CARIBBEAN CEMENT COMPANY LIMITED
CARIB CEMENT

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2019

TCL GROUP
Building a Brighter Future

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

J$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2019	2018	2019	2018	2018
Revenue	**4,677,886**	**4,431,458**	**9,129,271**	**8,774,533**	**17,573,931**
Earnings before interest, depreciation, impairment, amortisation, stockholding and inventory restructuring costs and taxation (Note 7)	**1,768,091**	**1,698,466**	**3,693,862**	**2,304,427**	**5,318,949**
Depreciation, impairment and amortisation	(405,281)	(340,344)	(796,006)	(466,530)	(1,159,187)
Stockholding and inventory restructuring costs	-	22,855	-	22,855	-
Operating profit	**1,362,810**	**1,380,977**	**2,897,856**	**1,860,752**	**4,159,762**
Interest income	1,882	2,689	5,138	7,567	12,442
Finance cost	(687,654)	(411,986)	(856,842)	(386,187)	(877,543)
Profit before taxation	**677,038**	**971,680**	**2,046,152**	**1,482,132**	**3,294,661**
Taxation charge	(308,578)	(298,026)	(549,933)	(474,159)	(828,568)
Profit for the period	**368,460**	**673,654**	**1,496,219**	**1,007,973**	**2,466,093**
Other comprehensive income/(loss)					
Items that are or may be reclassified subsequently to profit or loss:					
Gain/(loss) on hedge of fuel price	-	30,627	-	44,117	(73,472)
Items that will not be reclassified to profit or loss:					
Remeasurement of employee benefits obligation	-	-	-	-	29,149
Related deferred tax charge	-	-	-	-	(7,287)
	-	**-**	**-**	**-**	**21,862**
Other comprehensive income/(loss), net of taxation	**-**	**30,627**	**-**	**44,117**	**(51,610)**
Total comprehensive income attributable to equity holders	**368,460**	**704,281**	**1,496,219**	**1,052,090**	**2,414,483**
Earnings per share (expressed in $ per share) (Note 3)	**0.43**	**0.79**	**1.76**	**1.18**	**2.90**

DIRECTORS' STATEMENT

Caribbean Cement Company Limited continues to focus on safety, talent development, customer centricity, community partnership and strong operational and financial performance. Our commitment to health and safety has led to our achieving 642 and 1,466 incident free days at the Plant and Quarries respectively.

Financial Performance

For the second quarter, the Group earned revenue of $4.7 billion, which is an increase of 6% when compared with the same period of 2018. Earnings before interest, depreciation, impairment, amortisation, stockholding and inventory restructuring costs and taxation were $1.8 billion, or 4% higher than the $1.7 billion reported for Q2 2018.

Profit before tax for the quarter was $0.7 billion, a decrease of 30% from the $1.0 billion achieved in Q2 2018. Of note, is that the profit before tax for the first half of the year was $2.0 billion, an increase by 38% compared with the $1.5 billion achieved during the same period last year.

Net Profit for the period decreased to $0.4 billion and has resulted in earnings per share of $0.43 as against $0.79 in 2018. As a result, the overall profit to date is $1.5 billion, an increase of 48% over 2018 resulting in earnings per share of $1.76.

During the quarter, we continued to make headway in improving operational efficiencies. However, in spite of the gains made by increase in revenue (6%) and EBITDA (4%), higher finance charges due to foreign exchange losses had a negative impact on the profit before tax. Higher interest expenses associated with the loan acquired on May 30, 2018, in connection to the acquisition of Kiln #5 and Cement Mill #5 have also been contributing factors.

Corporate Social Responsibility

Our expansive corporate social responsibility programme has this year included emphases on road safety and the environment. Through our ongoing greening programme, we have planted 200 trees and expanded the areas within the plant which are covered by grass and flowering plants. We continued our emphasis on road safety by exposing truck drivers to safety and personal development training. Since the start of the year, 230 truck drivers have participated in the CEMEX driving school and truck driver workshops. We have also taken the message of truck safety awareness to 2,000 students so far this year by helping them understand the risks of being in a truck's blind spot. The Group has also donated 14 breathalysers to the Road Safety Unit of the Ministry of Transport and Works. Our goal is to help decrease the rate of dangerous driving and fatalities on our roads.

