CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2017

TCL GROUP

Building a Brighter Future

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.06.2017	UNAUDITED 30.06.2016	AUDITED 31.12.2016
NET ASSETS			
Non-current assets			
Property, plant and equipment	7,518,829	5,515,398	6,571,104
Intangible assets	2,574	16,345	9460
Deferred tax asset	131,714	–	131,713
	7,653,117	**5,531,743**	**6,712,277**
Current assets			
Inventories	1,709,160	2,958,628	2,095,803
Taxation recoverable	118,451	40,932	118,451
Due from parent and related companies	71,695	60,380	205,460
Receivables and prepayments	847,396	1,557,574	569,929
Cash and cash equivalents	1,063,804	787,766	717,568
	3,810,506	**5,405,280**	**3,707,211**
Current liabilities			
Income tax payable	70,006	105,101	–
Due to parent and related companies	37,233	556,981	104,041
Payables and accruals	2,494,736	2,759,335	2,544,019
Provision	5,159	–	5,159
	2,607,134	**3,421,417**	**2,653,219**
Working capital surplus	**1,203,372**	**1,983,863**	**1,053,992**
Non-current liabilities			
Provision	27,393	23,958	27,393
	27,393	23,958	27,393
TOTAL NET ASSETS	**8,829,096**	**7,491,648**	**7,738,876**
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	1,808,837	1,808,837	1,808,837
Preference	5,077,760	5,077,760	5,077,760
Capital contribution	3,839,090	3,839,090	3,839,090
Reserves:			
Realised capital gain	1,413,661	1,413,661	1,413,661
Other reserve	24,059	–	–
Accumulated losses	(3,334,311)	(4,647,700)	(4,400,472)
GROUP EQUITY	**8,829,096**	**7,491,648**	**7,738,876**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Apr to June 2017	UNAUDITED Three Months Apr to June 2016	UNAUDITED Six Months Jan to June 2017	UNAUDITED Six Months Jan to June 2016	AUDITED Year Jan to Dec 2016
Revenue	**3,993,861**	**4,327,558**	**8,081,597**	**8,305,132**	**15,780,756**
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs (Note 6)	**778,391**	**1,308,608**	**1,462,734**	**2,373,662**	**2,702,838**
Depreciation and amortisation	(133,607)	(142,953)	(267,781)	(241,771)	(495,688)
Stockholding and inventory restructuring costs (Note 5)	28,586	(402,428)	28,586	(402,428)	(400,774)
Manpower restructuring costs (Note 4)	–	(420,737)	–	(420,737)	(406,123)
Operating profit	**673,370**	**342,490**	**1,223,539**	**1,308,726**	**1,400,253**
Interest income	–	1	1,839	2	5,201
Finance costs	17,713	(7,222)	(6,449)	(21,720)	(54,592)
Profit before taxation	**691,083**	**335,269**	**1,218,929**	**1,287,008**	**1,350,862**
Taxation charge	(85,283)	(114,709)	(152,768)	(232,534)	(49,160)
Net profit for the period	**605,800**	**220,560**	**1,066,161**	**1,054,474**	**1,301,702**
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Fuel price hedge (Note 7)	24,059	–	24,059	–	–
Total comprehensive income attributable to equity holders	**629,859**	**220,560**	**1,090,220**	**1,054,474**	**1,301,702**
Basic & diluted earnings per ordinary share (expressed in $ per share) (Note 3)	**$0.71**	**$0.26**	**$1.25**	**$1.24**	**$1.53**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to June 2017	UNAUDITED Six Months Jan to June 2016	AUDITED Year Jan to Dec 2016
Balance at beginning of period	**7,738,876**	**6,437,174**	**6,437,174**
Other reserve	24,059	–	–
Total comprehensive income for the period	1,066,161	1,054,474	1,301,702
Balance at end of period	**8,829,096**	**7,491,648**	**7,738,876**

