CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
Sales (Cement Tonnes)-Local	536,349	553,157
Sales (Cement Tonnes)-Export	218,722	216,757
Sales (Clinker Tonnes)-Export	12,673	31,228
Revenue	**9,084,600**	**8,033,786**
Loss before interest, depreciation, tax and amortisation	**(750,438)**	**(1,760,893)**
Depreciation	(430,695)	(518,402)
Impairment losses	(383,577)	(210,781)
Operating loss	**(1,564,710)**	**(2,490,076)**
Interest income	2,221	928
Debt restructuring costs	(11,719)	(28,487)
Interest expense	(592,153)	(431,875)
Loss on currency exchange	(505,744)	(34,485)
Loss before taxation	**(2,672,105)**	**(2,983,995)**
Taxation (charge)/credit	(676,160)	370,635
Net loss for the year	**(3,348,265)**	**(2,613,360)**
Total comprehensive loss	**(3,348,265)**	**(2,613,360)**
Loss per ordinary stock unit Dollars - Basic & Diluted	($3.93)	($3.07)
Loss before interest, depreciation, tax and amortisation/revenue ratio	(8%)	(22%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	AUDITED 31.12.2012	AUDITED 31.12.2011
Non-current assets	4,545,366	5,771,250
Current assets	3,942,937	3,179,133
Current liabilities	(3,751,513)	(3,767,676)
Non-current liabilities	(7,675,862)	(4,773,514)
Total net (liabilities)/assets	**(2,939,072)**	**409,193**
Ordinary share capital	1,808,837	1,808,837
Preference share capital	1,339,650	1,339,650
Realised capital gain	1,413,661	1,413,661
Accumulated loss	(7,501,220)	(4,152,955)
Group (deficit)/equity	**(2,939,072)**	**409,193**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
Balance at beginning of year	**409,193**	**3,022,553**
Total comprehensive loss	(3,348,265)	(2,613,360)
Balance at end of year	**(2,939,072)**	**409,193**

DIRECTORS' STATEMENT

The Group has recorded a consolidated loss of $3.35 billion for the past year, compared to a loss of $2.61 billion in 2011. The increase in the consolidated loss over both the previous year [$0.74 billion increase] and what had been previously reported for the first 9 months of 2012 [$1.90 billion increase], is largely due to the recording of impairment losses and foreign exchange translation losses in the last quarter of 2012 which in total amounted to $1.56 billion. The impairment losses pertain to certain plant and machinery and deferred tax assets, amounting to $384 million and $676 million respectively. The foreign exchange translation losses amount to $505 million. It should be noted that these are not cash losses and the plant and machinery may be utilised when market conditions improve, at which time the then fair value of those assets will be recorded in the balance sheet.

While our sales volumes declined by 2%, increases in selling prices, effective cost controls and improved clinker production resulted in a $1,011 million improvement in Earnings before Interest, Depreciation and Tax over 2011 [$750 million loss compared to $1,761 million loss].

Group equity has gone into a negative position of $2.94 billion and the Group continues to rely on the support of its parent company to continue to operate. Consideration is being given to converting a significant portion of the debt due to the parent company into equity to address the negative equity position and the continuing threat of foreign exchange translation losses.

On May 10, 2012 the agreements to give effect to the debt restructuring of the TCL Group were executed with the lenders to the Group, including Caribbean Cement and the restructured debt has effectively been bundled into one portfolio of debt with quarterly payments of principal and interest to be paid from March 2013 through December 2018.

Outlook

We are very pleased that one of the traditional cement importers has now become a customer of Carib Cement and we have been able to increase our market share. However, both the domestic and export markets continue to decline. Since 2005, when our domestic sales volumes peaked at 862,400 tonnes, sales volumes have declined by 38% due to the contraction in the market and the presence of dumped cement imports. Achieving additional sales in the domestic market is critical if the Group is to meet its commitment under the debt restructuring agreement executed by our parent company. To this end, we continue to pursue various strategies to increase our share of the domestic market.

Brian Young
Chairman
March 25, 2013

Dr Rollin Bertrand
Director/Group CEO
March 25, 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
Group Net Loss before Taxation	**(2,672,105)**	**(2,983,995)**
Adjustment for non-cash items	1,984,814	1,199,561
	(687,291)	(1,784,434)
Change in working capital	(238,542)	(122,393)
Taxation paid	(13,606)	(24,770)
Net cash used in operating activities	(939,439)	(1,931,597)
Net cash used in investing activities	(148,817)	(96,359)
Net cash provided by financing activities	1,213,328	2,161,284
Increase in cash and cash equivalents	125,072	133,328
Cash and cash equivalents - beginning of period	119,231	(14,097)
Cash and cash equivalents - end of period	**244,303**	**119,231**
Represented by:		
Cash and short-term deposits	244,303	153,584
Bank overdraft	-	(34,353)
	244,303	**119,231**

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENT AND ELIMINATIONS	CONSOLIDATED
2012				
Revenue				
External Customers	9,012,719	71,881	-	9,084,600
Inter-segment	9,559	220,416	(229,975)	-
Total Revenue	**9,022,278**	**292,297**	**(229,975)**	**9,084,600**
Depreciation and amortisation	417,996	12,699	-	430,695
Impairment losses	386,949	-	(3,372)	383,577
Segment (loss)/profit before taxation	(2,683,973)	2,625	9,243	(2,672,105)
Operating assets	8,278,953	309,507	(100,157)	8,488,303
Operating liabilities	11,351,906	107,516	(32,047)	11,427,375
Capital expenditure	131,832	17,385	-	149,217
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 audited consolidated financial statements of Caribbean Cement Company Limited and its subsidiaries for the year ended 31 December 2012 which are prepared in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

2. **Accounting Policies**
These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2012 audited financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimates and judgements as disclosed in "Note 2" of the 31 December 2012 audited financial statements, have also remained unchanged.

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

4. **Going Concern**
The CCCL Group has a reported shareholders' deficit of $2,939 million as at 31 December 2012 and reported a loss before taxation of $2,672 million for the year then ended. In addition the Group is reporting $7,881 million in outstanding parent (TCL) and related company (TCL Group) obligations on its statement of financial position as at 31 December 2012.

The current economic environment is challenging particularly in the important domestic Jamaican market. The CCCL Group has taken action to increase operating margins and domestic volumes to counter the difficult environment whilst the parent company remains committed to provide support if required. Nonetheless, the directors have concluded that the prevailing difficult demand environment and the current financial position of the CCCL Group represent a material uncertainty that may impact the ability of the Group to continue as a going concern.

However, based on current plans and strategies being pursued, the directors have a reasonable expectation that the Group will generate adequate cash flows and profitability which would allow the Group to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

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FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

CARIBBEAN CEMENT COMPANY LIMITED

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REPORT OF THE INDEPENDENT AUDITOR'S ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Caribbean Cement Company Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2012, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Caribbean Cement Company Limited and its subsidiaries (the "Group") for the year ended 31 December 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 25 March 2013.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis of their established criteria as described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 4 in these summarised financial statements and Note 2 (iii) to the full financial statements which indicates that the Group has reported a loss before taxation of $2,672 million for the year ended 31 December 2012 ($2,984 million in 2011) and there is $8,713 million in outstanding debt obligations as presented on its statement of financial position as at 31 December 2012. Debt service (inclusive of principal and interest) is forecasted to be $731 million for 2013.

The factors described above, along with other matters as set forth in these referenced notes indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Chartered Accountants
Kingston,
JAMAICA:
25 March 2013

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