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

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman
July 17, 2019

Jose Luis Seijo Gonzales
Director
July 17, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED		AUDITED
	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
NET ASSETS			
Non-current assets			
Property, plant and equipment	23,540,349	23,346,248	23,783,937
Current assets			
Inventories	2,028,165	1,444,394	1,733,265
Taxation recoverable	13,984	205,645	177,028
Due from parent and related companies	30,962	157,859	58,294
Receivables and prepayments	799,877	810,568	619,123
Cash and cash equivalents	394,436	595,201	420,790
	3,267,424	**3,213,667**	**3,008,500**
Current liabilities			
Due to parent and related companies	438,278	740,416	749,734
Current portion of loan obligations	58,993	935,429	21,110
Payables and accruals	2,656,835	2,732,084	2,875,361
Current portion of finance lease obligations	44,239	-	-
Current portion of redeemable preference shares	822,031	-	826,647
Current portion of rehabilitation provision	6,521	6,007	6,521
	4,026,897	**4,413,936**	**4,479,373**
Working capital deficit	**(759,473)**	**(1,200,269)**	**(1,470,873)**
Non-current liabilities			
Due to parent and related companies	-	1,790,635	-
Long-term portion of redeemable preference shares	3,171,537	-	3,021,805
Employee benefits obligation	852,010	826,320	832,804
Long-term portion of loan obligations	9,780,684	9,763,217	11,387,028
Long-term portion of finance lease obligations	33,300	-	-
Deferred tax liability	999,183	348,066	614,128
Long-term portion of rehabilitation provision	39,118	33,118	39,118
	14,875,832	**12,761,356**	**15,894,883**
TOTAL NET ASSETS	**7,905,044**	**9,384,623**	**6,418,181**
SHAREHOLDERS' EQUITY			
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
Reserves:			
Realised capital gain	1,413,661	1,413,661	1,413,661
Other reserve	350,864	117,589	350,864
Accumulated profit /(losses)	492,592	(2,872,314)	(994,271)
TOTAL SHAREHOLDERS' EQUITY	**7,905,044**	**9,384,623**	**6,418,181**

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

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman

Jose Luis Seijo Gonzales
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
Cash flows from operating activities	2019	2018	2019	2018	2018
Profit for the year	**368,460**	**673,654**	**1,496,219**	**1,007,973**	**2,466,093**
Adjustments for:					
Taxation charge	308,578	298,026	549,933	474,159	828,568
Depreciation and amortisation	405,281	340,344	796,006	466,530	1,153,830
Stockholding and inventory restructuring costs	-	22,855	-	22,855	-
Impairment on property, plant and equipment	-	-	-	-	5,357
Net recovery of impaired receivables	-	(7,334)	-	(1,606)	(1,568)
Interest income	(1,882)	(2,689)	(5,138)	(7,567)	(12,442)
(Gain)/loss on disposal of property, plant and equipment	(1,115)	-	(1,115)	-	2,832
Interest expense	273,256	71,868	417,825	71,868	665,438
Employee benefit expenses	18,186	-	36,371	-	72,742
Unwinding of discounts on preference shares	22,264	-	44,111	-	-
Unwinding of discounts on finance lease obligations	2,612	-	5,384	-	-
Unwinding of discount on rehabilitation provision	-	-	-	-	(661)
Unrealised foreign exchange losses/(gains), net	456,423	222,771	325,298	234,406	(164,709)
	1,852,063	1,619,495	3,664,894	2,268,618	5,015,480
Increase in inventories	(137,763)	(206,350)	(294,900)	(5,554)	(271,570)
Increase in receivables and prepayments	(109,786)	(15,441)	(194,902)	(221,505)	(32,940)
Decrease/(increase) in due from parent and related companies	97,256	(29,856)	27,332	(18,664)	(36,687)
(Decrease)/increase in payables and accruals	(88,685)	(308,191)	(236,001)	137,224	308,305
Increase in rehabilitation provision	-	-	-	-	7,175
(Decrease)/increase in due to parent and related companies	(224,495)	2,178,901	(302,256)	1,983,120	220,208
Cash provided by operations	1,388,590	3,238,558	2,664,167	4,143,239	5,209,971
Employee benefits paid	(8,585)	-	(17,165)	-	(37,109)
Interest received	1,882	2,689	5,138	7,567	12,442
Interest paid	(295,769)	(67,809)	(379,942)	(67,809)	(644,328)
Taxation paid	(1,031)	(53,491)	(1,834)	(107,478)	(174,496)
Net cash generated by operating activities	**1,085,087**	**3,119,947**	**2,270,364**	**3,975,519**	**4,366,480**
Cash flows from investing activities					
Additions to property, plant and equipment	(229,910)	(14,060,432)	(469,273)	(15,529,828)	(16,663,006)
Proceeds from disposal of property, plant and equipment	1,115	-	1,115	-	-
Net cash used in investing activities	**(228,795)**	**(14,060,432)**	**(468,158)**	**(15,529,828)**	**(16,663,006)**
Cash flows from financing activities					
Loan obligation, net	(717,261)	-	(1,780,406)	-	11,446,224
Finance lease obligation, net	(9,940)	-	(20,346)	-	-
Redeemable preference shares	-	-	-	-	(399,760)
Net repayment of amounts due to related companies	-	10,489,927	-	10,490,417	-
Net cash (used in)/generated by financing activities	**(727,201)**	**10,489,927**	**(1,800,752)**	**10,490,417**	**11,046,464**
Increase/(decrease) in cash and cash equivalents	129,091	(450,558)	1,454	(1,063,892)	(1,250,062)
Effect of foreign exchange rate changes	(37,910)	(2,339)	(27,808)	(13,974)	(2,215)
Cash and cash equivalent at beginning of period	303,255	1,048,098	420,790	1,673,067	1,673,067
Cash and cash equivalent at end of period	**394,436**	**595,201**	**394,436**	**595,201**	**420,790**
Represented by:					
Cash and cash equivalents	**394,436**	**595,201**	**394,436**	**595,201**	**420,790**