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Three Months Apr to June 2017	UNAUDITED Three Months Apr to June 2016	UNAUDITED Six Months Jan to June 2017	UNAUDITED Six Months Jan to June 2016	AUDITED Year Jan to Dec 2016
Cash flows from operating activities					
Profit before taxation	691,083	335,269	1,218,929	1,287,008	1,350,862
Adjustments for:					
Depreciation and amortisation	133,607	142,953	267,781	241,771	495,688
Stockholding and inventory restructuring costs (Note 5)	2,245	402,428	1,760	(2,714)	400,774
Net (recovery)/impairment of receivables	(28,586)	(3,602)	(28,586)	402,428	(40,807)
Interest income	–	(1)	(1,839)	(2)	(5,201)
Interest expense	–	2,810	63	5,896	9,838
Unwinding of discount on rehabilitation provision	–	–	–	2,591	9,636
Unrealised foreign exchange losses,net	(4,953)	2,514	(4,163)	15,913	21,140
	793,396	882,371	1,453,945	1,952,891	2,241,930
Decrease/increase) in inventories	174,440	(298,644)	415,229	(579,862)	284,617
Increase/(decrease) in receivables and prepayments	(14,206)	156,375	(279,226)	(448,480)	623,105
Decrease in due from parent and related companies	742,749	720,862	133,765	521,363	376,283
(Decrease)/increase in payables and accruals	(221,980)	(30,973)	(9,338)	262,590	48,094
Increase in provision	–	–	–	–	1,550
Decrease in due to parent and related companies	(23,457)	(1,190,305)	(66,808)	(923,557)	(1,352,672)
Cash provided by operations	**1,450,942**	**239,686**	**1,647,567**	**784,945**	**2,222,907**
Interest received	–	1	1,839	2	5,201
Interest paid	–	(11,433)	–	(11,433)	(61,980)
Taxation paid	(43,882)	(63,481)	(87,644)	(307,622)	(443,891)
Net cash provided by operating activities	**1,407,060**	**164,773**	**1,561,762**	**465,892**	**1,722,237**
Cash flows from investing activities					
Additions to property, plant and equipment	(883,314)	(190,707)	(1,208,620)	(393,504)	(1,699,091)
Net cash used in investing activities	**(883,314)**	**(190,707)**	**(1,208,620)**	**(393,504)**	**(1,699,091)**
Cash flows from financing activities					
Repayment of amounts due to related companies	–	(159,767)	–	(205,582)	(205,582)
Net cash used in financing activities	**–**	**(159,767)**	**–**	**(205,582)**	**(205,582)**
Increase/(decrease) in cash and cash equivalents	523,746	(185,701)	353,142	(133,194)	(182,436)
Net cash and cash equivalents – beginning of period	544,434	963,209	717,568	910,666	910,666
Effect of foreign exchange rate changes	(4,376)	10,258	(6,906)	10,294	(10,662)
Net cash and cash equivalents – end of period	**1,063,804**	**787,766**	**1,063,804**	**787,766**	**717,568**
Represented by:					
Cash at bank and and short-term deposits	**1,063,804**	**787,766**	**1,063,804**	**787,766**	**717,568**

DIRECTORS' STATEMENT

The Group reported a consolidated profit before tax of $691 million for the second quarter of 2017, an improvement of $356 million or over one hundred percent (100%) compared to the same period in 2016. The Group also reported an increased net profit of $385 million or one hundred and seventy-five percent (175%) over 2016. This was achieved through cost-saving initiatives, which were implemented resulting in lower fixed and administrative costs. The Group is continuing to benefit from one-off restructuring costs, which were incurred during the same quarter last year. These improvements were partially offset by the decline in revenue of 8% compared to the same quarter in 2016, mainly due to a reduction in exports. During the quarter, the company took the decision to focus all resources on the local market thus suspending exports.

