ARM CEMENT LTD

KENYA · TANZANIA · SOUTH AFRICA · RWANDA

RHINO CEMENT

Manufacturers of cement, lime, industrial minerals, sodium silicate, formulated fertilizers. Publicly listed on the Nairobi Securities Exchange.

AUDITED GROUP RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED	31.12.2015 Ksh.'000	31.12.2014 Ksh.'000	% INCREASE / (DECREASE)
Revenue	**14,735,935**	**13,743,185**	**7%**
(Loss)/Profit Before Tax	**(3,539,156)**	**2,018,133**	**-275%**
Taxation	648,315	(524,740)	
(Loss)/Profit After Tax	**(2,890,841)**	**1,493,393**	**-294%**
Other comprehensive income for the year net of income tax	**10,612,967**	**847**	
Total comprehensive income for the year	**7,722,126**	**1,494,240**	**417%**
(Loss)/Earnings Per Share (Ksh.)	(5.84)	3.01	
Proposed Dividend Per Share (Ksh.)	-	**0.60**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT	31.12.2015 Ksh.'000	31.12.2014 Ksh.'000
Assets		
Non Current Assets	44,168,407	28,706,803
Current Assets	7,768,257	8,205,777
Total Assets	**51,936,664**	**36,912,580**
Equity & Liabilities		
Share Capital	495,275	495,275
Share Premium	302,027	302,027
Capital and Other Reserves	16,043,295	8,621,015
Equity attributable to equity holders of parent Company	16,840,597	9,418,317
Non - Controlling interest	5,171	2,490
	16,845,768	**9,420,807**
Non Current Liabilities	14,831,994	10,001,177
Current Liabilities	20,258,902	17,490,596
Total Equity & liabilities	**51,936,664**	**36,912,580**

CONDENSED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED	31.12.2015 Ksh.'000	31.12.2014 Ksh.'000
Cash Generated before working capital changes	1,267,727	2,485,589
Working capital changes	1,056,431	(949,849)
Cash Generated from operations	**2,324,158**	**1,535,740**
Net Interest	(1,873,739)	(252,794)
Dividends paid	(301,391)	(297,165)
Tax Paid	(640,454)	(622,956)
Net Cash from Operating Activities	**(491,426)**	**362,825**
Net Cash used in Investing Activities	(2,976,595)	(6,891,303)
Net Cash from Financing Activities	1,030,400	4,860,257
Increase/(Decrease) in Cash and Cash Equivalents	**(2,437,621)**	**(1,668,221)**
At start of the Period	(2,735,632)	(1,879,015)
Exchange Adjustment	1,790,470	811,604
At end of the Period	**(3,382,783)**	**(2,735,632)**

CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT	31.12.2015 Kshs.'000	31.12.2014 Kshs.'000
Share Capital/Premium	797,302	797,302
Revaluation reserve	11,082,676	617,627
Fair value and translation reserves	(53,492)	46,419
Retained Earnings	5,014,111	7,956,969
Attributable to equity holders of the parent Company	**16,840,597**	**9,418,317**
Non - Controlling interest	5,171	2,490
At end of the period	**16,845,768**	**9,420,807**

2015 GROUP RESULTS

The Board of Directors hereby announces the audited results for the Group for year ended 31st December 2015.

The group revenue increased to KES 14.735 billion, an increase of 7% over the same period in 2014. The EBITDA (earnings before interest, tax, depreciation and amortization) has grown to KES 3.36 billion, an increase of 10% over the same period in 2014. The EBITDA margin increased from 23% to 26%.

The operating profit increased to KES 2.48 billion, an increase of 3% over the same period last year. The improvement in operating profit is attributable to reduced cost of clinker now manufactured at the Tanga plant despite the continuing power difficulties in Tanzania. Previously the entire clinker requirement for Tanzania was imported at a much higher cost.

Profit before tax and unrealized exchange loss stood at KES 178 Million after finance cost of KES 2.3 billion. Previously finance cost related to the construction of the clinker plant was capitalized as part of the project cost. The sharp depreciation of both the Kenyan and Tanzanian currencies in the second half of 2015 resulted in an unrealized exchange loss of KES 3.7 billion from our US dollar denominated borrowings.

PROPOSED US$ 140 MILLION INVESTMENT IN ARM CEMENT LIMITED BY CDC GROUP PLC

Arm Cement Ltd has agreed to a KES 14 billion (US$140 million) equity investment from CDC Group, in one of the largest Foreign Direct Investments (FDI) into Kenya.
The investment by CDC, the UK government-owned development finance institution of US$140million will be used to retire some of ARM's debt and strengthen its balance sheet. CDC will support ARM to be a regional cement industry leader with world class operating and environmental standards that is focused on creating shareholder value.

Completion of the transaction is subject to conditions, including shareholder approval and regulatory and competition clearances.

OUTLOOK

Demand for cement increased by more than 10% during 2015 throughout East Africa, driven by infrastructure and housing construction.
The company intends to apply at least USD 110 million of the Investment for debt reduction, and the balance of the Investment will be utilized to strengthen and grow the Group cement business. The Board and the management expect to significantly improve performance in 2016 through reducing debt and finance costs post completion of the USD 140 million investment from CDC as well as improved performance in Tanzania.

The Board and Management of the Group believe that the Investment by CDC will strengthen the financial position of the Company as it executes its vision of creating the leading and lowest-cost East African Cement business.

DIVIDEND

The Board of Directors does not recommend any dividend for the year

By Order of the Board
R. R. Vora
Company Secretary
April 29, 2016

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