CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Jul to Sep 2013	UNAUDITED Three Months Jul to Sep 2012	UNAUDITED Nine Months Jan to Sep 2013	UNAUDITED Nine Months Jan to Sep 2012	AUDITED Year Jan to Dec 2012
Sales (Cement Tonnes)-Local	146,334	123,331	448,450	406,070	536,349
Sales (Cement Tonnes)-Export	77,863	48,808	178,643	182,877	218,722
Sales (Clinker Tonnes)-Export	6,757	-	6,757	-	12,673
Revenue	**3,207,630**	**2,135,007**	**8,888,335**	**6,849,457**	**9,084,600**
Profit/(loss) before interest, depreciation, tax and amortisation	**303,605**	**108,234**	**1,313,010**	**(466,892)**	**(750,438)**
Depreciation	(77,614)	(92,978)	(245,019)	(281,305)	(430,695)
Impairment losses	-	-	-	-	(383,577)
Operating profit/(loss)	**225,991**	**15,256**	**1,067,991**	**(748,197)**	**(1,564,710)**
Interest income	401	872	2,002	1,361	2,221
Debt restructuring costs	-	-	-	-	(11,719)
Interest expense	(69,242)	(159,905)	(349,434)	(464,232)	(592,153)
Gain/(loss) on currency exchange	11,711	(101,307)	(689,044)	(237,582)	(505,744)
Profit/(loss) before taxation	**168,861**	**(245,084)**	**31,515**	**(1,448,650)**	**(2,672,105)**
Taxation charge	-	-	-	-	(676,160)
Net profit/(loss) for the year	**168,861**	**(245,084)**	**31,515**	**(1,448,650)**	**(3,348,265)**
Total comprehensive profit/(loss)	**168,861**	**(245,084)**	**31,515**	**(1,448,650)**	**(3,348,265)**
Profit/(loss) per ordinary stock unit EPS in dollars - Basic & Diluted	0.20	(0.29)	0.04	(1.70)	(3.93)
Profit/(loss) before interest, depreciation, tax and amortisation/Revenue Ratio	9%	5%	15%	(7%)	(8%)

SEGMENT INFORMATION

J$'000	CEMENT	POZZOLAN	ADJUSTMENTS AND ELIMINATIONS	CONSOLIDATED
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	(143,859)	4,277,954
Capital expenditure	223,141	9,626	-	232,767
UNAUDITED NINE MONTHS JAN TO SEP 2012				
Revenue				
External customers	6,820,634	28,823	-	6,849,457
Inter-segment	6,976	167,394	(174,370)	-
Total Revenue	**6,827,610**	**196,217**	**(174,370)**	**6,849,457**
Depreciation and amortisation	270,469	10,836	-	281,305
Segment loss before taxation	(1,425,221)	(23,429)	-	(1,448,650)
Operating assets	9,545,963	357,862	(385,024)	9,518,801
Operating liabilities	10,684,002	181,926	(307,670)	10,558,258
Capital expenditure	230,387	421	-	230,808
AUDITED YEAR JAN TO DEC 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

DIRECTORS' STATEMENT

The Group reported a consolidated profit of $31.5 million for the nine months of 2013 compared to a loss of $1.448 billion in the corresponding period of 2012. The $1.479 billion improvement in 2013 results over 2012 is after incurring $451 million of increased foreign exchange translation losses in the nine months of 2013 over the corresponding period of 2012 and a $591 million reversal of withholding taxes in the second quarter of 2013, due to the debt restructuring exercise that took place during that quarter.

A comparison of the operating results for the third quarter [July to September] of 2013 with those for 2012 shows significant improvement in all key areas i.e. volume of local sales up 18.6%, volume of export sales up 59.5%, total revenue up 50.2%, EBITDA [profit before interest, depreciation, tax and amortisation] increased to $303.6 million from $108 million, operating profit increased to $225.9 million from $15.2 million and the 2013 quarters' net profit of $168.9 million compares to a loss of $245 million for 2012.

