

# Continental Cement Company 10-Q 3/28/2015

## Section 1: 10-Q (FORM 10-Q)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 28, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-187556-38

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**CONTINENTAL CEMENT COMPANY, L.L.C.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

16100 Swingley Ridge Road, Suite 230  
Chesterfield, Missouri  
(Address of principal executive offices)

27-2594654  
(I.R.S. Employer  
Identification No.)

63017  
(Zip Code)

Registrant's telephone number, including area code: (636) 532-7440

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 5, 2015, all of the registrant's outstanding limited liability company interests were held by Summit Materials Holdings II, LLC.

**Continental Cement Company, L.L.C. meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with reduced disclosure.**

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This quarterly report on Form 10-Q (this “report”) includes “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “trends,” “plans,” “estimates,” “projects” or “anticipates” or similar expressions that concern our strategy, plans, expectations or intentions. All statements made relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the effect of known factors, and it is impossible to anticipate all factors that could affect our actual results.

In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be realized. Important factors could affect our results and could cause results to differ materially from those expressed in our forward-looking statements, including but not limited to the factors discussed in the section entitled “Risk Factors” in Continental Cement, L.L.C.’s Annual Report on Form 10-K for the fiscal year ended December 27, 2014 (“Form 10-K”), as filed with the Securities and Exchange Commission (the “SEC”).

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Any forward-looking statement that we make speaks only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

As used in this report, unless otherwise noted or the context otherwise requires, references to “Continental Cement,” “Company,” “we,” “us,” and “our” are to Continental Cement Company, L.L.C., a Delaware limited liability company, and its subsidiary; and references to “Summit Materials” are to Summit Materials, LLC and not to its subsidiaries. Continental Cement is a wholly owned indirect subsidiary of Summit Materials.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY  
Consolidated Balance Sheets  
(In thousands, except unit amounts)

	March 28, 2015 (unaudited)	December 27, 2014 (audited)
<b>Assets</b>		
Current assets:		
Cash	\$ 2	\$ 2
Accounts receivable, net	6,546	9,469
Due from Summit Materials	—	4,095
Inventories	13,573	8,696
Other current assets	478	509
Total current assets	20,599	22,771
Property, plant and equipment, less accumulated depreciation and depletion (March 28, 2015 – \$55,060 and December 27, 2014 – \$50,782)	308,461	307,286
Goodwill	24,096	24,096
Other assets	13,812	14,607
Total assets	<u>\$ 366,968</u>	<u>\$ 368,760</u>
<b>Liabilities, Redeemable Members' Interest and Member's Interest</b>		
Current liabilities:		
Current portion of long-term debt due to Summit Materials	\$ 1,273	\$ 1,273
Accounts payable	11,328	7,599
Accrued expenses	7,155	10,926
Due to Summit Materials	8,281	—
Total current liabilities	28,037	19,798
Long-term debt due to Summit Materials	153,063	153,318
Pension and post-retirement benefit obligations	22,227	22,352
Other noncurrent liabilities	2,406	2,435
Total liabilities	205,733	197,903
Commitments and contingencies (see note 6)		
Redeemable members' interest (100,000,000 Class B units issued and authorized as of December 27, 2014)	—	34,543
Member's interest:		
Member's equity (100 Class A units issued and authorized as of March 28, 2015 and December 27, 2014 and 100,000,000 Class B units issued and outstanding as of March 28, 2015)	199,600	135,242
(Accumulated deficit) retained earnings	(25,476)	13,961
Accumulated other comprehensive loss	(12,889)	(12,889)
Total member's interest	161,235	136,314
Total liabilities, redeemable members' interest and member's interest	<u>\$ 366,968</u>	<u>\$ 368,760</u>

See notes to unaudited consolidated financial statements.

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**CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY**  
Unaudited Consolidated Statements of Operations  
(In thousands)

	<b>Three Months Ended</b>	
	<b>March 28, 2015</b>	<b>March 29, 2014</b>
Revenue:		
Revenue from third parties:		
Product	\$ 8,439	\$ 5,555
Service	3,975	2,921
Revenue from related parties:		
Product	3,380	2,152
Total revenue	<u>15,794</u>	<u>10,628</u>
Cost of revenue (excluding items shown separately below):		
Product	14,847	8,402
Service	2,524	2,500
Total cost of revenue	<u>17,371</u>	<u>10,902</u>
General and administrative expenses	2,092	1,816
Depreciation, depletion, amortization and accretion	<u>3,414</u>	<u>3,201</u>
Operating loss	(7,083)	(5,291)
Other income, net	—	(5)
Interest expense	<u>2,795</u>	<u>2,867</u>
Net loss	<u>\$ (9,878)</u>	<u>\$ (8,153)</u>

See notes to unaudited consolidated financial statements.

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**CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY**  
Unaudited Consolidated Statements of Comprehensive Loss  
(In thousands)

	<u>Three Months Ended</u>	
	<u>March 28,</u> <u>2015</u>	<u>March 29,</u> <u>2014</u>
Net loss	\$ (9,878)	\$ (8,153)
Other comprehensive (loss) income:		
Postretirement curtailment adjustment	—	(1,346)
Postretirement liability adjustment	—	2,164
Other comprehensive income	—	818
Comprehensive loss	<u>\$ (9,878)</u>	<u>\$ (7,335)</u>

See notes to unaudited consolidated financial statements.