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2019

TCL GROUP
Building a Brighter Future

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to Jun 2019	UNAUDITED Six Months Jan to Jun 2018	AUDITED Year Jan to Dec 2018
Balance as at begining of period, as previously reported	**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)	-	-
Restated balance as at beginning of period	**6,408,825**	**8,332,533**	**8,332,533**
Profit for the period	1,496,219	1,007,973	2,466,093
Hedge reserve	-	44,117	(73,472)
Remeasurement of employee benefits obligation, net of tax	-	-	21,862
Total comprehensive income for the period	**1,496,219**	**1,052,090**	**2,414,483**
Transaction with owners of the company:			
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)**
Balance as at end of period	**7,905,044**	**9,384,623**	**6,418,181**

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 (Group) as of and for the period ended June 30, 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 June 30, 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 (JA$93 million) and right-of-use-assets (JA$83 million) for material leases previously classified as operating lease. 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 JA$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 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 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, Stockholding and Inventory Restructuring Costs and Taxation**

J$'000	UNAUDITED Three Months Apr to Jun 2019	UNAUDITED Three Months Apr to Jun 2018	UNAUDITED Six Months Jan to Jun 2019	UNAUDITED Six Months Jan to Jun 2018	AUDITED Year Jan to Dec 2018
Revenue	**4,677,886**	**4,431,458**	**9,129,271**	**8,774,533**	**17,573,931**
Expenses					
Raw material and consumables	301,347	136,099	571,359	774,923	1,460,709
Fuels and electricity	935,737	784,186	1,823,179	1,570,371	3,480,111
Personnel remuneration and benefits	613,480	485,074	1,167,075	1,027,437	1,967,124
Repairs and maintenance	231,965	100,513	382,531	445,699	799,346
Equipment hire	180,462	114,293	276,855	298,329	586,908
Cement transportation, marketing and selling expenses	192,716	176,135	361,693	358,241	779,135
Other operating expenses	277,657	258,155	577,495	1,354,893	2,100,304
Changes in inventories of finished goods and work in progress	201,663	802,730	311,401	764,406	1,364,452
Total expenses	**2,935,027**	**2,857,185**	**5,471,588**	**6,594,299**	**12,538,089**
Other income	25,232	124,193	36,179	124,193	283,107
Earnings before interest, depreciation, impairment, amortisation, stockholding and inventory restructuring costs and taxation	**1,768,091**	**1,698,466**	**3,693,862**	**2,304,427**	**5,318,949**