CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Jul to Sep 2014	UNAUDITED Three Months Jul to Sep 2013	UNAUDITED Nine Months Jan to Sep 2014	UNAUDITED Nine Months Jan to Sep 2013	AUDITED Year Jan to Dec 2013
Sales (Cement Tonnes) – Local	149,280	146,334	458,644	448,450	594,764
Sales (Cement Tonnes) – Export	58,528	77,863	191,556	178,643	231,865
Sales (Clinker Tonnes) – Export	17,113	6,757	80,373	6,757	36,569
Revenue	**3,494,541**	**3,207,630**	**10,746,121**	**8,888,335**	**12,089,484**
Earnings before interest, depreciation, tax and amortisation	**216,875**	**303,605**	**520,657**	**1,313,010**	**1,470,090**
Depreciation	(82,600)	(77,614)	(250,719)	(245,019)	(319,207)
Operating profit	**134,275**	**225,991**	**269,938**	**1,067,991**	**1,150,883**
Interest income	394	401	1,073	2,002	9,982
Interest expense	(59,318)	(69,242)	(195,857)	(349,434)	(443,722)
(Loss)/Gain on currency exchange	(6,298)	11,711	(54,905)	(689,044)	(720,222)
Profit/(Loss) before taxation	**69,053**	**168,861**	**20,249**	**31,515**	**(3,079)**
Taxation credit	9,111	–	4,672	–	117,000
Net profit for the year	**78,164**	**168,861**	**24,921**	**31,515**	**113,921**
Total comprehensive profit	**78,164**	**168,861**	**24,921**	**31,515**	**113,921**
Profit per ordinary stock unit EPS in dollars – Basic & Diluted	0.09	0.20	0.03	0.04	0.13
Earnings before interest, depreciation, tax and amortisation/Revenue Ratio	6%	9%	5%	15%	12%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Nine Months Jan to Sep 2014	UNAUDITED Nine Months Jan to Sep 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 income	24,921	31,515	113,921
Balance at end of period	**4,776,970**	**4,669,643**	**4,752,049**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Nine Months Jan to Sep 2014	UNAUDITED Nine Months Jan to Sep 2013	AUDITED Year Jan to Dec 2013
Group net profit/(loss) before taxation	**20,249**	**31,515**	**(3,079)**
Adjustment for non-cash items	497,311	(7,640)	1,273,767
	517,560	23,875	1,270,688
Change in working capital	(62,902)	(487,961)	(1,025,727)
Taxation (paid)/credited	(120)	112	–
Net cash provided/(used in) by operating activities	454,538	(463,974)	244,961
Net cash used in investing activities	(357,750)	(226,237)	(572,030)
Net cash (used in)/provided by financing activities	(46,420)	595,398	284,873
Increase/(decrease) in cash and short-term funds	50,368	(94,813)	(42,196)
Cash and short-term funds – beginning of period	202,107	244,303	244,303
Cash and short-term funds – end of period	**252,475**	**149,490**	**202,107**
Represented by:			
Cash and short-term deposits	252,475	149,490	202,107
	252,475	**149,490**	**202,107**

DIRECTORS' STATEMENT

The Group reported a consolidated profit of $20 million for the first nine months of 2014 compared to a profit of $32 million in the corresponding period of 2013. As reported in our six-month consolidated financial publication, the 2013 profit performance includes exceptional income of $591 million arising from the reversal of charges previously accrued from the debt restructuring with the parent company, Trinidad Cement Limited.

Both domestic and export cement sales volumes grew over the period, 2% in the local market and 7% for exports, while clinker sales grew eleven fold as we also fully satisfied the contract to supply clinker to Venezuela under the Trade Compensation Mechanism of the PetroCaribe Agreement. The improved revenues, however, continued to be undermined by escalation in costs due to the depreciating dollar.

Outlook

The recent trend in the domestic market is expected to continue as well as improvement in the export earnings. In addition, we have entered into a new agreement to supply 240,000 tonnes of clinker to Venezuela, starting shipments in October 2014. We therefore remain cautiously optimistic that these favourable results can be sustained.

