CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2016

TCL GROUP

Building a Brighter Future

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED Three Months Apr to June 2016	UNAUDITED Three Months Apr to June 2015	UNAUDITED Six Months Jan to June 2016	UNAUDITED Six Months Jan to June 2015	AUDITED Year Jan to Dec 2015
Revenue	**4,327,558**	**3,947,827**	**8,305,132**	**7,527,784**	**15,431,897**
Earnings before interest, tax, depreciation, amortisation, manpower restructuring costs	**1,308,608**	**714,549**	**2,373,662**	**1,153,259**	**2,576,658**
Manpower restructuring costs (Note 4)	(420,737)	–	(420,737)	–	(436,372)
Stockholding and inventory restructuring costs (Note 5)	(402,428)	–	(402,428)	–	–
Depreciation and amortisation	(142,953)	(100,513)	(241,771)	(193,980)	(396,931)
Operating profit	**342,490**	**614,036**	**1,308,726**	**959,279**	**1,743,355**
Interest income	1	–	2	1,920	10,613
Net debt restructuring cost	–	167,792	–	167,792	167,792
Interest expense	(2,810)	(49,420)	(8,487)	(104,134)	(148,688)
Loss on currency exchange	(4,412)	(24,297)	(13,233)	(28,705)	(46,684)
Profit before taxation	**335,269**	**708,111**	**1,287,008**	**996,152**	**1,726,388**
Taxation charge	(114,709)	(86,772)	(232,534)	(126,854)	(180,248)
Net profit	**220,560**	**621,339**	**1,054,474**	**869,298**	**1,546,140**
Total comprehensive income	**220,560**	**621,339**	**1,054,474**	**869,298**	**1,546,140**
Profit per ordinary stock unit in dollars – basic and diluted	0.26	0.73	1.24	1.02	1.82
Earnings before interest, tax, depreciation and amortisation, manpower restructuring costs and stockholding and inventory restructuring costs/revenue ratio	30%	18%	29%	15%	17%

