

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2019

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2019	2018	2018
<b>Revenue</b>	<b>4,451,385</b>	<b>4,343,075</b>	<b>17,573,931</b>
<b>Earnings before interest, depreciation, impairment, amortisation and taxation (Note 7)</b>	<b>1,925,771</b>	<b>605,961</b>	<b>5,318,949</b>
Depreciation, impairment and amortisation	(390,725)	(126,186)	(1,159,187)
<b>Operating profit</b>	<b>1,535,046</b>	<b>479,775</b>	<b>4,159,762</b>
Interest income	3,256	4,878	12,442
Finance (cost)/income	(169,188)	25,799	(877,543)
<b>Profit before taxation</b>	<b>1,369,114</b>	<b>510,452</b>	<b>3,294,661</b>
Taxation charge	(241,355)	(176,133)	(828,568)
<b>Profit for the period</b>	<b>1,127,759</b>	<b>334,319</b>	<b>2,466,093</b>
Other comprehensive income/(loss)			
<b>Items that are or maybe reclassified subsequently to profit or loss:</b>			
Realised gain/(loss) on hedge of fuel price	-	13,490	(73,472)
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of employee benefits obligation	-	-	29,149
Related deferred tax charge	-	-	(7,287)
	-	-	21,862
<b>Other comprehensive income/(loss), net of taxation</b>	<b>-</b>	<b>13,490</b>	<b>(51,610)</b>
<b>Total comprehensive income attributable to equity holders</b>	<b>1,127,759</b>	<b>347,809</b>	<b>2,414,483</b>
<b>Earnings per share (expressed in \$ per share) (Note 3)</b>	<b>1.33</b>	<b>0.39</b>	<b>2.90</b>

## DIRECTORS' STATEMENT

Caribbean Cement Company Limited continues to build on the gains made in 2018 with key indicators heading in the right direction. At the forefront of this is our emphasis on health and safety, measured in part by employees achieving 551 and 1,375 incident free days at the Plant and Quarries respectively.

Our strategy places people at the centre with ongoing programmes to improve customer service and employee development; we are working methodically to embed customer centricity within all phases of our processes. Among the development initiatives this quarter, was the selection of Jamaica as the site of the Global CEMEX Cement Master programme. This highly sought-after programme was hosted in the Caribbean for the first time and afforded 16 young professionals (including seven Jamaicans) from five countries the opportunity to participate in this immersive 12-week programme.

We thrive on successful partnerships and were pleased to have contributed to the development of our immediate community in several ways, including helping ensure the continuity of a literacy programme for 300 students in seven primary schools in East Kingston. Additionally, we continue the national development agenda through programmes and projects that will promote wellness and improved access in communities across the country.

### Financial Performance

In terms of financial performance for the quarter, the Group earned revenue of \$4.5 billion, which represented an increase of 2% when compared with the first quarter of 2018.

Earnings before interest, depreciation, amortisation and tax were \$1.9 billion, or 218% higher than the \$0.6 billion reported for Q1 2018.

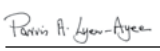
Profit before tax was \$1.4 billion, an increase of 168% over than the \$0.5 billion achieved in Q1 2018. Net profit after taxes for the period amounted to \$1.1 billion, reflecting a significant increase in comparison with same period last year and has resulted in earnings per share of \$1.33 as against \$0.39 in 2018.

Net cash generated by operating activities for the period of \$1.2 billion was an improvement of 39% compared to Q1 2018.

Contributing significantly to this quarter's financial performance were improved operational efficiencies which have led to cost reductions in areas such as raw material and consumables, repairs and maintenance and equipment hire. Additionally, these factors were also higher in the corresponding period because of scheduled kiln stoppage performed between February and March 2018.

The termination of the lease with Trinidad Cement Limited (TCL) concluded in April 2018 with the acquisition of Kiln 5 and Cement Mill 5. This has also contributed to the reduction in operating expenses while simultaneously registering significant investment in plant and equipment by \$14.9 billion. This sum was partially covered by loans of \$11.8 billion.

The Board of Directors and management of Caribbean Cement remain committed to responsible and sustainable operations, good governance and partnerships with our stakeholders for a strong company of which all Jamaicans can continue to be proud.


