CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

TCL GROUP
Building a Brighter Future

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED		AUDITED
	30.09.2017	30.09.2016	31.12.2016
NET ASSETS			
Non-current assets			
Property, plant and equipment	7,734,007	6,020,615	6,571,104
Intangible assets	476	12,903	9,460
Deferred tax asset	131,713	-	131,713
	7,866,196	6,033,518	6,712,277
Current assets			
Inventories	2,053,092	2,129,948	2,095,803
Taxation recoverable	19,993	43,109	118,451
Due from parent and related companies	92,015	18,125	205,460
Receivables and prepayments	716,600	1,101,537	569,929
Cash and cash equivalents	1,607,633	1,306,483	717,568
	4,489,333	4,599,202	3,707,211
Current liabilities			
Income tax payable	19,668	95,240	-
Due to parent and related companies	721,908	451,800	104,041
Payables and accruals	1,957,725	2,675,149	2,544,019
Provision	5,159	-	5,159
	2,704,460	3,222,189	2,653,219
Working capital surplus	1,784,873	1,377,013	1,053,992
Non-current liabilities			
Provision	27,393	-	27,393
	27,393	-	27,393
TOTAL NET ASSETS	9,623,676	7,410,531	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	70,759	-	-
Accumulated losses	(2,586,431)	(4,728,817)	(4,400,472)
GROUP EQUITY	9,623,676	7,410,531	7,738,876

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Revenue	4,183,173	3,679,390	12,264,770	11,984,522	15,780,756
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs (Note 7)	966,276	94,876	2,429,010	2,468,538	2,702,838
Depreciation and amortisation	(132,450)	(117,260)	(400,231)	(359,031)	(495,688)
Stockholding and inventory restructuring costs (Note 5)	1,829	(4,025)	30,415	(406,453)	(400,774)
Manpower restructuring costs (Note 4)	-	13,484	-	(407,253)	(406,123)
Operating profit/(loss)	835,655	(12,925)	2,059,194	1,295,801	1,400,253
Interest income	81	1,594	1,920	1,596	5,201
Finance credit/(costs)	10,850	(16,135)	4,401	(37,856)	(54,592)
Profit/(loss) before taxation	846,586	(27,466)	2,065,515	1,259,541	1,350,862
Taxation charge	(98,706)	(53,650)	(251,474)	(286,184)	(49,160)
Profit/(loss) for the period	747,880	(81,116)	1,814,041	973,357	1,301,702
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:					
Fuel price hedge (Note 6)	46,700	-	70,759	-	-
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:	46,700	-	70,759	-	-
Total comprehensive income/(loss) for the period net of tax	794,580	(81,116)	1,884,800	973,357	1,301,702
Basic & diluted earnings/(loss) per ordinary share (expressed in cents) (Note 3):	88	(10)	213	114	153

DIRECTORS' STATEMENT

The Group reported year-to-date consolidated profit before tax of $2,066 million compared to $1,260 million last year, reflecting a favourable variance of $806 million. The result was attributed to a $437 million write down of overstocked items identified in 2016 (see note 5) and $407 million incurred during the implementation of restructuring programs last year (see note 4).

Regarding the reporting quarter, the Group reported consolidated profit before tax of $847 million compared to a loss before tax of $27 million in the corresponding quarter last year. This reflected a favourable variance of $874 million. The result was attributable to an increase in revenue of $504 million (14%) through a 15% increase in volumes distributed to the domestic market. Improved operational efficiencies resulted in lower operational expenses in excess of $300 million compared to the same quarter in 2016. This effect came from a major maintenance exercise, which took place during quarter three 2016. The next major maintenance is scheduled to take place during quarter four 2017. The Group continues to maintain its liquidity position and to fund capital projects from cash generated through its operation.

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 in the operations. The TCL Group is continuing to leverage the technical expertise and support of CEMEX to: (1) further develop our human talent; (2) strengthen our business processes to achieve greater efficiencies and (3) improve our offerings and build stronger relationships by actively listening and fully understanding our customers' needs.

