CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

TCL GROUP
Building a Brighter Future

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months July to Sept 2016	UNAUDITED Three Months July to Sept 2015	UNAUDITED Nine Months Jan to Sept 2016	UNAUDITED Nine Months Jan to Sept 2015	AUDITED Year Jan to Dec 2015
Revenue	**3,679,390**	**4,236,080**	**11,984,522**	**11,763,864**	**15,431,897**
Earnings before interest, tax, depreciation, amortisation, manpower restructuring costs and stockholding and inventory restructuring costs	**94,876**	**827,212**	**2,468,538**	**1,980,471**	**2,576,658**
Manpower restructuring costs (Note 4)	13,484	–	(407,253)	–	(436,372)
Stockholding and inventory restructuring costs (Note 5)	(4,025)	–	(406,453)	–	
Depreciation and amortisation	(117,260)	(101,777)	(359,031)	(295,757)	(396,931)
Operating profit	**(12,925)**	**725,435**	**1,295,801**	**1,684,714**	**1,743,355**
Interest income	1,594	3,553	1,596	5,473	10,613
Net debt restructuring cost	–	–	–	167,792	167,792
Interest expense	(23)	(15,950)	(8,510)	(120,084)	(148,688)
Loss on currency exchange	(16,112)	(7,030)	(29,346)	(35,735)	(46,684)
Profit before taxation	**(27,466)**	**706,008**	**1,259,541**	**1,702,160**	**1,726,388**
Taxation charge	(53,650)	(89,340)	(286,184)	(216,194)	(180,248)
Net profit	**(81,116)**	**616,668**	**973,357**	**1,485,966**	**1,546,140**
Total comprehensive income	**(81,116)**	**616,668**	**973,357**	**1,485,966**	**1,546,140**
Profit per ordinary stock unit in dollars – basic & diluted	(0.10)	0.72	1.14	1.75	1.82
Earnings before interest, tax, depreciation and amortisation, manpower restructuring costs and stockholding and inventory restructuring costs/revenue ratio	3%	20%	21%	17%	17%

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Nine Months Jan to Sept 2016	UNAUDITED Nine Months Jan to Sept 2015	AUDITED Year Jan to Dec 2015
Balance at beginning of period	**6,437,174**	**4,891,034**	**4,891,034**
Total comprehensive income	973,357	1,485,966	1,546,140
Balance at end of period	**7,410,531**	**6,377,000**	**6,437,174**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.09.2016	UNAUDITED 30.09.2015	AUDITED 31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment	6,020,615	4,980,906	5,353,934
Intangible assets	12,903	27,823	23,232
	6,033,518	**5,008,729**	**5,377,166**
Current assets			
Inventories	2,129,948	2,617,170	2,781,194
Taxation and recoverable	43,109	34,035	35,680
Due from related companies	18,125	234,568	581,743
Receivables and prepayments	1,101,537	1,636,475	1,164,942
Cash and cash equivalents	1,306,483	997,174	910,666
	4,599,202	**5,519,422**	**5,474,225**
Current liabilities			
Income tax payable	95,240	216,194	180,248
Due to parent and related companies	451,800	1,137,887	1,510,011
Payables and accruals	2,675,149	2,268,929	2,497,010
	3,222,189	**3,623,010**	**4,187,269**
Working capital surplus	**1,377,013**	**1,896,412**	**1,286,956**
Non-current liabilities			
Due to parent and related companies	–	528,141	205,582
Other long-term liability	–	–	–
Provisions	–	–	21,366
	–	528,141	226,948
TOTAL NET ASSETS	**7,410,531**	**6,377,000**	**6,437,174**
GROUP EQUITY			
Oridnary share capital	1,808,837	1,808,837	1,808,837
Preference share capital	5,077,760	5,077,760	5,077,760
Realised capital gain	1,413,661	1,413,661	1,413,661
Capital contribution	3,839,090	3,839,090	3,839,090
Accumulated losses	(4,728,817)	(5,762,348)	(5,702,174)
	7,410,531	**6,377,000**	**6,437,174**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Three Months July to Sept 2016	UNAUDITED Three Months July to Sept 2015	UNAUDITED Nine Months Jan to Sept 2016	UNAUDITED Nine Months Jan to Sept 2015	AUDITED Year Jan to Dec 2015
Group net profit before taxation	**(27,466)**	**706,008**	**1,259,541**	**1,702,160**	**1,726,388**
Adjustment for non-cash items:					
Depreciation and amortisation	117,260	101,777	359,031	295,757	396,931
Net debt restructuring gain	–	–	–	(167,792)	(167,792)
Impairment of receivables	(8,535)	–	(11,249)	–	(23,337)
Stockholding and inventory restructuring costs (Note 5)	4,025	–	406,453	–	–
Interest income	(1,594)	(3,553)	(1,596)	(5,473)	(10,613)
Interest expense	23	15,950	8,510	120,084	127,854
Unwinding of discount on rehabilitation provision	1,295	–	3,886	–	20,834
Unrealised foreign exchange losses,net	11,770	6,678	27,683	33,947	52,533
	96,778	826,860	2,052,259	1,978,683	2,122,798
Decrease/(increase) in inventories	824,656	101,363	244,794	(48,527)	(231,354)
Decrease/(increase) in receivables and prepayments	462,395	(635,826)	13,915	(312,566)	408,619
Decrease/(increase) in due from related companies	42,255	(19,271)	563,618	67,425	(279,750)
(Decrease)/increase in payables and accruals	(68,754)	476,587	201,539	157,694	340,016
(Decrease)/increase in due to parent and related companies	(105,181)	(22,753)	(1,028,738)	176,498	492,753
Cash provided by operations	1,252,149	726,960	2,047,387	2,019,207	2,853,082
Interest received	1,594	3,553	1,596	5,473	10,613
Interest paid	(49,505)	–	(60,938)	(61,183)	(190,666)
Taxation paid	(63,481)	–	(371,103)	–	(2,433)
Net cash provided by operating activities	**1,140,757**	**730,513**	**1,616,942**	**1,963,497**	**2,670,596**
Cash flows from investing activities					
Additions to property, plant and equipment	(622,040)	(66,603)	(1,015,543)	(339,856)	(810,904)
Net cash used in investing activities	**(622,040)**	**(66,603)**	**(1,015,543)**	**(339,856)**	**(810,904)**
Cash flows from financing activities					
Repayment of loans	–	–	–	(611,808)	(611,808)
Repayment of amounts due to related companies	–	(496,530)	(205,582)	(192,576)	(515,135)
Net cash used in financing activities	**–**	**(496,530)**	**(205,582)**	**(804,384)**	**(1,126,943)**
Increase in cash and cash equivalents	518,717	167,380	395,817	819,257	732,749
Cash and cash equivalents – beginning of period	787,766	829,794	910,666	177,917	177,917
Cash and cash equivalents – end of period	**1,306,483**	**997,174**	**1,306,483**	**997,174**	**910,666**
Represented by:					
Cash at bank and short-term deposits	**1,306,483**	**997,174**	**1,306,483**	**997,174**	**910,666**

