CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2014

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Apr to Jun 2014	UNAUDITED Three Months Apr to Jun 2013	UNAUDITED Six Months Jan to Jun 2014	UNAUDITED Six Months Jan to Jun 2013	AUDITED Year Jan to Dec 2013
Sales (Cement Tonnes) – Local	155,052	150,254	309,364	302,116	594,764
Sales (Cement Tonnes) – Export	71,934	68,080	133,028	100,780	231,865
Sales (Clinker Tonnes) – Export	18,999	–	63,260	–	36,569
Revenue	**3,647,386**	**3,035,195**	**7,251,580**	**5,680,705**	**12,089,484**
Earnings before interest, depreciation, tax and amortisation	**89,402**	**825,151**	**303,782**	**1,009,405**	**1,470,090**
Depreciation	(83,659)	(81,113)	(168,119)	(167,405)	(319,207)
Operating profit	**5,743**	**744,038**	**135,663**	**842,000**	**1,150,883**
Interest income	398	1,405	679	1,601	9,982
Interest expense	(70,420)	(134,125)	(136,539)	(280,192)	(443,722)
Loss on currency exchange	(33,483)	(251,835)	(48,607)	(700,755)	(720,222)
(Loss)/profit before taxation	**(97,762)**	**359,483**	**(48,804)**	**(137,346)**	**(3,079)**
Taxation credit/(charge)	9,044	–	(4,439)	–	117,000
Net (loss)/profit for the period	**(88,718)**	**359,483**	**(53,243)**	**(137,346)**	**113,921**
Total comprehensive (loss)/income	**(88,718)**	**359,483**	**(53,243)**	**(137,346)**	**113,921**
Profit/(Loss) per ordinary stock unit EPS in dollars – Basic & Diluted	(0.10)	0.42	(0.06)	(0.16)	0.13
Earnings before interest, depreciation, tax and amortisation/Revenue Ratio	2%	27%	4%	18%	12%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to Jun 2014	UNAUDITED Six Months Jan to Jun 2013	AUDITED Year Jan to Dec 2013
Balance at beginning of period	**4,752,049**	**(2,939,072)**	**(2,939,072)**
Issue of preference shares	–	3,738,110	3,738,110
Capital contribution	–	3,839,090	3,839,090
Total Comprehensive (loss)/income	(53,243)	(137,346)	113,921
Balance at end of period	**4,698,806**	**4,500,782**	**4,752,049**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Six Months Jan to Jun 2014	UNAUDITED Six Months Jan to Jun 2013	AUDITED Year Jan to Dec 2013
Group net (loss)/profit before taxation	**(48,804)**	**(137,346)**	**(3,079)**
Adjustment for non-cash items	349,971	535,115	1,273,767
	301,167	397,769	1,270,688
Change in working capital	57,044	(766,038)	(1,025,727)
Taxation paid	(120)	112	–
Net cash provided by/(used) in operating activities	358,091	(368,157)	244,961
Net cash used in investing activities	(227,935)	(208,527)	(572,030)
Net cash (used in)/provided by financing activities	(36,107)	574,934	284,873
Increase/(decrease) in cash and short term funds	94,049	(1,750)	(42,196)
Cash and short-term funds – beginning of period	202,107	244,303	244,303
Cash and short-term funds – end of period	**296,156**	**242,553**	**202,107**
Represented by:			
Cash and short-term deposits	296,156	242,553	202,107
	296,156	**242,553**	**202,107**

DIRECTORS' STATEMENT

The Group reported a consolidated loss of $53 million for the first six months of 2014 compared to a loss of $137 million in the corresponding period of 2013. In comparing the results for 2014 with those for 2013 it is necessary to recognise the impact of the debt restructuring exercise that was completed in June 2013. In this regard, the results for 2013 include a $591 million reversal of previously accrued withholding taxes, resulting in a much improved operating profit for the first six months of 2013. Additionally, the reduction in the Group's exposure to currency exchange losses from June 2013 resulted in a net reduction of $652 million in foreign exchange translation losses for 2014 compared to the corresponding period for 2013.

