

# ARM CEMENT LIMITED

## UNAUDITED GROUP RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED		30.06.2016	30.06.2015
		Ksh.'000	Ksh.'000
<b>Revenue</b>		<b>6,670,350</b>	<b>7,689,144</b>
<b>Operating Profit</b>		<b>930,999</b>	<b>1,572,193</b>
Finance Cost		1,469,070	627,040
<b>Profit/(Loss) Before Tax and Unrealised Exchange Losses</b>		<b>(538,071)</b>	<b>945,153</b>
Unrealised Exchange(Gain)/ Losses		(174,165)	1,418,669
<b>Profit/(Loss) Before Tax</b>		<b>(363,906)</b>	<b>(473,516)</b>
Taxation		(97,124)	(117,716)
<b>Profit/(Loss) After Tax</b>		<b>(266,782)</b>	<b>(355,800)</b>
<b>Total comprehensive income for the year</b>		<b>(266,782)</b>	<b>(355,800)</b>
Earnings Per Share(Annualised) (Ksh.)		(1.1)	(1.4)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT		30.06.2016	31.12.2015
		Ksh.'000	Ksh.'000
<b>Assets</b>			
Non Current Assets		43,711,335	44,168,407
Current Assets		8,808,413	7,768,257
<b>Total Assets</b>		<b>52,519,748</b>	<b>51,936,664</b>
<b>Equity &amp; Liabilities</b>			
Share Capital		495,275	495,275
Share Premium		302,027	302,027
Capital and Other Reserves		15,775,633	16,043,295
Equity attributable to equity holders of parent Company		16,572,935	16,840,597
Non - Controlling interest		5,171	5,171
Total Non Current Liabilities		16,578,106	16,845,768
Current Liabilities		13,783,502	14,831,994
<b>Total Equity &amp; liabilities</b>		<b>52,519,748</b>	<b>51,936,664</b>
CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED		30.06.2016	30.6.2015
		Ksh.'000	Ksh.'000
Cash Generated before working capital changes		1,610,432	1,951,969
Working capital changes		(568,278)	(1,552,514)
Cash Generated from operations		1,042,154	399,455
Net Interest		(1,189,851)	(627,040)
Tax Paid		(82,485)	(549,093)
<b>Net Cash from Operating Activities</b>		<b>(230,182)</b>	<b>(776,678)</b>
Net Cash used in Investing Activities		(222,363)	(572,699)
Net Cash from Financing Activities		172,104	2,576,684
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(280,441)</b>	<b>1,227,307</b>
At start of the Period		206,493	406,756
Exchange Adjustment		174,168	(1,418,669)
<b>At end of the Period</b>		<b>100,220</b>	<b>215,394</b>

### RESULTS

#### The Board of Directors is pleased to announce the unaudited results for the Group for the six months ended June 30, 2016

Group revenue for the first six months decreased by 13% compared with the corresponding period last year. The period witnessed increased competition in the Cement market in Tanzania with a new entrant which resulted in downward pressure on prices. Prices were 33% below last year in Tanzania. EBITDA reduced by 17% to KES 1.6 Billion having been affected by reduced turnover and higher energy costs. During the period the finance cost increased to KES 1.5 Billion due to interest costs previously capitalized in 2015 now expensed post commissioning of Tanga plant. This resulted in a NET loss of KES 267 Million. Cash generated before working Capital changes was KES 1.6 Billion during the first six months of this year.

### OUTLOOK

Despite the competitive pressures, the Company is positive about the outlook with Cement consumption in the region growing at about 10% per year.

The shareholders of the Company approved the investment by CDC group on August 25, 2016. This Equity investment of USD 140 Million which will be applied towards repayment of Debt and strategic capital investment to support the group's expansion plans which will significantly reduce interest cost leading to improved cash flow and profitability.

### DIVIDEND

The Board of Directors does not recommend an interim dividend for the year.

### By Order of the Board

R. R. Vora  
Company Secretary