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED Six Months Jan to June 2016	UNAUDITED Six Months Jan to June 2015	AUDITED Year Jan to Dec 2015
Balance at beginning of period	**6,437,174**	**4,891,034**	**4,891,034**
Total comprehensive income	1,054,474	869,298	**1,546,140**
Balance at end of period	**7,491,648**	**5,760,332**	**6,437,174**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED Three Months Apr to June 2016	UNAUDITED Three Months Apr to June 2015	UNAUDITED Six Months Jan to June 2016	UNAUDITED Six Months Jan to June 2015	AUDITED Year Jan to Dec 2015
Group net profit before taxation	**335,269**	**708,111**	**1,287,008**	**996,152**	**1,726,388**
Adjustment for non-cash items:					
Depreciation and amortisation	142,953	100,513	241,771	193,980	396,931
Net debt restructuring gain	–	(167,792)	–	(167,792)	(167,792)
Impairment of receivables	(3,602)	–	(2,714)	–	(23,337)
Stockholding and inventory restructuring costs (Note 5)	402,428	–	402,428	–	–
Interest income	(2)	(2,630)	(2)	(1,920)	(10,613)
Interest expense	219	51,362	5,896	104,134	127,854
Unwinding of discount on rehabilitation provision	2,591	–	2,591	–	20,834
Unrealised foreign exchange losses,net	2,514	23,062	15,913	27,270	52,533
	882,370	712,626	1,952,891	1,151,824	2,122,798
(Increase) in inventories	(298,644)	(100,770)	(579,862)	(149,890)	(231,354)
Decrease (increase) in receivables and prepayments	156,375	13,433	(448,480)	323,260	408,619
Decrease (increase) in due from related companies	720,862	(16,033)	521,363	86,696	(279,750)
(Decrease) increase in payables and accruals	(20,715)	(71,917)	272,884	(318,894)	340,016
(Decrease) increase in due to parent and related companies	(1,190,305)	319,596	(923,557)	199,251	492,753
Cash provided by operations	249,943	856,935	795,239	1,292,247	2,853,082
Interest received	2	2,630	2	1,920	10,613
Interest paid	(11,433)	(62,201)	(11,433)	(61,183)	(190,666)
Taxation paid	(63,481)	–	(307,622)	–	(2,433)
Net cash provided by operating activities	**175,031**	**797,364**	**476,186**	**1,232,984**	**2,670,596**
Cash flows from investing activities					
Additions to property, plant and equipment	(190,707)	(230,762)	(393,504)	(273,253)	(810,904)
Net cash used in investing activities	**(190,707)**	**(230,762)**	**(393,504)**	**(273,253)**	**(810,904)**
Cash flows from financing activities					
Repayment of loans	–	(611,700)	–	(611,808)	(611,808)
Repayment of amounts due to related companies	(159,767)	331,910	(205,582)	303,954	(515,135)
Net cash (used in) financing activities	**(159,767)**	**(279,790)**	**(205,582)**	**(307,854)**	**(1,126,943)**
(Decrease) increase in cash and cash equivalents	(175,443)	286,812	(122,900)	651,877	732,749
Cash and cash equivalents – beginning of period	963,209	542,982	910,666	177,917	177,917
Cash and cash equivalents – end of period	**787,766**	**829,794**	**787,766**	**829,794**	**910,666**
Represented by:					
Cash at bank and short-term deposits	**787,766**	**829,794**	**787,766**	**829,794**	**910,666**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED 30.06.2016	UNAUDITED 30.06.2015	AUDITED 31.12.2015
NET ASSETS			
Non-current assets			
Property, plant and equipment	5,515,398	5,013,719	5,353,934
Intangible assets	16,345	30,118	23,232
	5,531,743	**5,043,837**	**5,377,166**
Current assets			
Inventories	2,958,628	2,718,533	2,781,194
Taxation and recoverable	40,932	31,501	35,680
Due from related companies	60,380	215,297	581,743
Receivables and prepayments	1,557,574	1,092,493	1,164,942
Cash and cash equivalents	787,766	829,794	910,666
	5,405,280	**4,887,618**	**5,474,225**
Current liabilities			
Income tax payable	105,101	126,884	180,248
Due to parent and related companies	556,981	1,160,640	1,510,011
Payables and accruals	2,759,335	1,682,033	2,497,010
	3,421,417	**2,969,557**	**4,187,269**
Working capital surplus	**1,983,863**	**1,918,061**	**1,286,956**
Non-current liabilities			
Due to Parent and related companies	–	1,055,230	205,582
Other long-term liability	–	146,336	–
Provisions	23,958	–	21,366
	23,958	1,201,566	226,948
TOTAL NET ASSETS	**7,491,648**	**5,760,332**	**6,437,174**
GROUP EQUITY			
Ordinary 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	(4,647,700)	(6,379,016)	(5,702,174)
	7,491,648	**5,760,332**	**6,437,174**

DIRECTORS' STATEMENT

The Group reported consolidated profit before tax of $1,287 million for the first six months of 2016 compared to a profit before tax of $996 million in the corresponding period of 2015, this represents an improvement of $291 million. This improvement was mainly due to increased revenue and reduction in costs but was tempered by stockholding and inventory restructuring costs (Note 5) and manpower restructuring costs (Note 4).

Despite a reduction in export cement and clinker volumes by 8% and 77% respectively, total revenue increased by $777 million. This was mainly due to an increase in domestic cement volumes by 27% arising from increased projects and strong retail demand.

Improvements in operational efficiencies, effective control of fixed costs, lower financing costs and lower energy costs, contributed to the improvement in Adjusted EBITDA (Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs) by $1,220 million. During the second quarter, the Group experienced significant improvement in its liquidity position which allowed for the repayment of long term debt and intercompany balances.

The Board of Directors remain dedicated to the improvement of the Group financial position.

Christopher Dehring
Chairman
July 20, 2016

Luis Gilberto Ali Moya
Director
July 20, 2016

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 30 June 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 31 December 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**
In June 2016, the Group undertook a comprehensive review of its inventory of spares and consumables and has determined the optimal stockholding and reorder levels for all companies in the Group. As a result the management has written down overstocked inventory items to their net realisable value in accordance with *IAS 2: Inventories* and recorded an expense of $402.4 million. 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 this new development.