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**CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY**  
Unaudited Consolidated Statements of Cash Flows  
(In thousands)

	<b>Three Months Ended</b>	
	<b>March 28, 2015</b>	<b>March 29, 2014</b>
Cash flows from operating activities:		
Net loss	\$ (9,878)	\$ (8,153)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation, depletion, amortization and accretion	3,414	3,201
Other	387	50
Decrease (increase) in operating assets:		
Accounts receivable, net	2,659	(766)
Inventories	(3,869)	(4,127)
Other current assets	31	80
Other assets	898	208
Increase (decrease) in operating liabilities:		
Accounts payable	2,531	1,002
Accrued expenses	(1,679)	(3,565)
Other liabilities	(125)	(1,619)
Net cash used in operating activities	<u>(5,631)</u>	<u>(13,689)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,013)	(6,492)
Other	(310)	48
Net cash used for investing activities	<u>(4,323)</u>	<u>(6,444)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(306)	(255)
Book overdraft	(2,098)	(28)
Net borrowings from Summit Materials	12,358	20,412
Net cash provided by financing activities	<u>9,954</u>	<u>20,129</u>
Net decrease in cash	—	(4)
Cash – beginning of period	<u>2</u>	<u>9</u>
Cash – end of period	<u>\$ 2</u>	<u>\$ 5</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash interest paid during the period	<u>\$ 4,430</u>	<u>\$ 4,520</u>
Non-cash financing activities:		
Contribution of members' interest	<u>\$ 64,102</u>	<u>\$ —</u>

See notes to unaudited consolidated financial statements.

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**CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY**  
Unaudited Consolidated Statements of Changes in Redeemable Members' Interest and Member's Interest  
(In thousands)

	Member's equity	(Accumulated deficit) retained earnings	Accumulated other comprehensive loss	Total member's interest	Redeemable members' interest
Balance – December 27, 2014	\$ 135,242	\$ 13,961	\$ (12,889)	\$ 136,314	\$ 34,543
Accretion	—	(29,559)	—	(29,559)	29,559
Contribution of members' interest	64,102	—	—	64,102	(64,102)
Net loss	—	(9,878)	—	(9,878)	—
Share-based compensation	256	—	—	256	—
Balance – March 28, 2015	<u>\$ 199,600</u>	<u>\$ (25,476)</u>	<u>\$ (12,889)</u>	<u>\$ 161,235</u>	<u>\$ —</u>
Balance – December 28, 2013	\$ 135,180	\$ 17,029	\$ (7,624)	\$ 144,585	\$ 23,450
Accretion	—	(150)	—	(150)	150
Net loss	—	(8,153)	—	(8,153)	—
Other comprehensive income	—	—	818	818	—
Share-based compensation	16	—	—	16	—
Balance – March 29, 2014	<u>\$ 135,196</u>	<u>\$ 8,726</u>	<u>\$ (6,806)</u>	<u>\$ 137,116</u>	<u>\$ 23,600</u>

See notes to unaudited consolidated financial statements.

**CONTINENTAL CEMENT COMPANY, L.L.C. AND SUBSIDIARY**  
**Notes to Unaudited Consolidated Financial Statements**  
(Tables in thousands)

**(1) Summary of Organization and Significant Accounting Policies**

Continental Cement Company, L.L.C. (“Continental Cement”) (together with its subsidiary, the “Company”) produces portland cement at its plant located in Hannibal, Missouri. Cement distribution terminals are maintained in Hannibal and St. Louis, Missouri and Bettendorf, Iowa. The Company’s primary customers are ready-mixed concrete and concrete products producers and contractors located in the Midwestern United States.

Green America Recycling, L.L.C. (“GAR”), a wholly-owned subsidiary of Continental Cement, is engaged in the business of securing, processing and blending hazardous and nonhazardous waste materials primarily for use as supplemental fuels in the cement manufacturing process. GAR’s primary customers are commercial transportation disposal facilities and petroleum and chemical manufacturers located in the continental United States.

Substantially all of the Company’s products are consumed outdoors, primarily in the spring, summer and fall. Seasonal changes and other weather-related conditions can affect the sales volumes of its products. Therefore, the financial results for any interim period are not necessarily indicative of the results expected for the full year. Furthermore, the Company’s sales and earnings are sensitive to national, regional and local economic conditions and to cyclical changes in construction spending, among other factors.

Continental Cement, a Delaware limited liability company, is governed by an amended and restated limited liability company agreement, as amended (the “LLC Agreement”). On April 7, 2015, the LLC Agreement was amended to reflect the fact that the Company had become a wholly owned indirect subsidiary of Summit Materials, LLC (“Summit Materials”). The amendment and restatement of the LLC Agreement, among other things, resulted in the dissolution of the board of directors of the Company, as the Company is now a member-managed limited liability company managed by its sole member, Summit Materials Holdings II, LLC, a wholly owned subsidiary of Summit Materials.

**Basis of Presentation** – These unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures typically included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto as of and for the year ended December 27, 2014. The Company continues to follow the accounting policies set forth in those consolidated financial statements.

Management believes that these consolidated interim financial statements include all adjustments, normal and recurring in nature, that are necessary to present fairly the financial position of the Company as of March 28, 2015 and the results of operations and cash flows for the three months ended March 28, 2015 and March 29, 2014.

**Principles of Consolidation** – The consolidated financial statements of the Company include the accounts of Continental Cement and GAR. All significant intercompany balances and transactions have been eliminated.

