CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

# SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

## FOR THE SIX MONTHS ENDED JUNE 30, 2015

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| J$'000 | UNAUDITED Three Months Apr to June 2015 | UNAUDITED Three Months Apr to June 2014 | UNAUDITED Six Months Jan to June 2015 | UNAUDITED Six Months Jan to June 2014 | AUDITED Year Jan to Dec 2014 |
|---|---|---|---|---|---|
| Sales (Cement Tonnes) – Local | 166,967 | 155,052 | 316,461 | 309,364 | 598,164 |
| Sales (Cement Tonnes) – Export | 39,346 | 71,934 | 79,293 | 133,028 | 232,765 |
| Sales (Clinker Tonnes) – Export | 50,001 | 18,999 | 105,372 | 63,260 | 155,423 |
| **Revenue** | **3,947,827** | **3,647,386** | **7,527,784** | **7,251,580** | **14,356,017** |
| **Earnings before interest, tax, depreciation and amortisation** | **714,549** | **89,402** | **1,153,259** | **303,782** | **961,070** |
| Depreciation and amortisation | (100,513) | (83,659) | (193,980) | (168,119) | (364,828) |
| **Operating profit** | **614,036** | **5,743** | **959,279** | **135,663** | **596,242** |
| Interest income | (10,763) | 398 | 1,920 | 679 | 1,294 |
| Interest expense | (38,657) | (70,420) | (104,134) | (136,539) | (252,663) |
| Net debt restructuring gain | 167,792 | – | 167,792 | – | – |
| Loss on currency exchange | (24,297) | (33,483) | (28,705) | (48,607) | (88,888) |
| **Profit/(loss) before taxation** | **708,111** | **(97,762)** | **996,152** | **(48,804)** | **255,985** |
| Taxation (charge)/credit | (86,772) | 9,044 | (126,854) | (4,439) | (117,000) |
| **Net profit/(loss) for the period** | **621,339** | **(88,718)** | **869,298** | **(53,243)** | **138,985** |
| **Total comprehensive income/(loss)** | **621,339** | **(88,718)** | **869,298** | **(53,243)** | **138,985** |
| Profit/(Loss) per ordinary stock unit EPS in dollars – Basic & Diluted | 0.73 | (0.10) | 1.02 | (0.06) | 0.16 |

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| J$'000 | UNAUDITED Six Months Jan to June 2015 | UNAUDITED Six Months Jan to June 2014 | AUDITED Year Jan to Dec 2014 |
|---|---|---|---|
| **Balance at beginning of period** | **4,891,034** | **4,752,049** | **4,752,049** |
| Total Comprehensive income/(loss ) | 869,298 | (53,243) | 138,985 |
| **Balance at end of period** | **5,760,332** | **4,698,806** | **4,891,034** |

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

| J$'000 | UNAUDITED Six Months Jan to June 2015 | UNAUDITED Six Months Jan to June 2014 | AUDITED Year Jan to Dec 2014 |
|---|---|---|---|
| **Group net profit/(loss) before taxation** | **996,152** | **(48,804)** | **255,985** |
| Adjustment for non-cash items | 155,672 | 349,971 | 693,433 |
| | 1,151,824 | 301,167 | 949,418 |
| Change in working capital | 81,160 | 57,044 | (605,414) |
| Taxation paid | – | (120) | (304) |
| Net cash provided by operating activities | 1,232,984 | 358,091 | 343,700 |
| Net cash used in investing activities | (273,253) | (227,935) | (598,114) |
| Net cash (used in)/provided by financing activities | (307,854) | (36,107) | 230,224 |
| Increase/(decrease) in cash and short term funds | 651,877 | 94,049 | (24,190) |
| Cash and short term funds – beginning of period | 177,917 | 202,107 | 202,107 |
| **Cash and short term funds – end of period** | **829,794** | **296,156** | **177,917** |
| **Represented by:** | | | |
| Cash and short-term deposits | 829,794 | 296,156 | 177,917 |
| | 829,794 | 296,156 | 177,917 |

## DIRECTORS' STATEMENT

The Group reported a consolidated profit of $869 million for the first six months of 2015 compared to a loss of $53 million in the corresponding period of 2014, an improvement of $922 million. Revenue grew by 4% or $276 million over the prior period mainly driven by improved domestic sales volumes and increased clinker export which compensated for the decline in export cement sales volumes. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by $849 million to $1,153 million over 2014 mainly due to the increased revenue, and lower energy costs, reduction of fixed costs and the improvement in operational efficiencies. The Group successfully refinanced the restructured debt and secured prepayment discounts of $168 million, net of fees, which is reflected in the second quarter results. The Group's cash position improved by $534 million mainly as a result of the improved EBITDA performance.

