CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	AUDITED Year Jan to Dec 2013	AUDITED Year Jan to Dec 2012
Sales (Cement Tonnes) – Local	594,764	536,349
Sales (Cement Tonnes) – Export	231,865	218,722
Sales (Clinker Tonnes) – Export	36,569	12,673
Revenue	**12,089,484**	**9,084,600**
Earnings/(Loss) before interest, depreciation, tax and amortisation	**1,470,090**	**(750,438)**
Depreciation	(319,207)	(430,695)
Impairment losses	–	(383,577)
Operating profit/(loss)	**1,150,883**	**(1,564,710)**
Interest income	9,982	2,221
Debt restructuring costs	–	(11,719)
Interest expense	(443,722)	(592,153)
Loss on currency exchange	(720,222)	(505,744)
Loss before taxation	**(3,079)**	**(2,672,105)**
Taxation credit /(charge)	117,000	(676,160)
Net profit/(loss) for the year	**113,921**	**(3,348,265)**
Total comprehensive income/(loss)	**113,921**	**(3,348,265)**
Profit/(loss) per ordinary stock unit Cents – Basic & Diluted	$0.13	($3.93)
Earnings/(Loss) before interest, depreciation, tax and amortisation/revenue ratio	12%	(8%)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	AUDITED Year Jan to Dec 2013	AUDITED Year Jan to Dec 2012
Balance at beginning of year	**(2,939,072)**	**409,193**
Issue of preference shares	3,738,110	–
Capital contribution	3,839,090	–
Total comprehensive income/(loss)	113,921	(3,348,265)
Balance at end of year	**4,752,049**	**(2,939,072)**

DIRECTORS' STATEMENT

The Group reported a consolidated profit of $114 million for 2013 compared to a loss of $3.35 billion for 2012. The $3.46 billion improvement in 2013 results over 2012 is after incurring $215 million in additional foreign exchange translation losses for 2013 [$720 million] over 2012 [$505 million], a $591million reversal of withholding taxes in the second quarter of 2013, due to the debt restructuring exercise that took place during that quarter, and the recognition of $117 million of past tax losses as a deferred tax asset.

A comparison of the operating results for 2013 with those for 2012 shows significant improvement in all key areas i.e. volume of local sales up 11%, volume of export sales up 6%, total revenue up 33%, EBITDA [profit before interest, depreciation, tax and amortisation] of $1.47 billion for 2013 compared to a loss of $750 million for 2012 and operating profit of $1.15 billion for 2013 compared to a loss of $$1.56 billion for 2012.

After three and half years of negotiation, a clinker supply agreement with Venezuela under the terms of trade compensation provisions of the PetroCaribe Agreement with Jamaica was finalized in December 2013. The agreement provides for the supply of 100,000 tons of clinker during the period December 2013 to April 2014. The first shipment was loaded in December 2013.

It should be noted that though our local sales volume increased by 11% over 2012, that increase was achieved by increased market share as the total domestic market declined by 2% in 2013.

Outlook

We have noted the evidence of growth in the Jamaican economy, which normally augurs well for the construction industry. The year however has seen a sluggish start for cement sales and we maintain a cautious outlook for the domestic market in 2014. However, we expect this situation to be corrected as the year progresses. We have commenced discussions with Venezuela for additional supply of clinker when the current contract is fulfilled and we expect to agree on delivery of a further 240,000 tons over a twelve month period. Earnings from the export of cement are expected to continue growing during 2014.