**Use of Estimates** – Preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported and the disclosures about contingent assets and liabilities. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangible and other long-lived assets, pension and other postretirement obligations, asset retirement obligations and redeemable members’ interest. Management regularly evaluates its estimates and assumptions based on historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from estimates made. Changes in estimates, including those resulting from continuing changes in the economic environment, will be reflected in the Company’s consolidated financial statements when the change in estimate occurs.

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**Business and Credit Concentrations** – The majority of the Company’s customers are located in Missouri, Iowa and Illinois. The Company’s accounts receivable consist primarily of accounts of ready-mixed concrete and concrete products producers and contractors located within these states. Therefore, collection of these accounts is dependent on the economic conditions therein. Management does not believe that there are significant concentrations of credit with respect to individual customers or groups of customers, as credit has been granted to many customers within the Company’s markets.

Approximately 15% and 21% of cement sales in the three months ended March 28, 2015 and March 29, 2014, respectively, were made to a group of companies with shared ownership, which was a former noncontrolling member of the Company. As of March 28, 2015 and December 27, 2014, the accounts receivable due from these parties was \$0.6 and \$1.2 million, respectively. Company has historically had no collection issues with these customers, and management expects full collection on all outstanding accounts receivable due from these customers.

**Redeemable Members’ Interest**— On March 17, 2015, pursuant to a Contribution and Purchase Agreement, dated December 18, 2014, among Continental Cement Company, Summit Materials, Inc. (“Summit Inc.”), which became the Company’s indirect parent entity upon the consummation of its initial public offering on March 17, 2015, Summit Materials Holdings L.P. (“Summit Holdings”), an existing indirect parent entity of the Company, Summit Owner Holdco LLC (“Summit Owner Holdco”), a newly-formed limited liability company and equityholder of Summit Inc., Summit Materials Holdings GP, Ltd., an equityholder of Summit Owner Holdco, and Missouri Materials Company, L.L.C., J & J Midwest Group, L.L.C., R. Michael Johnson Family Limited Liability Company and Thomas A. Beck Family, LLC, each a minority owner of the Company, the Company became a wholly-owned indirect subsidiary of Summit Holdings. The noncontrolling interests of Continental Cement were acquired by Summit Inc., and ultimately contributed to Summit Materials Holdings II, LLC resulting in the Company being a wholly-owned indirect subsidiary of Summit Materials, for aggregate consideration of \$64.0 million, consisting of \$35.0 million of cash, 1,029,183 shares of Summit Inc. Class A common stock and \$15.0 million aggregate principal amount of non-interest bearing notes payable in six annual installments of \$2.5 million, beginning on March 17, 2016. The notes payable are a liability of Summit Holdings and are therefore excluded from the Company’s liabilities.

**New Accounting Standards** — In April 2015, the FASB issued a new accounting standard, Accounting Standard Update (“ASU”) 2015-04, *Practical Expedient for the Measurement Date of an Employer’s Defined Benefit Obligation and Plan Assets*, which gives an employer whose fiscal year-end does not coincide with a calendar month-end (e.g., an entity that has a 52- or 53-week fiscal year) the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. The ASU is effective for public business entities for financial statements issued for fiscal years beginning after December 31, 2015, and interim periods within those fiscal years. Early application is permitted, and the ASU should be applied prospectively. The Company does not expect the adoption of the ASU to have a material effect on its financial position or results of operations.

In May 2014, the FASB issued a new accounting standard to improve and converge the financial reporting requirements for revenue from contracts with customers. ASU No. 2014-09, *Revenue from Contracts with Customers*, prescribes a five-step model for revenue recognition that will replace most existing revenue recognition guidance in U.S. GAAP. The ASU will supersede nearly all existing revenue recognition guidance under U.S. GAAP and provides that an entity recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. ASU No. 2014-09 allows for either full retrospective or modified retrospective adoption and will become effective for the Company in the first quarter of 2017. Early adoption is prohibited. Management is currently assessing the effect that the adoption of this standard will have on the consolidated financial statements.

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**Table of Contents****(2) Accounts Receivable, net**

Accounts receivable, net consisted of the following as of March 28, 2015 and December 27, 2014:

	<u>March 28, 2015</u>	<u>December 27, 2014</u>
Trade accounts receivable from unaffiliated entities	\$ 6,623	\$ 8,366
Trade accounts receivable from related parties	—	1,470
Accounts receivable	6,623	9,836
Less: allowance for doubtful accounts	(77)	(367)
Accounts receivable, net	<u>\$ 6,546</u>	<u>\$ 9,469</u>

**(3) Inventories**

Inventories consisted of the following as of March 28, 2015 and December 27, 2014:

	<u>March 28, 2015</u>	<u>December 27, 2014</u>
Raw materials	\$ 1,311	\$ 1,099
Work-in-process	2,065	1,801
Finished goods	10,197	5,796
Total inventories	<u>\$ 13,573</u>	<u>\$ 8,696</u>

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### (4) Accrued Expenses

Accrued expenses consisted of the following as of March 28, 2015 and December 27, 2014:

	March 28, 2015	December 27, 2014
Interest due to Summit Materials	\$ 2,170	\$ 3,804
Postretirement benefits other than pensions, current portion	1,041	1,041
Bonus liability	379	903
Payroll, insurance and benefits	745	911
Costs to remove barge from waterway	380	380
Professional fees	188	70
Current portion of capital lease obligations	219	215
Other	2,033	3,602
Total	<u>\$ 7,155</u>	<u>\$ 10,926</u>

### (5) Long-Term Debt

Long-term debt due to Summit Materials, including the current portion of long-term debt, was \$154.3 million and \$154.6 million as of March 28, 2015 and December 27, 2014, respectively. Interest costs incurred on the long-term debt were \$2.7 million and \$2.8 million for the three months ended March 28, 2015 and March 29, 2014, respectively.