**Outlook**

Small increases in local cement sales volumes have been realized and this is expected to continue for the remainder of the year. Lower oil prices have had a significant impact on electricity and fuel prices and this is expected to create more disposable income in the local market which should in turn result in greater demand for our product. The tight fiscal policy stance which the Government continues to employ, in accordance with its present agreements with the multinational agencies, is expected to result in modest growth in the economy. We remain encouraged by the continued improvement in the performance of the company.

**Christopher Dehring**
**Chairman**
**July 16, 2015**

**Jose Luis Seijo Gonzalez**
**Group CEO**
**July 16, 2015**

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| J$'000 | UNAUDITED 30.06.2015 | UNAUDITED 30.06.2014 | AUDITED 31.12.2014 |
|---|---|---|---|
| Non-current assets | 5,043,837 | 4,930,381 | 4,964,459 |
| Current assets | 4,887,618 | 3,716,638 | 4,610,139 |
| Current liabilities | (2,969,557) | (2,633,185) | (3,816,511) |
| Non-current liabilities | (1,201,566) | (1,315,028) | (867,053) |
| **Total net assets** | **5,760,332** | **4,698,806** | **4,891,034** |
| 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 | (6,379,016) | (7,440,542) | (7,248,314) |
| **Group equity** | **5,760,332** | **4,698,806** | **4,891,034** |

## SEGMENT INFORMATION

| J$'000 | CEMENT | GYPSUM AND POZZOLAN | ADJUSTMENTS AND ELIMINATIONS | CONSOLIDATED |
|---|---|---|---|---|
| **UNAUDITED SIX MONTHS JAN TO JUNE 2015** | | | | |
| **Revenue** | | | | |
| External customers | 7,512,830 | 14,954 | – | 7,527,784 |
| Inter-segment | 6,429 | 136,483 | (142,912) | – |
| **Total revenue** | **7,519,259** | **151,437** | **(142,912)** | **7,527,784** |
| Depreciation and amortisation | 183,266 | 10,714 | – | 193,980 |
| Segment profit/(loss) before taxation | 1,015,200 | (6,328) | (12,720) | 996,152 |
| Operating assets | 9,890,971 | 458,410 | (417,926) | 9,931,455 |
| Operating liabilities | 4,246,199 | 283,352 | (358,428) | 4,171,123 |
| Capital expenditure | 273,253 | – | – | 273,253 |
| **UNAUDITED SIX MONTHS JAN TO JUNE 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 |
| **AUDITED YEAR JAN TO DEC 2014** | | | | |
| **Revenue** | | | | |
| External customers | 14,312,206 | 43,811 | – | 14,356,017 |
| Inter-segment | 12,025 | 365,958 | (377,983) | – |
| **Total revenue** | **14,324,231** | **409,769** | **(377,983)** | **14,356,017** |
| Depreciation and amortisation | (352,577) | (12,251) | – | (364,828) |
| Segment profit/(loss) before taxation | 265,369 | (31,133) | 21,749 | 255,985 |
| Operating assets | 9,333,249 | 389,706 | (148,357) | 9,574,598 |
| Operating liabilities | 4,582,716 | 202,845 | (101,997) | 4,683,564 |
| Capital expenditure | 540,472 | 57,642 | – | 598,114 |

### 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 2015 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 2014 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 2015 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. **Debt Refinancing**
In March 2015 the TCL Group negotiated new terms under the Override Agreement with Lenders with the restructured debt agreements coming into effect as at March 30, 2015, the main elements of which included: reduction of the interest rate on the outstanding debt by 2%; forgiveness of the default moratorium interest from September 30, 2014 (2%); the ability to prepay originally secured and unsecured debt on a discounted basis within 90 days of the effectiveness of the restructuring. In May 2015 the TCL Group prepaid the Override debt in full net of prepayment discount of TT$ 194.2 (J$3,555.6) million with the proceeds of a Bridge Loan and internal cash of TT$ 99.2 (J$1,816.2) million. Further to this, the TCL Group is in the process of securing a syndicated loan facility to repay the Bridge Loan. The prepayment discount is included in "Adjustment for non-cash items" on the Consolidated Statement of Cash Flows.