CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2012

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2012	2011	2011
Sales (Cement Tonnes) - Local	142,316	142,637	553,157
Sales (Cement Tonnes) - Export	62,170	52,063	216,757
Sales (Clinker Tonnes) - Export	-	18,480	31,228
Revenue	**2,303,176**	**2,064,115**	**8,033,786**
Loss before interest, depreciation and tax	**(376,553)**	**(177,463)**	**(1,760,893)**
Depreciation	(98,085)	(99,426)	(518,402)
Impairment losses	-	-	(210,781)
Operating loss	**(474,638)**	**(276,889)**	**(2,490,076)**
Interest income	196	560	928
Debt restructuring costs	-	-	(28,487)
Interest expense	(107,690)	(100,688)	(431,875)
(Loss)/ gain on currency exchange	(43,281)	2,979	(34,485)
Loss before taxation	**(625,413)**	**(374,038)**	**(2,983,995)**
Taxation credit	-	124,561	370,635
Net loss for the year	**(625,413)**	**(249,477)**	**(2,613,360)**
Total Comprehensive loss	**(625,413)**	**(249,477)**	**(2,613,360)**
Loss per ordinary stock unit EPS in dollars - Basic & Diluted	(0.73)	(0.29)	(3.07)
Operating Loss/Revenue Ratio	(21%)	(13%)	(28%)

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Three Months Jan to Mar	UNAUDITED Three Months Jan to Mar	AUDITED Year Jan to Dec
	2012	2011	2011
Group Net Loss before Taxation	**(625,413)**	**(374,038)**	**(2,983,995)**
Adjustment for non-cash items	151,314	204,564	1,199,561
	(474,099)	(169,474)	(1,784,434)
Change in working capital	437,557	392,058	(122,393)
Taxation paid	(1,500)	-	(24,770)
Net cash (used in)/ generated by operating activities	(38,042)	222,584	(1,931,597)
Net cash used in investing activities	(22,165)	(33,715)	(96,359)
Net cash provided by/ (used in) financing activities	34,421	(103,642)	2,161,284
(Decrease)/ increase in cash and short term funds	(25,786)	85,227	133,328
Cash and short term funds - beginning of period	119,231	(14,097)	(14,097)
Cash and short term funds - end of period	**93,445**	**71,130**	**119,231**
Represented by:			
Cash and short-term deposits	164,249	167,385	153,584
Bank overdraft	(70,804)	(96,255)	(34,353)
	93,445	71,130	119,231

DIRECTORS' STATEMENT

The company reported a consolidated loss of $625m for the first quarter of 2012, compared to a loss before tax credits of $374m in the corresponding period of 2011. Domestic sales volumes were on par with last year and export sales increased by 10,107 tonnes [19%], leading to growth in total cement sales volume of 5%. There were no export sales of clinker in this quarter.

While sales volumes grew by 5%, revenue increased by $239m or 11.6% as a result of price increases implemented in both the local and overseas markets. These adjustments, which came into effect in January, were designed to cover inflationary price movements, especially the cost of energy. However, over the period, oil prices have continued to rise, driving up heavy fuel oil costs by 11% and electricity by 15%. Similar increases in mining and transportation costs impacted the cost of production, thereby eroding much of the benefits targeted with the price adjustment.

Our performance was further impacted by operational challenges in the clinker manufacturing department, leading to an increase in repairs and maintenance charges and a significant drawdown in inventory, with a consequential charge to the financial statements. There were also general increases in our fixed costs, including foreign exchange translation loss of $43m as a result of the depreciation in the domestic currency during the period, whereas the currency had appreciated during the first three months of 2011.

The loss for the quarter has resulted in Group Equity now showing a negative position of $216m and the negative working capital has increased to $1.1bn. Without the continuing support of our parent company, Trinidad Cement Ltd [TCL], which increased its support by $399m during the quarter bringing the total to $5.5bn in short-term and long-term loans and a further $1.3bn in preference shares, Carib Cement could not continue to operate. This level of support from our parent company has only been possible as a result of the moratorium on the TCL Group's debt servicing obligations declared on 14th January 2011 and explained in more detail in Note 3 to this quarter's financial statements. The many agreements to the Group's debt restructuring were signed off on 10th May 2012 and debt service payments will recommence in December 2012. Consequently, it is critical for Carib Cement to generate positive cash flows from operations by the end of 2012. The Board and Management of both Carib Cement and TCL are actively pursuing initiatives to achieve this.

