

# SUMMARY GROUP AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

## SUMMARY GROUP STATEMENT OF PROFIT OR LOSS

J\$'000		AUDITED	
	Notes	2019	2018
Revenue		17,764,664	17,573,931
Cost of sales		(10,596,112)	(11,230,161)
<b>Gross profit</b>		<b>7,168,552</b>	<b>6,343,770</b>
Operating expenses		(2,494,189)	(2,213,492)
<b>Operating earnings before other (expenses) income, net</b>	<b>7</b>	<b>4,674,363</b>	<b>4,130,278</b>
Other (expenses) income, net	<b>8</b>	(426,566)	29,484
<b>Operating earnings</b>		<b>4,247,797</b>	<b>4,159,762</b>
Financial income		11,719	12,442
Financial expenses		(881,740)	(664,777)
Loss on foreign exchange		(640,362)	(212,766)
<b>Earnings before taxation</b>		<b>2,737,414</b>	<b>3,294,661</b>
Taxation charge		(853,736)	(828,568)
<b>CONSOLIDATED NET INCOME</b>		<b>1,883,678</b>	<b>2,466,093</b>
<b>Earnings per stock unit (expressed in J\$ per stock unit)</b>	<b>3</b>	<b>2.21</b>	<b>2.90</b>

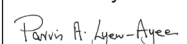
## SUMMARY GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

J\$'000		AUDITED	
		2019	2018
<b>CONSOLIDATED NET INCOME</b>		<b>1,883,678</b>	<b>2,466,093</b>
<b>Items that will not be reclassified subsequently to the profit or loss:</b>			
Net actuarial gains from remeasurement of employee benefits obligation		29,840	29,149
Deferred income tax recognised directly in other comprehensive income		(7,460)	(7,287)
		22,380	21,862
<b>Items that are or may be reclassified subsequently to the profit or loss:</b>			
Effects from derivative financial instruments designated as cash flow hedge		(13,715)	(73,472)
		(13,715)	(73,472)
Total items of other comprehensive income (loss), net		8,665	(51,610)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,892,343</b>	<b>2,414,483</b>

## SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

J\$'000		AUDITED	
		2019	2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at bank and on hand		544,570	420,790
Trade accounts receivable, net		509,424	352,038
Other accounts receivable		78,698	340,068
Inventories, net		2,208,560	1,733,265
Accounts receivable from related parties		73,648	58,294
Other current assets		56,103	104,045
Total current assets		3,471,003	3,008,500
<b>NON-CURRENT ASSETS</b>			
Property, machinery and equipment, net		23,629,545	23,783,937
Total non-current assets		23,629,545	23,783,937
<b>TOTAL ASSETS</b>		<b>27,100,548</b>	<b>26,792,437</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Other financial obligations		673,027	826,647
Trade payables		2,469,260	1,963,528
Accounts payable to related parties		527,383	749,734
Other current liabilities		1,284,881	939,464
Total current liabilities		4,954,551	4,479,373
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt		9,155,656	11,387,028
Other financial obligations		2,496,746	3,021,805
Employee benefits obligation		839,047	832,804
Deferred income tax liabilities		1,285,723	614,128
Long-term accounts payable to related parties		4,207	-
Other non-current liabilities		54,094	39,118
Total non-current liabilities		13,835,473	15,894,883
<b>TOTAL LIABILITIES</b>		<b>18,790,024</b>	<b>20,374,256</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital:			
Ordinary stock units		1,808,837	1,808,837
Capital contribution		3,839,090	3,839,090
Reserves:			
Realised capital gain		1,413,661	1,413,661
Other equity reserves		1,254,506	350,864
Accumulated losses		(5,570)	(994,271)
Total stockholders' equity		8,310,524	6,418,181
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>27,100,548</b>	<b>26,792,437</b>

Approved and authorised for issue by the Board of Directors on February 27, 2020 and signed on its behalf by:

  
**Parris A. Lyew-Ayee** Chairman

  
**Yago Castro** Director

## DIRECTORS' STATEMENT

Within the 2019 financial year, we achieved significant milestones in all key areas of our operations. Central to our measure of successful outcomes, was our performance in the priority areas of health and safety. Due to ongoing emphasis on safety education and good practice, we achieved 1,650 days without lost time injuries at our quarries and 826 days at our Rockfort cement plant. We continue to strive toward achieving ZERO4Life by implementing projects, programmes, policies and training among employees and contractors.