Revenue grew by 28% over the period driven by improved pricing and an almost doubling of aggregate clinker and cement export sales volumes. However, this was impacted by general inflationary increases driven by the depreciating currency, an increase in debt servicing and the cost of the planned annual shutdown of the clinker manufacturing line for the necessary relining of the kiln, during which time there was a significant draw down of clinker inventory resulting in a positive cash flow, but a negative operating result. There is no major shut down of the kiln planned for the rest of 2014 when clinker inventory will be restocked and improved operating results are expected.

Outlook

We remain cautiously optimistic about the local economy and expect to see some small growth this year. With regard to our export markets, we will continue to consolidate the gains we have made in our South American markets.

Brian Young
Chairman
August 11, 2014

Dr Rollin Bertrand
Director/Group CEO
August 11, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.06.2014	UNAUDITED 30.06.2013	AUDITED 31.12.2013
Non-current assets	4,930,381	4,583,945	4,848,265
Current assets	3,716,638	4,019,381	4,273,591
Current liabilities	(2,633,185)	(2,379,246)	(3,027,671)
Non-current liabilities	(1,315,028)	(1,723,298)	(1,342,136)
Total net assets	**4,698,806**	**4,500,782**	**4,752,049**
Ordinary share capital	1,808,837	1,808,837	1,808,837
Preference share capital	5,077,760	5,077,760	5,077,760
Realised capital gain	1,413,661	1,413,661	1,413,661
Capital contribution	3,839,090	3,839,090	3,839,090
Accumulated losses	(7,440,542)	(7,638,566)	(7,387,299)
Group equity	**4,698,806**	**4,500,782**	**4,752,049**

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
UNAUDITED SIX MONTHS JAN TO JUN 2014				
Revenue				
External customers	7,236,327	15,253	–	7,251,580
Inter-segment	5,086	157,417	(162,503)	–
Total Revenue	**7,241,413**	**172,670**	**(162,503)**	**7,251,580**
Depreciation and amortisation	164,636	3,483	–	168,119
Segment (loss)/profit before taxation	(66,561)	17,757	–	(48,804)
Operating assets	8,752,434	531,279	(636,694)	8,647,019
Operating liabilities	4,208,406	308,391	(568,584)	3,948,213
Capital expenditure	225,888	598	–	226,486
UNAUDITED SIX MONTHS JAN TO JUN 2013				
Revenue				
External customers	5,663,307	17,398	–	5,680,705
Inter-segment	4,807	104,370	(109,177)	–
Total Revenue	**5,668,114**	**121,768**	**(109,177)**	**5,680,705**
Depreciation and amortisation	163,506	3,899	–	167,405
Segment (loss)/profit before taxation	(162,921)	25,575	–	(137,346)
Operating assets	8,586,416	396,833	(379,923)	8,603,326
Operating liabilities	4,245,090	169,268	(311,813)	4,102,545
Capital expenditure	208,527	8,127	–	216,654
AUDITED YEAR JAN TO DEC 2013				
Revenue				
External customers	12,058,718	30,766	–	12,089,484
Inter-segment	11,556	250,617	(262,173)	–
Total Revenue	**12,070,274**	**281,383**	**(262,173)**	**12,089,484**
Depreciation and amortisation	311,786	7,421	–	319,207
Segment (loss)/profit before taxation	(10,659)	7,580	–	(3,079)
Operating assets	8,940,288	256,219	(74,651)	9,121,856
Operating liabilities	4,329,701	46,648	(6,542)	4,369,807
Capital expenditure	561,516	17,014	–	578,530

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 June 2014 which are prepared in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies 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 31 December 2013 except that 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 2014 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 Reporting**
   Management's principal reporting and decision-making are by product and accordingly the segment information is so presented.

4. **Going Concern**
   Despite the Group reporting a loss before taxation of $98 million for the quarter and $49 million year to date, the Group continues to meet its cash obligations. Whilst the Group recorded significant improvement, the current economic environment continues to be challenging particularly in the important domestic Jamaican market. The Group has taken action to increase operating margins and domestic and export volumes. However, the lease obligation of the Group is significant, as well as, the Group is jointly and severally an obligor with respect to the TCL Group debt of US$300 million. Nonetheless, the Directors have concluded that business conditions are still challenging and the current financial position of the 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.