Continental Cement is named as a guarantor of Summit Materials' debt, for which Continental Cement pledged substantially all of its assets as collateral. Continental Cement provides a joint and several, full and unconditional guarantee of borrowings under Summit Materials' senior secured credit facilities ("Credit Facilities"). As of March 28, 2015 and December 27, 2014, Summit Materials' debt included \$625 million of senior notes due January 31, 2020 ("Senior Notes") and \$414.6 million and \$415.7 million, respectively, of borrowings under the Credit Facilities. The Credit Facilities are currently composed of \$422.0 million in term loans that mature January 30, 2019 and a \$235.0 million revolving credit facility that matures March 11, 2020.

Summit Materials is and has been current on all required principal and interest payments. As of March 28, 2015, approximately \$94.0 million and \$60.3 million of the Company's long-term debt due to Summit Materials represented the amount that has been allocated to the Company under the Credit Facilities and Senior Notes, respectively, compared to \$94.3 million and \$60.3 million, respectively, as of December 27, 2014. The terms of Summit Materials' debt limit certain transactions of its subsidiaries, including those of Continental Cement. Continental Cement's ability to incur additional indebtedness or issue certain preferred shares, pay dividends to the noncontrolling members, redeem stock or make other distributions, make certain investments, sell or transfer certain assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets or enter into certain transactions with affiliates are limited by the terms of Summit Materials' debt agreements.

In addition to the long-term debt due to Summit Materials, the Company participates in Summit Materials' centralized treasury function, through which excess funds are swept to and shortfalls are funded by Summit Materials. The interest rate in effect on these transactions with Summit Materials was 3.7% at March 28, 2015.

### (6) Commitments and Contingencies

The Company is party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all pending or threatened claims and litigation will not have a material effect on the Company's consolidated results of operations, financial position or liquidity. The Company's policy is to record legal fees as incurred.

**Litigation and Claims** – In February 2011, the Company incurred a property loss related to a sunken barge with cement product aboard. As of March 28, 2015 and December 27, 2014, the Company had a \$0.4 million accrual for the estimated remaining costs to remove the barge.

**Environmental Remediation** – The Company's operations are subject to and affected by federal, state and local laws and regulations relating to the environment, health and safety and other regulatory matters. These operations require environmental operating permits, which are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's business, as it is with other companies engaged in similar businesses, and there can be no assurance that environmental liabilities will not have a material adverse effect on the Company's financial position, results of operations or liquidity in the future.

**Other** – In the ordinary course of business, the Company is obligated under various firm purchase commitments for certain raw materials and services. The terms of the purchase commitments are generally less than one year. Management does not expect any significant changes in the market value of these goods and services during the commitment period that would have a material adverse effect on the financial position, results of operations or liquidity of the Company.

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### **(7) Related Party Transactions**

Cement sales to companies owned by a former non-controlling member of Continental Cement during the period between December 28, 2014 and March 11, 2015 and the three months ended March 29, 2014, were approximately \$1.4 million and \$1.7 million, respectively, and accounts receivables due from this party was approximately \$1.2 million as of December 27, 2014.

Cement sales to subsidiaries of Summit Materials were approximately \$2.0 million and \$0.5 million for the three months ended March 28, 2015 and March 29, 2014, respectively. Accounts receivables due from these parties was immaterial as of December 27, 2014.

### **(8) Subsequent Events**

On April 16, 2015, the Company, Summit Materials, Summit Holdings and Lafarge North America Inc. ("Lafarge") entered into an Asset Purchase Agreement (the "Davenport Purchase Agreement"). If the conditions in the Davenport Purchase Agreement are met and the parties proceed to closing, at closing, the Company will acquire certain assets (the "Davenport Assets") from Lafarge, including a cement plant, a quarry and seven cement distribution terminals (the "Davenport Acquisition").

The Davenport Purchase Agreement contains customary representations, warranties, covenants, and termination rights. The consummation of the Davenport Acquisition is subject to customary conditions, including absence of a material adverse effect on the Davenport Assets. The consummation of the Davenport Acquisition is also subject to the conditions that (i) the Federal Trade Commission shall have accepted for public comment an Agreement Containing Order that, if issued as a final order, would require Lafarge to divest the Transferred Business (as defined in the Davenport Purchase Agreement) to the Company, (ii) the merger of Lafarge's parent company, Lafarge S.A., with Holcim Ltd. shall have been consummated, and (iii) the conditions in the Bettendorf Purchase Agreement (as defined below) shall have been satisfied or waived. The aggregate purchase price for the Davenport Acquisition is expected to be approximately \$450 million in cash, subject to certain adjustments as set forth in the Davenport Purchase Agreement, plus the Bettendorf Assets (as defined below). The Company expects to fund the purchase price with debt issued by Summit Materials and equity issued by Summit Inc. The transaction is expected to close in the third quarter of 2015. There can be no assurance that the Davenport Acquisition will be completed in the anticipated time frame, or at all, or that the anticipated benefits of the Davenport Acquisition will be realized.