  
Parris A. Lyew-Ayee  
Chairman  
April 17, 2019

  
Peter Donkersloot  
Director  
April 17, 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J\$'000	UNAUDITED		AUDITED
	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
<b>NET ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	23,715,719	9,626,160	23,783,937
Deferred tax asset	-	4,924	-
	<b>23,715,719</b>	<b>9,631,084</b>	<b>23,783,937</b>
<b>Current assets</b>			
Inventories	1,890,402	1,260,899	1,733,265
Taxation recoverable	78,606	97,190	177,028
Due from parent and related companies	128,218	94,717	58,294
Receivables and prepayments	706,998	788,368	619,123
Cash and cash equivalents	303,255	1,048,098	420,790
	<b>3,107,479</b>	<b>3,289,272</b>	<b>3,008,500</b>
<b>Current liabilities</b>			
Due to parent and related companies	666,711	350,534	749,734
Current portion of loan obligations	81,506	-	21,110
Payables and accruals	2,728,045	3,024,035	2,875,361
Current portion of finance lease obligations	32,860	-	-
Current portion of redeemable preference shares	822,031	-	826,647
Current portion of rehabilitation provision	6,521	6,007	6,521
	<b>4,337,674</b>	<b>3,380,576</b>	<b>4,479,373</b>
	<b>(1,230,195)</b>	<b>(91,304)</b>	<b>(1,470,873)</b>
<b>Working capital deficit</b>			
<b>Non-current liabilities</b>			
Long-term portion of redeemable preference shares	3,010,614	-	3,021,805
Employee benefits obligation	842,409	826,320	832,804
Long-term portion of loan obligations	10,248,535	-	11,387,028
Long-term portion of finance lease obligations	52,006	-	-
Deferred tax liability	756,258	-	614,128
Long-term portion of rehabilitation provision	39,118	33,118	39,118
	<b>14,948,940</b>	<b>859,438</b>	<b>15,894,883</b>
	<b>7,536,584</b>	<b>8,680,342</b>	<b>6,418,181</b>
<b>TOTAL NET ASSETS</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital:			
Ordinary shares	1,808,837	1,808,837	1,808,837
Preference shares (Note 5)	-	5,077,760	-
Capital contribution	3,839,090	3,839,090	3,839,090
<b>Reserves:</b>			
Realised capital gain	1,413,661	1,413,661	1,413,661
Other reserve	350,864	86,962	350,864
Retained earnings/(accumulated losses)	124,132	(3,545,968)	(994,271)
	<b>7,536,584</b>	<b>8,680,342</b>	<b>6,418,181</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>			
	<b>7,536,584</b>	<b>8,680,342</b>	<b>6,418,181</b>

Approved and authorised for issue by the Board of Directors on April 17th, 2019 and signed on its behalf by:

  
Parris A. Lyew-Ayee  
Chairman

  
Peter Donkersloot  
Director

## CONSOLIDATED STATEMENT OF CASH FLOWS

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2019	2018	2018
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>1,127,759</b>	<b>334,319</b>	<b>2,466,093</b>
<b>Adjustments for:</b>			
Taxation charge	241,355	176,133	828,568
Depreciation and amortisation	390,725	126,186	1,153,830
Impairment on property, plant and equipment	-	-	5,357
Net recovery of impaired receivables	-	5,728	(1,568)
Interest income	(3,256)	-	(12,442)
Loss on disposal of property, plant and equipment	-	-	2,832
Interest expense	144,569	-	665,438
Employee benefits expenses	18,185	-	72,742
Unwinding of discount on preference shares	21,847	-	-
Unwinding of discount on finance lease obligations	2,772	-	-
Unwinding of discount on rehabilitation provision	-	(4,878)	(661)
Unrealised foreign exchange (gains)/losses, net	(131,125)	11,635	(164,709)
	<b>1,812,831</b>	<b>649,123</b>	<b>5,015,480</b>
(Increase)/decrease in inventories	(157,137)	200,796	(271,570)
Increase in receivables and prepayments	(85,116)	(206,064)	(32,940)
(Increase)/decrease in due from parent and related companies	(69,924)	11,192	(36,687)
(Decrease)/increase in payables and accruals	(147,316)	445,415	308,305
Increase in rehabilitation provision	-	-	7,175
(Decrease)/increase in due to parent and related companies	(77,761)	(195,781)	220,208
Cash provided by operations	<b>1,275,577</b>	<b>904,681</b>	<b>5,209,971</b>
Employee benefits paid	(8,580)	-	(37,109)
Interest received	3,256	4,878	12,442
Interest paid	(84,173)	-	(644,328)
Taxation paid	(803)	(53,987)	(174,496)
	<b>1,185,277</b>	<b>855,572</b>	<b>4,366,480</b>
<b>Cash flow from investing activity</b>			
Additions to property, plant and equipment	(239,363)	(1,469,396)	(16,663,006)
<b>Net cash used in investing activity</b>	<b>(239,363)</b>	<b>(1,469,396)</b>	<b>(16,663,006)</b>
<b>Cash flows from financing activities</b>			
Loan obligations, net	(1,063,145)	-	11,446,224
Finance lease obligations, net	(10,406)	-	-
Redeemable preference shares	-	-	(399,760)
Net repayment of amounts due to related companies	-	490	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,073,551)</b>	<b>490</b>	<b>11,046,464</b>
<b>Decrease in cash and cash equivalents</b>	<b>(127,637)</b>	<b>(613,334)</b>	<b>(1,250,062)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>420,790</b>	<b>1,673,067</b>	<b>1,673,067</b>
Effect of foreign exchange rate changes	10,102	(11,635)	(2,215)
	<b>303,255</b>	<b>1,048,098</b>	<b>420,790</b>
<b>Cash and cash equivalents at end of period</b>			
	<b>303,255</b>	<b>1,048,098</b>	<b>420,790</b>
<b>Represented by:</b>			
Cash and cash equivalents	<b>303,255</b>	<b>1,048,098</b>	<b>420,790</b>

