CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Jul to Sep 2012	UNAUDITED Three Months Jul to Sep 2011	UNAUDITED Nine Months Jan to Sep 2012	UNAUDITED Nine Months Jan to Sep 2011	AUDITED Year Jan to Dec 2011
Sales (Cement Tonnes)-Local	123,331	133,961	406,070	412,677	553,157
Sales (Cement Tonnes)-Export	48,808	74,868	182,877	176,110	216,757
Sales (Clinker Tonnes)-Export	-	3,301	-	31,228	31,228
Revenue	**2,135,007**	**2,046,831**	**6,849,457**	**6,075,374**	**8,033,786**
Profit/(loss) before interest, depreciation and tax	**108,234**	**(608,142)**	**(466,892)**	**(1,476,135)**	**(1,760,893)**
Depreciation	(92,978)	(98,791)	(281,305)	(297,527)	(518,402)
Impairment losses	-	-	-	-	(210,781)
Operating profit/(loss)	**15,256**	**(706,933)**	**(748,197)**	**(1,773,662)**	**(2,490,076)**
Interest Income	872	55	1,361	782	928
Debt restructuring costs	-	-	-	-	(28,487)
Interest expense	(159,905)	(108,182)	(464,232)	(325,705)	(431,875)
Loss on currency exchange	(101,307)	(12,438)	(237,582)	(15,312)	(34,485)
Loss before taxation	**(245,084)**	**(827,498)**	**(1,448,650)**	**(2,113,897)**	**(2,983,995)**
Taxation credit	-	276,191	-	705,033	370,635
Loss for the period	**(245,084)**	**(551,307)**	**(1,448,650)**	**(1,408,864)**	**(2,613,360)**
Total comprehensive loss	**(245,084)**	**(551,307)**	**(1,448,650)**	**(1,408,864)**	**(2,613,360)**
Loss per ordinary stock unit					
Cents - Basic & Diluted	($0.29)	($0.65)	($1.70)	($1.66)	($3.07)
Operating profit/(loss)/Revenue ratio	1%	(35%)	(11%)	(29%)	(31%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.09.2012	UNAUDITED 30.09.2011	AUDITED 31.12.2011
Non-current assets	5,734,198	6,536,761	5,771,250
Current assets	3,784,603	3,342,199	3,179,133
Current liabilities	(3,357,944)	(3,589,482)	(3,767,676)
Non-current liabilities	(7,200,314)	(4,675,789)	(4,773,514)
Total net (liabilities)/assets	**(1,039,457)**	**1,613,689**	**409,193**
Ordinary share capital	1,808,837	1,808,837	1,808,837
Preference share capital	1,339,650	1,339,650	1,339,650
Realised capital gain	1,413,661	1,413,661	1,413,661
Accumulated loss	(5,601,605)	(2,948,459)	(4,152,955)
Group equity	**(1,039,457)**	**1,613,689**	**409,193**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Nine Months Jan to Sep 2012	UNAUDITED Nine Months Jan to Sep 2011	AUDITED Year Jan to Dec 2011
Balance at beginning of period	**409,193**	**3,022,553**	**3,022,553**
Total comprehensive loss	(1,448,650)	(1,408,864)	(2,613,360)
Balance at end of period	**(1,039,457)**	**1,613,689**	**409,193**

DIRECTORS' STATEMENT

The Company's performance continued to show improvement compared with the previous quarters of 2012. Clinker and cement production exceeded the previous year's figures by 7% and 5% respectively, thereby adding to the bottom line through better absorption of overheads.

Unfortunately the significant improvement in operations was not matched by improved sales volumes, resulting in a significant build up in inventories of both cement and clinker. Cement sales volumes in the domestic market for the third quarter declined by 7.9% over the same quarter last year and declined by 1.6% year to date, due to the continuing contraction in the Jamaican economy and increased competition from dumped imports. Export sales for the third quarter were significantly below the prior year period [declined by 34.7%], largely due to the severe weather conditions in August which resulted in high inventories in a number of our export markets and minimal export sales in September.

Despite the low level of sales, the improvement in manufacturing performance and improved selling prices in both the domestic and export markets have resulted in the Company recording a consolidated operating profit of $15.3m for the third quarter, compared to an operating loss of $706.9m for the prior year period. The Company recorded a consolidated loss before taxation of $245.1m for the third quarter of 2012, compared to a loss of $827.5m in the prior year period. It should be noted that the consolidated loss for the quarter is after charging $101.3m for foreign exchange translation losses for 2012 compared to $12.4m loss for 2011.

For the first nine months of 2012, the Company reported an operating loss of $748.2m, a $1.0 billion improvement over the corresponding period of 2011. However, due to increased interest charges in relation to the debt restructuring exercise and foreign exchange translation losses, the consolidated loss before taxation credits was $1,448.7m for the first nine months of 2012 compared to $2,113.9m loss for the corresponding period of 2011, an improvement of $665.3m.

The Company's working capital has declined from a positive of $610m at the end of the second quarter of 2012 to a positive of $426.7m at the end of the third quarter. Group equity has declined from a positive position of $409.2m at the start of 2012 to a negative position of $1,039.5m at the end of the third quarter of 2012. Consequently, Carib Cement continues to rely on the support of its parent company to continue to operate.