In connection with the entry into the Davenport Agreement, the Company, Summit Materials, Summit Holdings and Lafarge entered into an Asset Purchase Agreement (the "Bettendorf Purchase Agreement"). If the conditions in the Bettendorf Purchase Agreement are met and the parties proceed to closing, at closing, the Company will convey certain assets to Lafarge, including a cement distribution terminal (the "Bettendorf Assets") as partial consideration for the sale of the Davenport Assets pursuant to the Davenport Purchase Agreement (the "Bettendorf Acquisition").

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding and assessing the trends and significant changes in the Company's results of operations and financial condition. Historical results may not be indicative of future performance. Forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the section entitled "Risk Factors" in the Form 10-K and any factors discussed in the section entitled "Cautionary Note Regarding Forward-Looking Statements." This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited consolidated financial statements and the related notes and other information included in this report.*

#### Overview

Continental Cement produces portland cement at its highly-efficient, state-of-the-art, dry cement manufacturing plant located in Hannibal, Missouri and has distribution terminals in Hannibal and St. Louis, Missouri and Bettendorf, Iowa. Continental Cement's primary customers are ready-mixed concrete and concrete products producers and contractors located in the Midwestern United States. In addition to producing cement, the Company secures, processes and blends hazardous and nonhazardous waste materials primarily for use as supplemental fuels in the cement manufacturing process. The Company's primary customers for this service are commercial transportation disposal facilities and petroleum and chemical manufacturers located in the continental United States.

Continental Cement's products serve a variety of end uses in its market, including residential, non-residential, agricultural and public infrastructure projects and are used in most forms of construction activities. Continental Cement believes exposure to various end use markets and geographic markets in the Midwestern United States affords greater stability through economic cycles and positions it to capitalize on upside opportunities when recoveries in residential and non-residential construction occur. Continental Cement believes it is a top 25 producer of cement in the United States by volume and the primary supplier within its local market.

#### Business Trends and Conditions

Continental Cement's sales and earnings are sensitive to national, regional and local economic conditions and particularly to cyclical changes in construction spending, especially in the private sector. From a macroeconomic view, the Company sees positive indicators for the construction sector, including upward trends in housing starts, construction employment and highway obligations. All of these factors are expected to result in increased construction activity in the relatively near future as compared to the recently preceding years.

Transportation infrastructure projects, driven by both federal and state funding programs, represent a significant share of the U.S. construction materials market. Federal funds are allocated to the states, which are required to match a portion of the federal funds they receive. Federal highway spending uses funds predominantly from the Federal Highway Trust Fund, which derives its revenue from taxes on diesel fuel, gasoline and other user fees. The dependability of federal funding allows the state departments of transportation to plan for their long term highway construction and maintenance needs. Funding for the existing federal transportation funding program expired on September 30, 2014 and on August 1, 2014, a Highway Trust Fund extension bill was enacted. This bill provides approximately \$10.8 billion of funding, which is expected to last until May 2015. Any additional funding or successor programs have yet to be approved. With the nation's infrastructure aging, we expect U.S. infrastructure spending to grow over the long term, and we believe we are well positioned to capitalize on any such increase.

In addition to federal funding, highway construction and maintenance funding is available through state, county and local agencies. The Company generated approximately 58% of its revenue in Missouri in the first three months of 2015. Missouri's annual construction funding committed to essential road and bridge programs is approximately \$700.0 million. The state's transportation funds are constitutionally protected and therefore may only be spent on transportation projects.

Continental Cement's business is seasonal in nature; its products are consumed outdoors. Severe weather, seasonal changes and other weather-related conditions can significantly affect the sales volumes of Continental Cement's products. Winter weather months are generally periods of lower sales as Continental Cement's customers have fewer active projects. Typically, the highest sales and earnings are in the second and third quarters and the lowest are in the first and fourth quarters. Periods of heavy rainfall also adversely affect customers' work patterns and demand for the Company's products. Freezing or flooding of the Mississippi River can adversely affect the Company's barge distribution channel resulting in lower sales volumes and higher freight costs during the affected period. The Company's working capital may vary greatly during peak periods, but generally returns to comparable levels as its operating cycle is completed each fiscal year.

#### Results of Operations

The following discussion of Continental Cement's results of operations is focused on the material financial measures management uses to evaluate the performance of its business. Operating income and margins are discussed in terms of changes in volume, pricing and customer mix. Continental Cement's product revenue reflects cement sales and its service revenue is from the acceptance of waste fuels.

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### *Non-GAAP Performance Measures*

Continental Cement evaluates the performance of its business and allocates its resources based on several factors, including a measure it calls Adjusted EBITDA. Continental Cement defines Adjusted EBITDA as net loss before interest expense and depreciation, depletion, amortization and accretion. Accretion is recognized on asset retirement obligations and reflects the time value of money. Since accretion is similar in nature to interest expense, it is treated consistently with interest expense and is excluded from Adjusted EBITDA.

Adjusted EBITDA reflects an additional way of viewing aspects of Continental Cement's business that, when viewed with Continental Cement's results determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and the accompanying reconciliation to a U.S. GAAP financial measure included in the table below, may provide a more complete understanding of factors and trends affecting Continental Cement's business. However, it should not be construed as being more important than other comparable U.S. GAAP measures and must be considered in conjunction with U.S. GAAP measures. In addition, non-GAAP financial measures are not standardized; therefore it may not be possible to compare such financial measures with other companies' non-GAAP financial measures having the same or similar names. Continental Cement strongly encourages investors to review its consolidated financial statements in their entirety and not rely on any single financial measure.

