CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2014

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three months Jan to Mar 2014	UNAUDITED Three months Jan to Mar 2013	AUDITED Year Jan to Dec 2013
Sales (Cement Tonnes) – Local	154,312	151,862	594,764
Sales (Cement Tonnes) – Export	61,094	32,700	231,865
Sales (Clinker Tonnes) – Export	44,261	–	36,569
Revenue	**3,604,194**	**2,645,510**	**12,089,484**
Earnings before interest, depreciation, tax and amortisation	**214,380**	**184,254**	**1,470,090**
Depreciation	(84,460)	(86,292)	(319,207)
Operating profit	**129,920**	**97,962**	**1,150,883**
Interest income	281	196	9,982
Interest expense	(66,119)	(146,067)	(443,722)
Loss on currency exchange	(15,124)	(448,920)	(720,222)
Profit/(loss) before taxation	**48,958**	**(496,829)**	**(3,079)**
Taxation (charge)/credit	(13,483)	–	117,000
Net profit/(loss) for the year	**35,475**	**(496,829)**	**113,921**
Total comprehensive income/(loss)	**35,475**	**(496,829)**	**113,921**
Profit/(loss) per ordinary stock unit EPS in dollars – Basic & Diluted	0.04	(0.58)	0.13
Earnings before interest, depreciation, tax and amortisation/Revenue Ratio	6%	7%	12%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Three months Jan to Mar 2014	UNAUDITED Three months Jan to Mar 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
Capital contribution	–	–	3,839,090
Total Comprehensive income/(loss)	35,475	(496,829)	113,921
Balance at end of period	**4,787,524**	**(3,435,901)**	**4,752,049**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Three months Jan to Mar 2014	UNAUDITED Three months Jan to Mar 2013	AUDITED Year Jan to Dec 2013
Group net profit/(loss) before taxation	**48,958**	**(496,829)**	**(3,079)**
Adjustment for non-cash items	164,685	459,682	1,273,767
	213,643	(37,147)	1,270,688
Change in working capital	(17,303)	(362,885)	(1,025,727)
Net cash provided by/(used in) operating activities	196,340	(400,032)	244,961
Net cash used in investing activities	(54,170)	(138,052)	(572,030)
Net cash (used in)/provided by financing activities	(3,887)	406,288	284,873
Increase (decrease) in cash and short-term funds	138,283	(131,796)	(42,196)
Cash and short-term funds – beginning of period	202,107	244,303	244,303
Cash and short-term funds – end of period	**340,390**	**112,507**	**202,107**
Represented by:			
Cash and short-term deposits	**340,390**	**112,507**	**202,107**

DIRECTORS' STATEMENT

The Group reported a consolidated profit of $35 million for the first three months of 2014 compared to a loss of $497 million in the corresponding period of 2013, an improvement of $532 million. The significant improvement over 2013 is as a result of the debt restructuring exercise completed in June last year, reducing the Group's exposure to foreign exchange translation losses, improved sales volumes and increased plant productivity.

While the growth in domestic demand remains anaemic, our export cement sales volumes grew by 87% as we have been able to firmly establish ourselves in new markets of Suriname and Guyana. Total cement sales volumes rose by 17% and, in addition, 44,261 tonnes of clinker was exported to Venezuela. Coupled with price corrections to recover inflationary costs, this saw revenue rise by 36% or $959 million. Our operating profit improved by 33% over the prior year period, increasing from $98 million to $130 million.

Outlook

It is the view of several key stakeholders, including the International Monetary Fund, that the outlook for the Jamaican economy continues to be positive. We remain cautiously optimistic about increased domestic market demand in the short to medium term as we continue to actively promote new uses for our cement in the domestic market. Our focus on developing export markets, especially in Central and South America, continues and we expect to conclude a new contract for supply of clinker to Venezuela when the current contract is fulfilled in May.

Brian Young
Chairman
May 2, 2014

Dr. Rollin Bertrand
Director/Group CEO
May 2, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 31.03.2014	UNAUDITED 31.03.2013	AUDITED 31.12.2013
Non-current assets	4,812,768	4,584,169	4,848,265
Current assets	4,186,355	4,332,153	4,273,591
Current liabilities	(2,865,749)	(4,279,101)	(3,027,671)
Non-current liabilities	(1,345,850)	(8,073,122)	(1,342,136)
Total net assets	**4,787,524**	**(3,435,901)**	**4,752,049**
Ordinary share capital	1,808,837	1,808,837	1,808,837
Preference share capital	5,077,760	1,339,650	5,077,760
Realised capital gain	1,413,661	1,413,661	1,413,661
Capital contribution	3,839,090	–	3,839,090
Accumulated losses	(7,351,824)	(7,998,049)	(7,387,299)
Group equity/(deficit)	**4,787,524**	**(3,435,901)**	**4,752,049**

SEGMENT INFORMATION

J$'000	Cement	Gypsum and Pozzolan	Adjustments and eliminations	Consolidated
Unaudited Three months Jan to Mar 2014				
Revenue				
External customers	3,592,610	24,745	–	3,617,355
Inter-segment	2,502	77,984	(93,647)	(13,161)
Total Revenue	**3,595,112**	**102,729**	**(93,647)**	**3,604,194**
Depreciation and amortisation	82,715	1,745	–	84,460
Segment profit before taxation	35,257	13,701	–	48,958
Operating assets	9,102,837	499,983	(603,697)	8,999,123
Operating liabilities	4,465,938	281,251	(535,590)	4,211,599
Capital expenditure	52,123	–	–	52,123
Unaudited Three months Jan to Mar 2013				
Revenue				
External customers	2,636,854	8,656	–	2,645,510
Inter-segment	2,314	60,457	(62,771)	–
Total Revenue	**2,639,168**	**69,113**	**(62,771)**	**2,645,510**
Depreciation and amortisation	84,337	1,955	–	86,292
Segment (loss)/profit before taxation	(507,625)	10,796	–	(496,829)
Operating assets	8,894,776	390,945	(369,399)	8,916,322
Operating liabilities	12,475,353	178,159	(301,289)	12,352,223
Capital expenditure	138,052	–	–	138,052
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 March 31, 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 December 31, 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 January 1, 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**
   The Group has reported a profit before taxation of $49 million for the quarter, reflecting significant improvement over the loss before taxation of $497m reported for the comparative 2013 quarter. 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 considerable 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.