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2019	2018	2018
<b>Balance as at beginning of period, as previously reported</b>	6,418,181	8,340,030	8,340,030
Recognition of opening carrying amount differences upon initial application of IFRS 9	-	(7,497)	(7,497)
Adjustment on initial application of IFRS 16 (Note 4)	(9,356)	-	-
<b>Restated balance as at beginning of period</b>	<b>6,408,825</b>	<b>8,332,533</b>	<b>8,332,533</b>
Profit for the period	1,127,759	334,319	2,466,093
Hedge reserve	-	13,490	(73,472)
Remeasurement of employee benefits obligation, net of taxation	-	-	21,862
<b>Total comprehensive income for the period</b>	<b>1,127,759</b>	<b>347,809</b>	<b>2,414,483</b>
<b>Transaction with owners of the company:</b>			
Fair value adjustment associated with redemption of preference shares (Note 5)	-	-	748,925
Reclassification of preference shares (Note 5)	-	-	(5,077,760)
	-	-	(4,328,835)
<b>Balance as at end of period</b>	<b>7,536,584</b>	<b>8,680,342</b>	<b>6,418,181</b>

### NOTES

#### 1. Basis of Preparation

The condensed consolidated interim 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 profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. These condensed consolidated interim financial statements are derived from the unaudited consolidated interim financial statements of Caribbean Cement Company Limited and its Subsidiaries ("the Group") as of and for the period ended March 31, 2019, 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 condensed consolidated interim financial statements as of and for the period ended March 31, 2019, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2018. Any new accounting standards or interpretations which became effective in this financial year, were adjusted on the Group's financial position or results (see Note 4).

#### 3. Earnings Per Share

Earnings per share is calculated by dividing the profit for the period by the number of ordinary shares outstanding during the period.

#### 4. Initial Application of IFRS 16 Leases

The Group has applied IFRS 16 Leases and has not restated prior periods as allowed by the Standard. The Group has recognised the present value of the remaining lease payments as the lease liabilities (JAS\$93 million) and right-of-use assets (JAS\$83 million) for material leases previously classified as operating leases. On initial application, the Group applied the incremental borrowing rate of 8.27% on the lease liability.

#### 5. Preference Shares

In 2018, Caribbean Cement Company Limited (CCCL) signed a preference share redemption agreement with Trinidad Cement Limited (TCL). TCL is the legal holder of 52 million redeemable preference shares issued in 2010 (15 million shares) and 2013 (37 million shares). Each one of the preference shares was issued in the currency of the United States of America with a par value of US\$1 per share, which represents a total value of US\$52,000,000. It was agreed between the parties that the amount will be redeemed below par value. The agreed amount was US\$40,500,000 which represents a discounted amount.

As a result of the agreement and in compliance with the IAS 32, the company reclassified the preference shares from equity to liability, which resulted in a reduction of the share capital of the company. The first partial redemption was done in December 2018 for a total of 3,928,604 shares, with a value of JAS\$350,863,618 and a capital redemption reserve was created in accordance with the Jamaican Companies Act.

#### 6. Comparative Information

During 2018, the Group restated its 2017 financial statements to reflect the impact of the post-retirement medical benefit obligation which was not recorded in the financial statements since inception. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the financial statements have been restated to account for the employee benefits obligation and expenses arising from commitments to provide this post-retirement medical obligation consistently with IAS 19 Employee Benefits.

#### 7. Earnings before interest, depreciation, impairment, amortisation and taxation

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2019	2018	2018
<b>Revenue</b>	<b>4,451,385</b>	<b>4,343,075</b>	<b>17,573,931</b>
<b>Expenses</b>			
Raw material and consumables	270,012	638,824	1,460,709
Fuels and electricity	887,442	786,185	3,480,111
Personnel remuneration and benefits	553,595	542,363	1,967,124
Repairs and maintenance	150,566	345,186	799,346
Equipment hire	96,393	184,036	586,908
Cement transportation, marketing and selling expenses	168,977	182,106	779,135
Other operating expenses	299,838	1,096,738	2,100,304
Changes in inventories of finished goods and work in progress	109,738	(38,324)	1,364,452
<b>Total expenses</b>	<b>2,536,561</b>	<b>3,737,114</b>	<b>12,538,089</b>
Other income	10,947	-	283,107
<b>Earnings before interest, depreciation, impairment, amortisation and taxation</b>	<b>1,925,771</b>	<b>605,961</b>	<b>5,318,949</b>