The Group improved its net cash provided by operating activities by over seven hundred percent (700%) mainly due to the recovery of an advance payment in quarter 1 of this year. Without this, the increase would have been in excess of three hundred percent (300%) resulting from the implementation of working capital strategies. The Group continued to finance its Capital Expenditure Programme from operations and its social responsibility programme, which included a donation of three thousand (3,000) bags of cement to victims affected by the heavy rains during the quarter.

Safety remains one of the Group's main priorities with continued efforts being placed on the implementation of world-class health and safety standards and practices throughout the operation. The TCL Group is continuing to leverage the technical expertise and support of CEMEX to: (1) further develop its human talent; (2) strengthen business processes to achieve greater efficiencies; and (3) improve its offerings to customers.

The Board of Directors remains committed to meeting the local cement demand and contributing to economic development, and will continue to reinforce the Group's profitability and competitiveness of the plant while creating a better environment for our people.

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman
July 24, 2017

Jose Luis Seijo Gonzalez
Director
July 24, 2017

CARIBBEAN CEMENT COMPANY LIMITED

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SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2017

GROUP
Building a Brighter Future

Notes

1. **Basis of Preparation**
The summary consolidated financial statements are prepared in accordance with Practice Statement 2016 – 1, Summary Financial Statements issued by the Institute of Chartered Accountants of Jamaica (ICAJ). Management discloses the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 June 30, 2017, which are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and the requirements of the Jamaican Companies Act.

2. **Accounting Policies**
These summary consolidated interim financial statements for the period ended June 30, 2017, have been prepared in accordance with the accounting policies used in the audited financial statements for the year ended December 31, 2016. Any new accounting standards or interpretations which became effective in this financial year have had no material impact on the Group's financial position or results.

3. **Basic & diluted earnings per ordinary share**
Basic & diluted earnings per ordinary share is calculated by dividing the net profit by the number of ordinary shares outstanding during the period.

4. **Manpower Restructuring Costs**
Manpower restructuring costs mainly comprise severance costs incurred during the implementation of restructuring programmes. The objective of the restructuring programmes is to improve cost efficiency.

5. **Stockholding and Inventory Restructuring Costs**
Stockholding and inventory restructuring costs comprises write down of overstocked items identified in a comprehensive review of inventory quantities on hand which was undertaken in 2016. During 2017, some of these items valuing $28 million were used and transferred to operating cost.

NOTE 6: Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower

J$'000	UNAUDITED Three Months Apr to June 2017	UNAUDITED Three Months Apr to June 2016	UNAUDITED Six Months Jan to June 2017	UNAUDITED Six Months Jan to June 2016	AUDITED Year Jan to Dec 2016
Revenue	**3,993,861**	**4,327,558**	**8,081,597**	**8,305,132**	**15,780,756**
Expenses:					
Raw material and consumables	353,324	326,577	620,695	594,425	1,400,510
Fuel and electricity	714,591	714,757	1,460,013	1,341,658	2,717,215
Personnel remuneration and benefits	497,700	523,200	957,181	1,078,745	2,067,036
Repairs and maintenance	198,533	146,439	395,783	307,616	989,007
Equipment hire	128,014	183,698	246,733	343,610	621,236
Cement transportation, marketing and selling expenses	184,624	159,353	341,387	311,159	622,662
Other operating expenses	1,088,996	1,087,249	2,190,251	2,199,085	4,474,578
Changes in inventories of finished goods and work in progress	49,687	(122,323)	406,820	(244,828)	293,058
Total expenses	**3,215,469**	**3,018,950**	**6,618,863**	**5,931,470**	**13,185,302**
Other income	–	–	–	–	107,384
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	**778,392**	**1,308,608**	**1,462,734**	**2,373,662**	**2,702,838**

7. **Fuel price hedge**
During quarter 2, the Group entered into forward contracts through CEMEX S. A. B. de C.V. to hedge the price of estimated fuel consumption. By means of these contracts, the market price of a portion of the fuel component were fixed based on estimated consumption.

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