
Earnings per ordinary stock unit					
Cents - Basic & Diluted	(109)	(34)	(134)	(8.8)	(17)
Operating (Loss)/Profit /Revenue Ratio	(70%)	(19%)	(25%)	3%	3%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	UNAUDITED	UNAUDITED	AUDITED
	Nine Months Jan to Sep	Nine Months Jan to Sep	Year Jan to Dec
	2010	2009	2009
Balance at beginning of period	3,240,096	3,384,608	3,384,608
Issue of Preference Shares	1,339,650	-	-
Total Comprehensive loss	(1,137,927)	(74,857)	(144,512)
Balance at end of period	3,441,819	3,309,751	3,240,096

CONSOLIDATED STATEMENT OF CASH FLOWS

J\$'000	UNAUDITED	UNAUDITED	AUDITED
	Nine Months Jan to Sep	Nine Months Jan to Sep	Year Jan to Dec
	2010	2009	2009
Loss before taxation	(1,706,854)	(134,920)	(241,028)
Adjustment for non-cash items	435,448	458,368	619,185
Changes in working capital	(1,271,406)	323,448	378,157
Taxation paid	(122,306)	(185,496)	(279,193)
Net cash (used in)/generated by operating activities	(1,393,712)	140,335	56,118
Net cash used in investing activities	(299,470)	(674,082)	(979,850)
Net cash provided by financing activities	1,476,726	461,299	1,015,891
(Decrease)/increase in cash and short term funds	(216,456)	(72,448)	92,159
Cash and short term funds - beginning of period	81,876	(10,283)	(10,283)
Cash and short term funds - end of period	(134,580)	(82,731)	81,876
Represented by:			
Cash and short-term deposits	41,003	28,572	81,876
Bank overdraft	(175,583)	(111,303)	-
	(134,580)	(82,731)	81,876

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J\$'000	UNAUDITED	UNAUDITED	AUDITED
	30.09.2010	30.09.2009	31.12.2009
Non-Current Assets	5,766,892	5,551,429	5,752,184
Current Assets	2,912,872	3,008,341	3,425,499
Current Liabilities	(3,133,979)	(2,913,348)	(3,473,008)
Non-Current Liabilities	(2,103,966)	(2,336,671)	(2,464,579)
Total Net Assets	3,441,819	3,309,751	3,240,096
Share Capital	1,808,837	1,808,837	1,808,837
Preference Shares	1,339,650	-	-
Reserves	293,332	1,500,914	1,431,259
Shareholders' Equity	3,441,819	3,309,751	3,240,096
Group Equity	3,441,819	3,309,751	3,240,096

SEGMENT INFORMATION

J\$'000	Cement	Gypsum and Pozzolan	Adjustments and Eliminations	Consolidated
Revenue				
External Customers	5,959,462	175,466	-	6,134,928
Inter-segment	6,715	192,368	(199,083)	-
Total Revenue	5,966,177	367,834	(199,083)	6,134,928
Depreciation and amortisation	270,943	13,818	-	284,761
Segment (loss)/profit before taxation	(1,557,423)	14,424	(163,856)	(1,706,855)
Operating assets	8,250,925	410,830	18,009	8,679,764
Operating liabilities	5,478,526	65,019	(305,600)	5,237,945
Capital expenditure	293,855	5,616	-	299,471
UNAUDITED NINE MONTHS JAN TO SEP 2009				
Revenue				
External Customers	6,770,236	138,057	-	6,908,293
Inter-segment	7,761	260,042	(267,803)	-
Total Revenue	6,777,997	398,099	(267,803)	6,908,293
Depreciation and amortisation	215,138	16,176	-	231,314
Segment profit/(loss) before taxation	68,849	170,200	(373,969)	(134,920)
Operating assets	8,080,588	412,263	66,919	8,559,770
Operating liabilities	4,787,953	51,500	410,566	5,250,019
Capital expenditure	364,455	6,002	-	370,457
AUDITED YEAR JAN TO DEC 2009				
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
Depreciation and amortisation	295,832	22,003	-	317,835
Segment profit/(loss) before taxation	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	45,538	424,610	5,937,587
Capital expenditure	969,155	11,357	-	980,512

NOTES

- Accounting Policies**
Accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2009. The Group has adopted all new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after January 1, 2010 and which are relevant to the Group's operations. The adoption of these standards and interpretations did not have any material effect on the Group's financial position or results.
- Segment Information**
Management's principal reporting and decision-making are by product and accordingly the segment information is so presented.