Christopher Dehring
Chairman
October 16th, 2014

Hollis Hosein
Director
October 16th, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.09.2014	UNAUDITED 30.09.2013	AUDITED 31.12.2013
Non-current assets	5,007,949	4,569,818	4,848,265
Current assets	3,926,563	4,377,778	4,273,591
Current liabilities	(3,565,045)	(2,542,843)	(3,027,672)
Non-Current liabilities	(592,497)	(1,735,110)	(1,342,135)
Total net assets	**4,776,970**	**4,669,643**	**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	(7,362,378)	(7,469,705)	(7,387,299)
Group equity	**4,776,970**	**4,669,643**	**4,752,049**

SEGMENT INFORMATION

J$'000	CEMENT	GYPSUM AND POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
UNAUDITED NINE MONTHS JAN TO SEP 2014				
Revenue				
External customers	10,727,821	42,515	(24,215)	10,746,121
Inter-segment	5,643	243,361	(249,004)	–
Total Revenue	**10,733,464**	**285,876**	**(273,219)**	**10,746,121**
Depreciation and amortisation	245,542	5,177	–	250,719
Segment profit/(loss) before taxation	21,948	(18,686)	16,987	20,249
Operating assets	9,016,859	561,730	(644,077)	8,934,512
Operating liabilities	4,384,325	366,174	(592,957)	4,157,542
Capital expenditure	357,750	40,742	–	398,492
UNAUDITED NINE MONTHS JAN TO SEP 2013				
Revenue				
External customers	8,860,511	27,824	–	8,888,335
Inter-segment	8,301	163,864	(172,165)	–
Total Revenue	**8,868,812**	**191,688**	**(172,165)**	**8,888,335**
Depreciation and amortisation	239,357	5,662	–	245,019
Segment profit before taxation	14,472	17,043	–	31,515
Operating assets	8,715,237	444,328	(211,969)	8,947,596
Operating liabilities	4,196,518	225,295	(143,860)	4,277,953
Capital expenditure	223,141	9,626	–	232,767
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 September 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 products and accordingly the segment information is so presented.

4. **Going Concern** (all values in Trinidad & Tobago dollars)
   The TCL Group has reported profit before taxation of $83.9 million for the nine months of 2014 (year ended December 2013 - $33.8 million), and generated cash from operations of $204.8 million (year ended December 2013 - $182.7 million). At September 2014 the TCL Group had outstanding debt obligations of $1.8 billion, with existing annual debt service obligations of $368 million. In addition, there is an obligation for settlement of retroactive payroll costs of approximately $100 million to employees for the three-year period ending in 2011, based on agreements between the Parent Company and the Union and the award of the Industrial Court. On September 29th, 2014 the Parent Board took a decision to place a hold on all payments due under the restructured loan agreement, which had the effect of creating a condition of default, resulting in the reclassification of all long-term debt principal outstanding to current liabilities (in accordance with International Financial Reporting Standards). As a consequence of this reclassification the net working capital deficit is $1.5 billion (year ended December 2013 – positive $138 million). Other key risks to the TCL Group include declining markets and plant stoppages from technical issues.

   The Parent Company has filed an appeal in the Appeal Court seeking a review of the Industrial Court ruling. The Union and the Parent Company have agreed on a stay of the ruling until November 10th and discussions are in progress to settle the matter out of Court. The Company has been advised that the lenders do not intend to enforce their rights under the restructured loan agreement at this time. In addition, a comprehensive financial and operational review of the TCL Group is in progress and a restructuring plan, which seeks to secure the long-term viability of the Company, is scheduled to be completed by October 31st, 2014.

   Markets have remained buoyant with domestic volumes in the Group showing a 5% increase for 2014 to date over the prior year period, while the Trinidad and Jamaica plants have performed consistently, with the Barbados plant experiencing some challenges. The Directors have a reasonable expectation that the implementation of the restructuring plan is expected to generate adequate cash flows and profitability which would allow the TCL Group to continue in operational existence for the foreseeable future.