Our community engagement and outreach programme directed resources of \$61.75 million toward projects across the country. This included staging road safety and vulnerable road users awareness activities for more than 2,000 students; creating parks and communal spaces in one inner-city community, one rural community and two schools; donating 14 breathalyzers to the National Road Safety Unit; constructing concrete road pavements in two rural communities; providing grants and scholarships to 20 secondary and tertiary students from Bull Bay, St Andrew and supporting National Labour Day projects in 50 communities across the country via cement donations.

Caribbean Cement Company Limited (CCCL) promotes environmentally conscious initiatives and partnered with the National Solid Waste Management Authority to complete a pilot project for the disposal of 6,000 end-of-life tyres from the Riverton landfill in our kiln. We look forward to working with the authority to implement a sustainable disposal programme which could see the removal of two million tyres, currently in the landfill, in five years.

In terms of the Company's financial performance, CCCL earned revenue of \$17.8 billion, representing growth of 1% over 2018.

The "operating earnings before other income and expenses" for the period was \$4.7 billion, higher than last year by 13%. This improvement is attributable to a reduction in cost of sales and operating costs. The "operating earnings" after other expenses, for the period was \$4.2 billion, representing a 2% increase, compared to prior year. This was achieved in spite of higher other expenses in 2019 primarily due to the cost of demolishing obsolete structures and equipment and fixed-asset write-offs. The demolition project was completed without lost time injury and has vastly improved the aesthetics and safety of the plant.

"Earnings before taxation" was \$2.7 billion, showing a decrease by 17% compared with prior year due to higher exchange losses and interest expenses.

The overall "consolidated net income" for the year was \$1.9 billion, which is 24% lower than 2018.

Net cash generated by operating activities for 2019 was \$4.7 billion, which was an improvement of 8% compared to 2018. This increase is primarily due to efficient cash management and strategic allocation of cash resources. This positive cash flow generation allowed us to reduce our debt by \$2.2 billion.

The Board of Directors and Management of CCCL 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**  
February 27, 2020