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 unaudited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (Group) for the period ended September 30, 2016, 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 financial statements have been prepared in accordance with the accounting policies used in the audited financial statements for the year ended December 31, 2015. 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. **Earnings Per Share**
Earnings Per Share (EPS) is calculated by dividing the net profit by the number of ordinary shares oustanding during the period.

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

5. **Stockholding and Inventory Restructuring Costs**
A review of inventory quantities on hand was undertaken during Q2 and Q3 2016. In accordance with IAS 2: "Inventories", management has recorded an expense of $406.5 million in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" resulting from new developments.

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

TCL GROUP

Building a Brighter Future

DIRECTORS' STATEMENT

The Group reported consolidated profit before tax of J$1,259 million for the first nine months of 2016 compared to a profit before tax of J$1,702 million in the corresponding period of 2015; this represents an adverse movement of J$443 million. During the reporting quarter the company embarked on a major kiln overhaul which lasted 45 days and impacted the income statement by US$7.5 million. Along with the capital expenditure of J$622 million invested this quarter, this is expected to lead to an improved operational efficiency and reliability of the plant. Other factors impacting the year-to-date performance were cement mill #4 overhaul, increased manpower restructuring costs (Note 4) and stockholding and inventory restructuring costs (Note 5).

Despite a reduction in export cement and clinker volumes by 16% and 84%, respectively, total revenue increased by J$221 million. This was mainly due to the increase in local cement volumes by 18% arising from the good trend of the infrastructural projects and demand on retail which, however, were tempered by the inclement weather conditions during this quarter.

Earnings before interest, tax, depreciation, amortisation, manpower restructuring costs, and stockholding and inventory restructuring costs improved over the similar period last year by 25%, resulting from improvements in costs control. During the third quarter the Group generated cash from operations of J$1.2 billion, which represents a 72% improvement over the third quarter of 2015, supported by the positive contribution of the changes in working capital as a result of optimal level of inventories and receivables by the end of this period.

The Board of Directors continues to be committed to improving and promoting the health and safety standards in our operation to create a better work environment to our people, as well as reinforce the profitability and competitiveness of the plant to maintain a good level of generation of cash.

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman
October 27, 2016

Alejandro Vares
Director
October 27, 2016

15 cm x 7 cols