Outlook

The growth in the domestic market that was expected based on the outlook in the last half of 2011 has not materialised. However there are several large projects in the making and we expect to see some bounce in sales towards the end of year. In the meantime, the continuing inflationary pressures necessitate a price correction and this will be implemented during the month of June. The labour strike at our parent company, TCL, has resulted in increased exports at very favourable prices during the first five months of 2012, providing a temporary "windfall" to Carib Cement. We are actively pursuing and expect to achieve very favourable growth in cement exports for the whole of 2012. In the meanwhile, the Board and Management continue to remain focused on cost containment and a careful management of our liquidity situation.

Brian Young
Chairman
May 25, 2012

Dr. Rollin Bertrand
Director/Group CEO
May 25, 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 31.03.2012	UNAUDITED 31.03.2011	AUDITED 31.12.2011
Non-Current Assets	5,696,690	6,081,807	5,771,250
Current Assets	3,140,236	2,992,558	3,179,133
Current Liabilities	(4,245,711)	(4,006,071)	(3,767,676)
Non-Current Liabilities	(4,807,435)	(2,295,218)	(4,773,514)
Total Net Assets	**(216,220)**	**2,773,076**	**409,193**
Oridnary 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 losses	(4,778,368)	(1,789,072)	(4,152,955)
Group Equity	**(216,220)**	**2,773,076**	**409,193**

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
UNAUDITED THREE MONTHS JAN TO MAR 2012				
Revenue				
External customers	2,291,060	12,116	-	2,303,176
Inter-segment	2,282	42,550	(44,832)	-
Total Revenue	**2,293,342**	**54,666**	**(44,832)**	**2,303,176**
Depreciation and amortisation	94,054	4,031	-	98,085
Segment (loss)/ profit before tax	(629,526)	4,113	-	(625,413)
Operating assets	8,811,446	322,476	(296,996)	8,836,926
Operating liabilities	9,153,790	118,998	(219,642)	9,053,146
Capital expenditure	23,584	1,836	-	25,420
UNAUDITED THREE MONTHS JAN TO MAR 2011				
Revenue				
External customers	2,029,280	34,835	-	2,064,115
Inter-segment	2,275	37,264	(39,539)	-
Total Revenue	**2,031,555**	**72,099**	**(39,539)**	**2,064,115**
Depreciation and amortisation	95,434	3,992	-	99,426
Segment loss before taxation	(345,233)	(28,805)	-	(374,038)
Operating assets	8,992,244	358,146	(276,025)	9,074,365
Operating liabilities	5,965,324	87,228	248,737	6,301,289
Capital expenditure	34,273	290	-	34,563
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Three Months Jan to Mar	UNAUDITED Three Months Jan to Mar	AUDITED Year Jan to Dec
	2012	2011	2011
Balance at beginning of period	**409,193**	**3,022,553**	**3,022,553**
Total Comprehensive loss	(625,413)	(249,477)	(2,613,360)
Balance at end of period	**(216,220)**	**2,773,076**	**409,193**

Notes:

1. 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 31 December 2011. The Group has adopted all new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after 1 January 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.

2. Segment Reporting

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

3. Going Concern

The Group's current economic environment is challenging and as a result, the Group has reported accumulated losses of $4,778,368,000 as at 31 March 2012 and operating losses of $474,638,000 for the first quarter of 2012. In addition, the Group's current liabilities exceeded its current assets by $1,105,475,000 as at 31 March 2012. 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. 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. Management has pursued a number of new markets and increased market share in existing ones with some level of success.

TCL Group commenced negotiations with its lenders for a restructuring of its debt portfolio. On 14 January 2011 a moratorium on debt service was declared and thereafter payments were not made as a consequence of which the Group went into default of several loan agreements which continued to the statement of financial position date. However, lenders have not sought to enforce their security and other rights which remain unchanged whilst negotiations are taking place with the Group.

The directors have concluded that the combination of the above circumstances could represent a material uncertainty casting doubt about the Group's ability to continue as a going concern. However, on 10 May 2012, the TCL Group executed many agreements to give effect to the debt restructuring. After considering the remaining 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.