  
**Yago Castro**

**Director**  
February 27, 2020

## SUMMARY GROUP STATEMENT OF CASH FLOWS

J\$'000		AUDITED	
		2019	2018
<b>OPERATING ACTIVITIES</b>			
<b>Consolidated net income</b>		<b>1,883,678</b>	<b>2,466,093</b>
Non-cash items:			
Depreciation, impairment and amortisation of assets		1,603,850	1,159,187
Loss on disposal of property, machinery and equipment		7,490	2,832
Net recovery of impaired receivables		(4,071)	(16,571)
Interest income		(11,719)	(12,442)
Interest expense		774,810	665,438
Taxation charge		853,736	828,568
Fixed asset write-off		76,285	-
Rehabilitation cost		4,513	-
Inventory impairment allowance		15,076	-
Employee benefit expenses		67,985	72,742
Unwinding of discount on preference shares		89,772	-
Unwinding of discount on rehabilitation provision		797	(661)
Unwinding of discount on lease liabilities		16,361	-
Unrealised foreign exchange gains, net		84,993	(164,709)
Changes in working capital, excluding taxes		116,413	209,494
<b>Net cash flow provided by operating activities before financial expenses and taxes</b>		<b>5,579,969</b>	<b>5,209,971</b>
Employee benefits paid		(31,902)	(37,109)
Interest received		11,719	12,442
Interest paid		(794,251)	(644,328)
Taxation paid		(33,048)	(174,496)
<b>Net cash flows provided by operating activities</b>		<b>4,732,487</b>	<b>4,366,480</b>
<b>INVESTING ACTIVITIES</b>			
Property, machinery and equipment, net		(1,334,340)	(16,663,006)
Proceeds from disposal of assets		1,303	-
<b>Net cash flows used in investing activities</b>		<b>(1,333,037)</b>	<b>(16,663,006)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of long-term debt, net		(2,207,878)	11,446,224
Other financial obligations:			
Repayment of redeemable preference shares		(1,043,134)	(399,760)
Repayment of lease liabilities		(50,580)	-
<b>Net cash flows (used in) provided by financing activities</b>		<b>(3,301,592)</b>	<b>11,046,464</b>
Increase (decrease) in cash at bank and on hand		97,858	(1,250,062)
Cash conversion effect, net		25,922	(2,215)
Cash at bank and on hand at beginning of year		420,790	1,673,067
<b>CASH AT BANK AND ON HAND AT END OF YEAR</b>		<b>544,570</b>	<b>420,790</b>
<b>Changes in working capital, excluding taxes:</b>			
Trade accounts receivable, net		(158,413)	95,880
Other current assets		122,684	(113,817)
Inventories		(490,371)	(271,570)
Trade payables		506,596	(440,662)
Other current liabilities		135,917	939,663
<b>Changes in working capital, excluding taxes</b>		<b>116,413</b>	<b>209,494</b>

# SUMMARY GROUP AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

## SUMMARY GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	Reserves							
	Ordinary stock	Preference share capital	Capital contribution	Realised capital gain	Accumulated losses	Other equity reserves	Total reserves	Total capital & reserves
<b>Balance as of December 31, 2017</b>	1,808,837	5,077,760	3,839,090	1,413,661	(3,872,790)	73,472	(2,385,657)	8,340,030
Effects from adoption of IFRS 9	-	-	-	-	(7,497)	-	(7,497)	(7,497)
<b>Balance as of January 1, 2018</b>	1,808,837	5,077,760	3,839,090	1,413,661	(3,880,287)	73,472	(2,393,154)	8,332,533
Net income	-	-	-	-	2,466,093	-	2,466,093	2,466,093
Total other items of comprehensive loss	-	-	-	-	21,862	(73,472)	(51,610)	(51,610)
Reclassification of preference shares	-	(5,077,760)	-	-	-	-	-	(5,077,760)
Transfer to capital redemption fund reserve	-	-	-	-	(350,864)	350,864	-	-
Fair value adjustment associated with redemption of preference shares	-	-	-	-	748,925	-	748,925	748,925
<b>Balance as of December 31, 2018</b>	1,808,837	-	3,839,090	1,413,661	(994,271)	350,864	770,254	6,418,181
Net income	-	-	-	-	1,883,678	-	1,883,678	1,883,678
Total other items of comprehensive income	-	-	-	-	22,380	(13,715)	8,665	8,665
Transfer to capital redemption fund reserve	-	-	-	-	(917,357)	917,357	-	-
<b>Balance as of December 31, 2019</b>	1,808,837	-	3,839,090	1,413,661	(5,570)	1,254,506	2,662,597	8,310,524

### NOTES

#### 1. Basis of preparation

The summary Group 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 Group statement of financial position, Group statement of profit or loss, Group statement of other comprehensive income, Group statement of changes in stockholders' equity and Group statement of cash flows. These summary Group financial statements are derived from the audited Group financial statements of CCCL and its Subsidiary ("the Group") as of and for the year ended December 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 summary Group financial statements as of and for the year ended December 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, 2019. Any new accounting standards amendments 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 stock unit

Earnings per stock unit is calculated by dividing the profit for the year by the number of ordinary stock outstanding during the year.