### **Reconciliation of Net Loss to Adjusted EBITDA**

(in thousands)	Three Months Ended	
	March 28, 2015	March 29, 2014
Net loss	\$ (9,878)	\$ (8,153)
Interest expense	2,795	2,867
Depreciation, depletion and amortization	3,387	3,179
Accretion	27	22
Adjusted EBITDA	<u>\$ (3,669)</u>	<u>\$ (2,085)</u>

### *Consolidated Results of Operations*

The tables below set forth Continental Cement's consolidated results for each of the periods indicated.

(in thousands)	Three Months Ended	
	March 28, 2015	March 29, 2014
Revenue	\$ 15,794	\$ 10,628
Cost of revenue (excluding items shown separately below)	17,371	10,902
General and administrative expenses	2,092	1,816
Depreciation, depletion, amortization and accretion	3,414	3,201
Operating loss	(7,083)	(5,291)
Other income, net	—	(5)
Interest expense	2,795	2,867
Net loss	<u>\$ (9,878)</u>	<u>\$ (8,153)</u>

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### Three months ended March 28, 2015 compared to the three months ended March 29, 2014

(\$ in thousands)	Three Months Ended		Variance
	March 28, 2015	March 29, 2014	
Revenue	\$ 15,794	\$ 10,628	48.6%
Operating loss	\$ (7,083)	\$ (5,291)	33.9%
Operating margin	(44.8)%	(49.8)%	
Adjusted EBITDA	\$ (3,669)	\$ (2,085)	76.0%

Continental Cement's revenue increased 48.6% in the three months ended March 28, 2015. The revenue growth was primarily driven by a 10.7% improvement in pricing due to overall price improvements and a 38.5% increase in volumes.

In the first quarter of 2015, operating loss increased 33.9% to \$7.1 million and operating margin, which Continental Cement defines as operating income as a percentage of revenue, was (44.8)% compared to (49.8)% in the three months ended March 29, 2014 and Adjusted EBITDA declined \$1.6 million, or 76.0%. During the quarter, the Company incurred an additional \$2.5 million of repair and maintenance expense and costs. The Company performs scheduled maintenance activities during its two annual scheduled shut downs in the first and third quarters. The increase in repair and maintenance costs incurred in three months ended March 28, 2015 as compared to the three months ended March 29, 2014 were a result of phasing certain repair activities previously performed during the scheduled third quarter plant shut down to the first quarter and due to additional use of contract labor to reduce the number of days in the shutdown.

### Liquidity and Capital Resources

Continental Cement's primary sources of liquidity include cash provided by its operations and amounts available for borrowing from Summit Materials. Continental Cement participates in Summit Material's centralized treasury function, through which excess funds are swept to and shortfalls are funded by Summit Materials. As a result, Continental Cement's cash balance is nominal. Continental Cement believes it has sufficient financial resources from its liquidity sources to fund its business and operations, including contractual obligations, capital expenditures and debt service obligations for at least the next twelve months.

Given the seasonality of its business, Continental Cement typically experiences significant fluctuations in working capital needs and balances throughout the year. Sales peak in the summer and fall months, but cement production occurs throughout the year with the exception of scheduled plant maintenance during non-peak months. Working capital requirements generally increase during the first half of the year as management focuses on repair and maintenance and builds up inventory for the upcoming construction season.

### Cash Flows

The following table summarizes Continental Cement's net cash used for or provided by operating, investing and financing activities and Continental Cement's capital expenditures for the periods indicated:

(in thousands)	Three Months Ended	
	March 28, 2015	March 29, 2014
Net cash (used for) provided by:		
Operating activities	\$ (5,631)	\$ (13,689)
Investing activities	(4,323)	(6,444)
Financing activities	9,954	20,129
Cash paid for capital expenditures	\$ (4,013)	\$ (6,492)

### Operating activities

For the three months ended March 28, 2015, cash used for operating activities was \$5.6 million as a result of:

- Net loss of \$9.9 million, adjusted for non-cash expenses of \$3.8 million, which were primarily depreciation, depletion, amortization and accretion expense.
- Cash utilized for working capital needs approximated \$0.4 million primarily as a result of the Company increasing its inventory levels for the upcoming season (\$3.9 million), which was partially offset by collections on accounts receivable (\$2.7 million) and a \$0.9 million net reduction in accounts payable and accrued expenses.

For the three months ended March 29, 2014, cash used in operating activities was \$13.7 million as a result of:

- Net loss of \$8.2 million, adjusted for non-cash expenses of \$3.3 million, which were primarily depreciation, depletion, amortization and accretion expense.

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- Cash utilized for working capital needs approximated \$8.8 million primarily as a result of the Company increasing its inventory levels for the upcoming season (\$4.1 million) and a \$2.6 million decrease in accounts payable and accrued expenses, consistent with the seasonality of the Company's business.

### *Investing activities*

For the three months ended March 28, 2015, cash used for investing activities was \$4.3 million, which was primarily used for capital investments made during the cement plant's annual scheduled winter shutdown.

For the three months ended March 29, 2014, cash used for investing activities was \$6.4 million, which was primarily used for capital investments. The capital expenditures included enhancement costs incurred during the cement plant's annual scheduled winter shutdown, as well as continued development of the underground mine (\$3.0 million).

### *Financing activities*

For the three months ended March 28, 2015 and March 29, 2014, cash provided by financing activities was \$10.0 million and \$20.1 million, respectively, primarily driven by \$12.4 million and \$20.4 million, respectively, of net borrowings from Summit Materials to fund working capital requirements and capital investments.