Outlook

While we do not foresee any meaningful growth in the domestic market, with careful cost management and sustained export earnings, we expect to maintain favourable results over the rest of this year. We face a continuing risk with the depreciation of the Jamaican dollar. While our export earnings have helped bolster the impact, the net impact of devaluation is negative and the situation continues to warrant careful monitoring.

Brian Young
Chairman
November 4, 2013

Dr Rollin Bertrand
Director/Group CEO
November 4, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.09.2013	UNAUDITED 30.09.2012	AUDITED 31.12.2012
Non-current assets	4,569,818	5,734,198	4,545,366
Current assets	4,377,778	3,784,603	3,942,937
Current liabilities	(2,542,843)	(3,357,944)	(3,751,513)
Non-current liabilities	(1,735,111)	(7,200,314)	(7,675,862)
Total net assets/(liabilities)	**4,669,642**	**(1,039,457)**	**(2,939,072)**
Ordinary share capital	1,808,837	1,808,837	1,808,837
Preference share capital	5,077,759	1,339,650	1,339,650
Realised capital gain	1,413,661	1,413,661	1,413,661
Capital contributed by parent	3,839,090	-	-
Accumulated losses	(7,469,705)	(5,601,605)	(7,501,220)
Group Equity/(deficit)	**4,669,642**	**(1,039,457)**	**(2,939,072)**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Nine Months Jan to Sep 2013	UNAUDITED Nine Months Jan to Sep 2012	AUDITED Year Jan to Dec 2012
Group net profit/(loss) before taxation	**31,515**	**(1,448,650)**	**(2,672,105)**
Adjustment for non-cash items	(7,640)	278,694	1,984,814
	23,875	(1,169,956)	(687,291)
Change in working capital	(487,961)	1,606,018	(238,542)
Taxation credited/(paid)	112	(65,983)	(13,606)
Net cash (used in)/generated by operating activities	(463,974)	370,079	(939,439)
Net cash used in investing activities	(226,237)	(227,778)	(148,817)
Net cash provided by financing activities	595,398	34,098	1,213,328
(Decrease)/increase in cash and short-term funds	(94,813)	176,399	125,072
Cash and short-term funds - beginning of period	244,303	119,231	119,231
Cash and short-term funds - end of period	**149,490**	**295,630**	**244,303**
Represented by:			
Cash and short-term deposits	149,490	296,589	244,303
Bank overdraft	-	(959)	-
	149,490	**295,630**	**244,303**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Nine Months Jan to Sep 2013	UNAUDITED Nine Months Jan to Sep 2012	AUDITED Year Jan to Dec 2012
Balance at beginning of period	**(2,939,072)**	**409,193**	**409,193**
Preference shares issued	3,738,109	-	-
Capital contributed by Parent	3,839,090	-	-
Total comprehensive profit/(loss)	31,515	(1,448,650)	(3,348,265)
Balance at end of period	**4,669,642**	**(1,039,457)**	**(2,939,072)**

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 2013 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 2012 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 2013 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 Conversion and Capital Contribution/Operating Profit**
   (i) Effective 29 June 2013, the debt of US$75,000,000 owed to Trinidad Cement Limited (TCL) was restructured to strengthen the equity position of the company. Pursuant to shareholders' approval, US$37,000,000 was converted to redeemable preference shares as reflected in the increase of $3,738,109 in preference share capital. In addition, a capital contribution of US$38,000,000 by the parent was made and is reflected in the balance of $3,839,090 captioned as 'Capital contributed by parent'.

   (ii) As a consequence of this capital contribution, accrued withholding tax of $591,486,000 associated with these amounts was no longer payable by the company and accordingly was reversed.

5. **Going Concern**
The CCCL Group continues to take action to increase operating margins and domestic volumes to counter the difficult operating environment whilst the parent company remains committed to provide support if required. Notwithstanding the improvement in operating performance and financial position over the past nine months, of both CCCL and TCL, the directors have concluded that the challenging demand environment and the financial position of the CCCL Group continue to 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.