#### 4. Initial application of IFRS 16, Leases

The Group has applied IFRS 16, Leases using the modified retrospective approach and has not restated prior periods as allowed by the Standard. The Group has recognised the present value of the remaining lease payments as right-of-use assets and lease liabilities (JA\$115 million) for leases previously classified as operating leases. On initial application, the Group applied incremental borrowing rates ranging from 10.46% to 14.39% on the lease liabilities.

#### 5. Preference shares

In 2018, 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 Company has made two partial redemptions up to December 31, 2019 for a total of 14,200,204 shares with a value of JA\$1,268,221,000. A capital redemption reserve has been created in accordance with the Jamaican Companies Act.

#### 6. Comparative information

The financial statement has been rearranged and presented to conform with the presentation of the financial statements of the ultimate parent company, CEMEX S.A.B. de C.V.

Where necessary, the comparative figures are reclassified to conform with the current year's presentation.

#### 7. Operating earnings before other income (expenses), net [expressed in J\$'000]

Operating earnings before other income (expenses), net by nature are as follows:

	AUDITED	
	2019	2018
<b>Revenue</b>	<b>17,764,664</b>	<b>17,573,931</b>
<b>Expenses:</b>		
Raw material and consumables	1,229,620	1,460,709
Fuel and electricity	3,396,908	3,480,111
Personnel remuneration and benefits	2,133,613	1,967,124
Repairs and maintenance	867,341	799,346
Equipment hire	894,159	586,908
Cement transportation, marketing and selling expenses	707,642	771,356
Other operating expenses	1,202,431	1,854,460
Depreciation, impairment and amortisation	1,603,850	1,159,187
Changes in inventories of finished goods and work in progress	1,054,737	1,364,452
<b>Total expenses</b>	<b>13,090,301</b>	<b>13,443,653</b>
<b>Operating earnings before other income (expenses)</b>	<b>4,674,363</b>	<b>4,130,278</b>

#### 8. Other (expenses) income, net [expressed in J\$'000]

The details of the line item "Other (expenses) income, net" in 2019 and 2018 were as follows:

	AUDITED	
	2019	2018
Manpower restructuring costs	(87,166)	-
Demolition expenses	(99,215)	(13,990)
Environmental costs	(49,615)	(49,595)
Management Fees	(117,948)	(114,146)
Fixed asset write-off	(90,769)	-
Insurance compensation	-	249,438
Other, net	18,147	(42,223)
	(426,566)	29,484



KPMG  
Chartered Accountants  
PO. Box 76  
6 Duke Street Kingston Jamaica, W.I.  
+ 1 (876) 922 6640  
firmmail@kpmg.com.jm

#### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY GROUP FINANCIAL STATEMENTS

To the Stockholders of  
CARIBBEAN CEMENT COMPANY LIMITED

#### Opinion

The summary Group financial statements, which comprise the Group statement of financial position as at December 31, 2019, the Group statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the complete audited Group financial statements of Caribbean Cement Company Limited and its Subsidiary (the "Group") for the year ended December 31, 2019.

In our opinion, the accompanying summary Group financial statements are consistent, in all material respects, with the audited Group financial statements, in accordance with Practice Statement 2016-1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

#### Summary Group Financial Statements

The summary Group financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs") applied in the preparation of financial statements of the Group. Reading the summary Group financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Group financial statements and the auditor's report thereon. The summary Group financial statements and the audited Group financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

#### The Audited Group Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited Group financial statements in our report dated February 27, 2020. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current year.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity)

#### Responsibilities of Management for the Summary Group Financial Statements

Management is responsible for the preparation of the summary Group financial statements in accordance with Practice Statement 2016-1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

#### Auditor's Responsibilities for the Audit of the Summary Group Financial Statements

Our responsibility is to express an opinion on whether the summary Group financial statements are consistent, in all material respects, with the audited Group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

*KPMG*  
Chartered Accountants  
Kingston, Jamaica  
February 27, 2020

R. Tarun Handa  
Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers  
Nyssa A. Johnson  
W. Gihan C. de Mel  
Wibert A. Spence  
Rochelle N. Stephenson  
Sandra A. Edwards