Brian Young
Chairman
February 27th, 2014

Dr. Rollin Bertrand
Director/Group CEO
February 27th, 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	AUDITED Year Jan to Dec 2013	AUDITED Year Jan to Dec 2012
Group net loss before taxation	**(3,079)**	**(2,672,105)**
Adjustment for non-cash items	1,273,767	1,984,814
	1,270,688	(687,291)
Change in working capital	(1,025,727)	(238,542)
Taxation paid	–	(13,606)
Net cash provided by/(used in) operating activities	244,961	(939,439)
Net cash used in investing activities	(572,030)	(148,817)
Net cash provided by financing activities	284,873	1,213,328
(Decrease)/Increase in cash and short term funds	(42,196)	125,072
Cash and short-term funds – beginning of period	244,303	119,231
Cash and short term funds – end of period	**202,107**	**244,303**
Represented by:		
Cash and short-term deposits	**202,107**	**244,303**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	AUDITED 31.12.2013	AUDITED 31.12.2012
Non-current assets	4,848,265	4,545,366
Current assets	4,273,591	3,942,937
Current liabilities	(3,027,671)	(3,751,513)
Non-current liabilities	(1,342,136)	(7,675,862)
Total net assets/(liabilities)	**4,752,049**	**(2,939,072)**
Ordinary share capital	1,808,837	1,808,837
Preference share capital	5,077,760	1,339,650
Realised capital gain	1,413,661	1,413,661
Capital contribution	3,839,090	–
Accumulated loss	(7,387,299)	(7,501,220)
Group equity/(deficit)	**4,752,049**	**(2,939,072)**

INDEPENDENT AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2013, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") for the year ended 31 December 2013. We expressed an unqualified audit opinion on those consolidated financial statements in our report dated 27 February 2014.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore is not a substitute for reading the audited consolidated financial statements of the Group.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements, on the basis of their established criteria as described in Note 1 (see below).

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2013 are consistent, in all material respects, with those consolidated financial statements, on the basis of management's established criteria as described in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 5 in the summary consolidated financial statements which states that the Group has reported a loss before taxation of $3,079,000 for the year ended 31 December 2013 (a loss of $2,672,105,000 for year ended 31 December 2012). At 31 December 2013, the Group also reported borrowings due to its ultimate parent, Trinidad Cement Limited and its subsidiaries (the "TCL Group") of $1,232,104,000 (2012: $7,881,126,000).

Note 5 also indicates that the ability of the TCL Group to generate the sustained incremental cash flows to meet its significant debt service obligations is sensitive to the successful implementation of the strategies and the key assumptions around growth in market share, new markets, cost reductions, plant performance and price adjustments. Should these assumptions not materialise such that the TCL Group is unable to service its debt obligations when due, this will pose a going concern risk to the TCL Group, inclusive of the Group.

The summary consolidated financial statements have been prepared on the going concern basis because, as described in Note 5, based on the current plans and strategies being pursued by the TCL Group and the Group, the expectation is that the Group will generate adequate cash flows and profitability to 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 the summary consolidated financial statements.

This basis of preparation presumes that the Group will be able to realize their assets and discharge their liabilities in the ordinary course of business. The factors described above, along with other matters as set forth in Note 5 indicate the existence of material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Ernst & Young

Chartered Accountants
Kingston, Jamaica
27 February, 2014

CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 (CONTINUED)

CARIBBEAN CEMENT COMPANY LIMITED

ONE CARIBBEAN... ONE COMPANY

A member of the TCL GROUP

SEGMENT INFORMATION

J$'000	Cement	Gypsum and Pozzolan	Adjustments and eliminations	Consolidated
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
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

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 audited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (the 'Group') for the year ended 31 December 2013 which are prepared in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

2. Accounting Policies

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 5" of the 31 December 2013 audited financial statements consistently applied from period to period. Any new accounting standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimates and judgements as disclosed in "Note 5" of the 31 December 2013 audited financial statements, have also remained unchanged.

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/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 Group. Pursuant to shareholders' approval, US$37,000,000 was converted to redeemable preference shares as reflected in the increase of $3,738,110,000 in the preference shares balance. In addition, a capital contribution of US$38,000,000 by the parent was made and is reflected in the balance of $3,839,090,000 captioned as 'Capital contribution'.

(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 Group and accordingly was reversed."

5. Going Concern

The Group has a reported a loss before taxation of $3.1 million for the year 2013 following from the loss before tax of $2.67 billion for the year 2012. Whilst the performance of the Group recorded significant improvement, the current economic environment is still challenging particularly in the important 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. 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.