### *Cash paid for capital expenditures*

Continental Cement estimates that it will incur between \$15.0 million and \$20.0 million in capital expenditures in 2015, which it has funded or expects to fund through cash on hand, cash from operations and available borrowings under Summit Materials' senior secured credit facilities.

### *Commitments and Contingencies*

Continental Cement is party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all current, pending or threatened claims and litigation will not have a material effect on Continental Cement's consolidated results of operations, financial position or liquidity.

In February 2011, Continental Cement incurred a property loss related to a sunken barge with cement product aboard. As of March 28, 2015 and December 27, 2014, the Company had \$0.4 million included in accrued expenses as management's best estimate of the remaining costs to remove the barge.

In the ordinary course of business, the Company is obligated under various firm purchase commitments for certain raw materials and services. The terms of the purchase commitments are generally less than one year. Management does not expect any significant changes in the market value of these goods and services during the commitment period that would have a material adverse effect on Continental Cement's financial position, results of operations or liquidity.

### *Off-Balance Sheet Arrangements*

As of March 28, 2015, Continental Cement had no material off-balance sheet arrangements.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

Continental Cement maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in Continental Cement's reports under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Continental Cement's management, including Continental Cement's Principal Executive Officer and Continental Cement's Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Continental Cement's management, with the participation of Continental Cement's Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of Continental Cement's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 28, 2015. Based upon that evaluation, Continental Cement's Principal Executive Officer and Principal Financial Officer concluded that, as of March 28, 2015, Continental Cement's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

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### **Changes in Internal Control over Financial Reporting**

There was no change in Continental Cement's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during Continental Cement's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, Continental Cement's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Continental Cement is party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all current pending or threatened claims and litigation will not have a material effect on Continental Cement's consolidated results of operations, financial position or liquidity.

### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section entitled "Risk Factors" in the Form 10-K, which could materially affect Continental Cement's business, financial condition, results of operations or liquidity. The risks described in the Form 10-K are not the only risks facing Continental Cement. Additional risks and uncertainties not currently known to Continental Cement or that it currently deems to be immaterial also may materially adversely affect its business, financial condition, results of operations or liquidity. There have been no material changes to the risk factors disclosed in the Form 10-K.

### **ITEM 4. MINE SAFETY DISCLOSURES**

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this report.

### **ITEM 5. OTHER INFORMATION**

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, we hereby incorporate by reference herein Exhibit 99.1 of this report, which includes disclosures publicly filed by Travelport Worldwide Limited, which may be considered an affiliate of The Blackstone Group L.P.; and, therefore, our affiliate.

The Company is not presently aware that it and its subsidiary knowingly engaged in any transaction or dealing reportable under Section 13(r) of the Exchange Act during the quarter ended March 28, 2015.

### **ITEM 6. EXHIBITS**

- 3.1 Certificate of Formation of Continental Cement Company, L.L.C., as amended (incorporated by reference to Exhibit 3.7 to the Registration Statement on Form S-4, filed on March 27, 2013 (File No. 333-187556)).
- 3.2 Amended and Restated Limited Liability Company Agreement of Continental Cement Company, L.L.C. (incorporated by reference to Exhibit 3.8 to the Registration Statement on Form S-4, filed on March 27, 2013 (File No. 333-187556)).
- 3.3 First Amendment to Amended and Restated Limited Liability Company Agreement of Continental Cement Company, L.L.C. (incorporated by reference to Exhibit 3.9 to the Registration Statement on Form S-4, filed on March 27, 2013 (File No. 333-187556)).
- 3.4 Second Amended and Restated Limited Liability Company Agreement of Continental Cement Company, L.L.C. (incorporated by reference to Exhibit 3.1 to the Current Report, filed on April 13, 2015 (File No. 333-187556-38)).

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31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1*	Mine Safety Disclosures.
99.1*	Section 13(r) Disclosure.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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\* Filed herewith

\*\* Furnished herewith

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.



- circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2015

/s/ Mark Strieker

Mark Strieker  
Vice President of Finance and Administration  
(Principal Financial Officer)  
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## Section 4: EX-32.1 (EX-32.1)

Exhibit 32.1

### Certification

Pursuant to 18 U.S.C. Section 1350

as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Continental Cement Company, L.L.C. (the "Company") on Form 10-Q for the quarter ended March 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Beck, President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2015

/s/ Thomas Beck

Thomas Beck  
President  
(Principal Executive Officer)  
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## Section 5: EX-32.2 (EX-32.2)

Exhibit 32.2

### Certification

Pursuant to 18 U.S.C. Section 1350

as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Continental Cement Company, L.L.C. (the "Company") on Form 10-Q for the quarter ended March 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Strieker, Vice President of Finance and Administration of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2015

/s/ Mark Strieker

## Section 6: EX-95.1 (EX-95.1)

Exhibit 95.1

### Mine Safety Disclosures

The operation of Continental Cement's two aggregates quarries and an underground mine are subject to regulation by the federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects Continental Cement's quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders may be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), Continental Cement is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its aggregates mining operations in its periodic reports filed with the Securities and Exchange Commission (the "SEC"). In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry or mine and types of operations (underground or surface); (ii) the number of citations issued will vary from inspector to inspector and location to location; and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

Continental Cement presents the following items regarding certain mining safety and health matters for the three months ended March 28, 2015, as applicable:

- Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under Section 104 of the Mine Act for which Continental Cement has received a citation from MSHA (hereinafter, "Section 104 S&S Citations"). If MSHA determines that a violation of a mandatory health or safety standard is likely to result in a reasonably serious injury or illness under the unique circumstance contributed to by the violation, MSHA will classify the violation as a "significant and substantial" violation (commonly referred to as a "S&S" violation). MSHA inspectors will classify each citation or order written as a "S&S" violation or not.
- Total number of orders issued under Section 104(b) of the Mine Act (hereinafter, "Section 104(b) Orders"). These orders are issued for situations in which MSHA determines a previous violation covered by a Section 104(a) citation has not been totally abated within the prescribed time period, so a further order is needed to require the mine operator to immediately withdraw all persons (except authorized persons) from the affected area of a quarry or mine.
- Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act (hereinafter, "Section 104(d) Citations and Orders"). These violations are similar to those described above, but the standard is that the violation could significantly and substantially contribute to the cause and effect of a safety or health hazard, but the conditions do not cause imminent danger, and the MSHA inspector finds that the violation is caused by an unwarranted failure of the operator to comply with the health and safety standards.
- Total number of flagrant violations under Section 110(b)(2) of the Mine Act (hereinafter, "Section 110(b)(2) Violations"). These violations are penalty violations issued if MSHA determines that violations are "flagrant", for which civil penalties may be assessed. A "flagrant" violation means a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
- Total number of imminent danger orders issued under Section 107(a) of the Mine Act (hereinafter, "Section 107(a) Orders"). These orders are issued for situations in which MSHA determines an imminent danger exists in the quarry or mine and results in orders of immediate withdrawal of all persons (except certain authorized persons) from the area of the quarry or mine affected by its condition until the imminent danger and the underlying conditions causing the imminent danger no longer exist.
- Total dollar value of proposed assessments from MSHA under the Mine Act. These are the amounts of proposed assessments issued by MSHA with each citation or order for the time period covered by the reports. Penalties are assessed by MSHA according to a formula that considers a number of factors, including the mine operator's history, size, negligence, gravity of the violation, good faith in trying to correct the violation promptly, and the effect of the penalty on the operator's ability to continue in business.
- Total number of mining-related fatalities. Mines subject to the Mine Act are required to report all fatalities occurring at their facilities unless the fatality is determined to be "non-chargeable" to the mining industry. The final rules of the SEC require disclosure of mining-related fatalities at mines subject to the Mine Act. Only fatalities determined by MSHA not to be mining-related may be excluded.

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- Receipt of written notice from MSHA of a pattern (or a potential to have such a pattern) of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of other mine health or safety hazards under Section 104(e) of the Mine Act. If MSHA determines that a mine has a “pattern” of these types of violations, or the potential to have such a pattern, MSHA is required to notify the mine operator of the existence of such a thing.
  - Legal actions before the Federal Mine Safety and Health Review Commission (the “Commission”) pending as of the last day of period.
  - Legal actions before the Commission initiated during period.
  - Legal actions before the Commission resolved during period.

The Commission is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. The cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105 of the Mine Act. There were no legal actions pending before the Commission for any of Continental Cement’s quarries or the underground mine, as of or during the quarter ended March 28, 2015.

Appendix 1 follows.

Name of Company	Name of Operation	MSHA ID Number	State	Number of Inspections	Total Number of Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of Proposed MSHA Assessments	Total Number of Mining Related Fatalities	Received Written Notice Under Section 104(e) (yes/no)	Received Written Notice of Potential Violation under 104(e) (yes/no)	Number of Contested Citations	Number of Contested Penalties	Total Dollar Value of Penalties in Contest	Number of Complaints of Discharge or Discrimination
Continental Cement Company	Hannibal Plant	2300217	MO	0	0	0	0	0	0	\$ 0.00	0	No	No	0	0	\$ 0.00	0
Continental Cement Company	Owensville Plant	2301038	MO	0	0	0	0	0	0	\$ 0.00	0	No	No	0	0	\$ 0.00	0
Continental Cement Company	Hannibal Underground	2302434	MO	4	2	0	0	0	0	\$ 4,344.00	0	No	No	0	0	\$ 0.00	0

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## Section 7: EX-99.1 (EX-99.1)

Exhibit 99.1

### SECTION 13(R) DISCLOSURE

After Continental Cement Company, L.L.C. (“Continental Cement”) filed its Form 10-K for the year ended December 27, 2014 with the Securities and Exchange Commission (“SEC”), Travelport Worldwide Limited (“Travelport Worldwide”), which may be considered an affiliate of The Blackstone Group L.P. (“Blackstone”) and, therefore an affiliate of Continental Cement, filed the disclosure reproduced below. Continental Cement did not independently verify or participate in the preparation of this disclosure.

Travelport Worldwide included the following disclosure in its Form 10-K for the fiscal year ended December 31, 2014:

#### Iran Sanctions Disclosure

As part of our global business in the travel industry, we provide certain passenger travel related Travel Commerce Platform and Technology Services to Iran Air. We also provide certain Technology Services to Iran Air Tours. All of these services are either exempt from applicable sanctions prohibitions pursuant to a statutory exemption permitting transactions ordinarily incident to travel or, to the extent not otherwise exempt, specifically licensed by the U.S. Office of Foreign Assets Control. Subject to any changes in the exempt/licensed status of such activities, we intend to continue these business activities, which are directly related to and promote the arrangement of travel for individuals.

The gross revenue and net profit attributable to these activities for the year ended December 31, 2014 were approximately \$660,000 and \$470,000, respectively.

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