Outlook

The Group has been able to maintain continuous improvement in 2012 quarter over quarter, but it will prove difficult to maintain this momentum as both the domestic and export markets are softening. Local business activity is no doubt being affected by the delays in finalizing a new bilateral arrangement with the International Monetary Fund. Housing starts are down and the construction sector is showing an overall decline also. The disruption caused by hurricane Sandy in October in terms of both production and domestic and export sales will most likely result in a slow recovery. The regional markets, which were also affected by hurricanes over the last quarter, have also been slow to recover. As such, we expect that improved revenue generation will be challenging over this period. We will therefore concentrate on cost containment while promoting the value proposition of the Carib Cement brand.

Brian Young
Chairman
November 2, 2012

Dr Rollin Bertrand
Director/Group CEO
November 2, 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Nine Months Jan to Sep 2012	UNAUDITED Nine Months Jan to Sep 2011	AUDITED Year Jan to Dec 2011
Loss before taxation	**(1,448,650)**	**(2,113,897)**	**(2,983,995)**
Adjustment for non-cash items	278,694	637,268	1,199,561
	(1,169,956)	(1,476,629)	(1,784,434)
Changes in working capital	1,606,018	1,448,014	(122,393)
Interest and taxation paid	(65,983)	(66,581)	(24,770)
Net cash generated by/(used in) operating activities	370,079	(95,196)	(1,931,597)
Net cash used in investing activities	(227,778)	(82,930)	(96,359)
Net cash provided by financing activities	34,098	127,543	2,161,284
Increase/(decrease) in cash and short-term funds	176,399	(50,583)	133,328
Cash and short-term funds - beginning of period	119,231	(14,097)	(14,097)
Cash and short-term funds - end of period	**295,630**	**(64,680)**	**119,231**
Represented by:			
Cash and short-term deposits	296,589	62,997	153,584
Bank overdraft	(959)	(127,677)	(34,353)
	295,630	**(64,680)**	**119,231**

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
UNAUDITED NINE MONTHS JAN TO SEP 2012				
Revenue				
External customers	6,820,634	28,823	-	6,849,457
Inter-segment	6,976	167,394	(174,370)	-
Total Revenue	**6,827,610**	**196,217**	**(174,370)**	**6,849,457**
Depreciation and amortisation	270,469	10,836	-	281,305
Segment loss before taxation	(1,425,221)	(23,429)	-	(1,448,650)
Operating assets	9,545,963	357,862	(385,024)	9,518,801
Operating liabilities	10,684,002	181,926	(307,670)	10,558,258
Capital expenditure	230,387	421	-	230,808
UNAUDITED NINE MONTHS JAN TO SEP 2011				
Revenue				
External customers	5,980,513	94,861	-	6,075,374
Inter-segment	6,891	142,085	(148,976)	-
Total Revenue	**5,987,404**	**236,946**	**(148,976)**	**6,075,374**
Depreciation and amortisation	285,550	11,977	-	297,527
Segment loss before taxation	(1,995,538)	(118,360)	-	(2,113,898)
Operating assets	9,812,954	336,903	(270,897)	9,878,960
Operating liabilities	8,315,253	116,632	(166,614)	8,265,271
Capital expenditure	69,161	421	-	69,582
AUDITED YEAR JAN TO DEC 2011				
Revenue				
External customers	7,933,992	99,794	-	8,033,786
Inter-segment	9,729	206,305	(216,034)	-
Total Revenue	**7,943,721**	**306,099**	**(216,034)**	**8,033,786**
Depreciation and amortisation	501,368	17,034	-	518,402
Impairment losses	210,781	-	-	210,781
Segment loss before taxation	(2,902,058)	(108,867)	26,930	(2,983,995)
Operating assets	8,780,573	279,416	(109,606)	8,950,383
Operating liabilities	8,493,392	80,050	(32,252)	8,541,190
Capital expenditure	97,767	326	-	98,093

Notes:

1. **Basis of Preparation**
   The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the unaudited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (Group) for the period ended 30 September 2012 which are prepared in accordance with International Financial Reporting Standards and the requirements of the Jamaican Company's Act.

2. **Accounting Policies**
   Accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2011. 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, 2012 and which are relevant to the Group's operations. The adoption of these standards and interpretations did not have any material effect on the Group's financial position or results.

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

4. **Going Concern**
   The Group's current economic environment is challenging and as a result, the Group has reported accumulated losses of $5,601,605,000 as at 30 September 2012 and operating losses of $748,197,000 for the nine months to September 2012. The Group's current assets have exceeded its current liabilities by $426,659,000 as at 30 September 2012. The directors consider that the outlook will remain challenging despite some recent positive indicators of growth in the domestic market for cement in the first six months and plans for expansion into more lucrative export markets. The Group is currently negotiating the supply of a relatively large amount of cement to a new customer under a three year contract. That contract will make a significant contribution to the Group's forecast turnover and net cash flow over the contract period. The Group is also pursuing a strategic initiative with a regional cement producer which would provide an opportunity for increased sales. Management has pursued a number of new markets and increased market share in existing ones with some level of success.

   TCL Group has completed the restructuring of its debt including that of CCCL. The servicing of the restructured debt will be over six years starting with interest in December 2012.

   The directors have concluded that despite positive developments in the first six months of the year, there has been a contraction in the economy during the third quarter and there is no indication that this trend will change significantly in the fourth quarter, hence, there is still a material uncertainty about the Group'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 will have adequate resources (based on the plans and strategies as outlined in the preceding paragraphs) to generate sufficient cash flows and return to profitability which will enable the Group 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.