DIRECTORS' STATEMENT

The group posted a consolidated net loss after tax of \$925m for the third quarter and \$1,138m loss for the nine months ending September 2010. This compares to a \$291m loss and a \$75m loss for the prior year periods. The loss for the third quarter is largely due to the shutdown of the new Kiln 5 for 40 days during August and September, resulting in a net under recovery of costs totalling \$400m, a reduction in domestic sales revenues of \$300m and a \$93m accrual for redundancy costs on account of a manpower rationalization programme that is currently being implemented.

Though the shutdown of the kiln resulted in a very significant negative impact to the profit and loss account, it provided a very positive outcome to the company's cash flow. A net positive cash flow of \$113m was achieved during the shutdown period as a result of the conversion of the company's ever increasing clinker inventory into cement and then into cash.

The third quarter loss is also due to the continued plummeting in the domestic market for cement, which has declined by approx 31% over the last three years. The situation has been exacerbated by the continued and increased levels of dumped cement in the local market place, aided and abetted by inconsistencies in the recent rulings of the Anti Dumping Commission. With the Commission concluding that cement imported from the USA had a dumping margin of 59.7% and "poses a threat of material injury to the local industry that is clearly foreseen and imminent," but going on to conclude that "the Commission is not persuaded that it is necessary to impose a provisional duty on goods under consideration" is an inconsistency that we cannot comprehend and are taking the necessary legal steps to appeal. We are currently awaiting the final determination on cement imported from the Dominican Republic where the Commission has determined an even larger 84.69% dumping margin exists.

Presumably as a consequence of the ruling by the Anti Dumping Commission, the three importers have been increasing their level of imports, which for August and

September totalled 38% of the total domestic sales for those months, and their market share increased to 19% in August and 28% in September. The significant increase in inventory levels of imported dumped cement for each of the importers to a level which, based on their current level of sales, is beyond the expected "shelf life" of the cement they have imported means that we can expect even more aggressive initiatives by the importers to sell their excess inventories.

As a consequence of all the factors mentioned above, the quantity of cement sold by the company to domestic customers for the third quarter was 23% below the prior year period and 17% below for the corresponding nine months. This indicates that the situation continues to deteriorate at an accelerated pace. It is to be noted that in 2005 and 2006 when the expansion project was started, the company's average monthly sales exceeded 70,000 tonnes and this was projected to increase in subsequent years. The continuous market decline and increased presence of dumped cement have diminished the company's sales volume to an average of 39,000 tonnes per month during the third quarter of 2010.

Though we continue to make inroads into the export market, the level of sales during the third quarter was restricted due to the very heavy rains which prevented the loading of ships. However, tonnes sold during the third quarter and year to date amount to a 100% increase over prior year period, but do not offset the loss in the domestic market.

The impact on the company's balance sheet of the \$1.1 billion loss for the nine months ending September 2010 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]. To fund the losses incurred during the nine months to September 2010 a further \$800m of long term debt and \$300m of short term have been incurred, mostly provided by the parent company, a situation that

is not sustainable. With the significant risks to the long-term viability of the company, a further cost reduction programme has commenced, including a manpower rationalization programme recognizing that labour cost is the second largest element of our total cost of production; hence the \$93m accrual for redundancy cost during the third quarter of 2010.

OUTLOOK

We have noted that there has been some rebound in cement sales in the 4th quarter and the Ministry of Works has announced a fairly significant infrastructure restoration programme over the next six months that should see some improvement in domestic demand. At the same time we remain cautious in regard to its sustainability since our economic recovery is influenced by so many international factors. We expect to be successful in our pursuits of fairness and justice in the trade matters that are before the Anti Dumping and Subsidies Commission, however it could be protracted. While continuing to improve our cost profile, we are actively exploring additional revenue generation initiatives. In this regard we have initiated discussions for the supply of significant volumes of product to a South American country which will improve our asset utilization and restore reasonable returns. The negotiations are at a sensitive stage but we expect to be supplying this new market within the first quarter of 2011.

Brian Young
Chairman
December 3, 2010

Dr. Rollin Bertrand
Director/Group CEO
December 3, 2010