The Board of Directors remains committed to meeting the local cement demand and contributing to economic development. We 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	**Peter Donkersloot**
Chairman	**Director**
October 24, 2017	**October 24, 2017**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED		AUDITED
	Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2016
Balance at beginning of period	7,738,876	6,437,174	6,437,174
Profit for the period	1,814,041	973,357	1,301,702
Other comprehensive income	70,759	-	-
Total comprehensive income	1,884,800	973,357	1,301,702
Balance at end of period	9,623,676	7,410,531	7,738,876

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Cash flows from operating activities					
Profit/(loss) before taxation	846,586	(27,466)	2,065,515	1,259,541	1,350,862
Adjustments to reconcile profit/(loss) before taxation to net cash generated by operating activities:					
Depreciation and amortisation	132,450	117,260	400,231	359,031	495,688
Stockholding and inventory restructuring costs (Note 5)	(1,829)	4,025	(30,415)	406,453	400,774
Net impairment/(recovery) of receivables	437	(8,535)	2,197	(11,249)	(40,807)
Interest income	(81)	(1,594)	(1,920)	(1,596)	(5,201)
Interest expense	10,850	23	4,401	8,510	9,838
Unwinding of discount on rehabilitation provision	-	1,295	-	3,886	9,636
Unrealised foreign exchange losses- net	734	11,770	(3,429)	27,683	21,140
	989,147	96,778	2,436,580	2,052,259	2,241,930
(Increase)/decrease in inventories	(342,103)	824,656	73,126	244,794	284,617
Decrease/(increase) in receivables and prepayments	228,816	462,395	(50,410)	13,915	623,105
(Increase)/decrease in due from parent and related companies	(20,320)	42,255	113,445	563,618	376,283
(Decrease)/increase in payables and accruals	(585,101)	(68,754)	(587,926)	201,539	48,094
Increase in provision	-	-	-	-	1,550
Increase/(decrease) in due to parent and related companies	684,675	(105,181)	617,867	(1,028,738)	(1,352,672)
Cash generated by operations	955,114	1,252,149	2,602,682	2,047,387	2,222,907
Interest received	81	1,594	1,920	1,596	5,201
Interest paid	(4,401)	(49,505)	(4,401)	(60,938)	(61,980)
Taxation paid	(43,883)	(63,481)	(131,527)	(371,103)	(443,891)
Net cash generated by operating activities	906,911	1,140,757	2,468,674	1,616,942	1,722,237
Investing activities					
Additions to property, plant and equipment	(363,675)	(622,040)	(1,572,295)	(1,015,543)	(1,699,091)
Net cash used in investing activities	(363,675)	(622,040)	(1,572,295)	(1,015,543)	(1,699,091)
Financing activities					
Repayment of amounts due to related companies	-	-	-	(205,582)	(205,582)
Net cash used in financing activities	-	-	-	(205,582)	(205,582)
Net increase/(decrease) in cash and cash equivalents	543,236	518,717	896,379	395,817	(182,436)
Net foreign exchange differences	593	-	(6,314)	-	(10,662)
Net cash - beginning of period	1,063,804	787,766	717,568	910,666	910,666
Net cash - end of period	1,607,633	1,306,483	1,607,633	1,306,483	717,568
Represented by					
Cash and cash equivalents	1,607,633	1,306,483	1,607,633	1,306,483	717,568

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 September 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 September 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 comprises severance costs incurred during implementation of restructuring programs. The objective of the restructuring programs are 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 $30 million were used and transferred to operating cost.

6. **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 was fixed based on estimated consumption.

7. **Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs.**

J$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Revenue	4,183,173	3,679,390	12,264,770	11,984,522	15,780,756
Expenses					
Raw material and consumables	323,410	326,844	944,105	921,269	1,400,510
Fuel and electricity	759,351	530,699	2,219,364	1,872,357	2,717,215
Personnel remuneration and benefits	551,072	555,945	1,508,253	1,634,690	2,067,036
Repairs and maintenance	254,285	357,749	650,068	665,365	989,007
Equipment hire	110,815	110,729	357,548	454,339	621,236
Cement transportation, marketing and selling expenses	218,812	131,843	560,199	443,002	622,662
Other operating expenses	1,106,486	1,094,548	3,296,737	3,293,633	4,474,578
Changes in inventories of finished goods and work in progress	(107,334)	476,157	299,486	231,329	293,058
Total expenses	3,216,897	3,584,514	9,835,760	9,515,984	13,185,302
Other income	-	-	-	-	107,384
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	966,276	94,876	2,429,010	2,468,538	2,702,838