CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	AUDITED 31.12.2016	AUDITED 31.12.2015
NET ASSETS		
Non-current assets		
Property, plant and equipment	6,571,104	5,353,934
Intangible assets	9,460	23,232
Deferred tax asset	131,713	–
	6,712,277	**5,377,166**
Current assets		
Inventories	2,095,803	2,781,194
Taxation recoverable	118,451	35,680
Due from related companies	205,460	581,743
Receivables and prepayments	569,929	1,164,942
Cash and cash equivalents	717,568	910,666
	3,707,211	**5,474,225**
Current liabilities		
Income tax payable	–	180,248
Due to parent and related companies	104,041	1,510,011
Payables and accruals	2,544,019	2,497,010
Provision	5,159	–
	2,653,219	**4,187,269**
Working capital surplus	**1,053,992**	**1,286,956**
Non-current liabilities		
Due to parent and related companies	–	205,582
Provision	27,393	21,366
	27,393	226,948
TOTAL NET ASSETS	**7,738,876**	**6,437,174**
SHAREHOLDERS' EQUITY		
Share capital:		
Ordinary	1,808,837	1,808,837
Preference	5,077,760	5,077,760
Capital contribution	3,839,090	3,839,090
Reserves:		
Realised capital gain	1,413,661	1,413,661
Accumulated losses	(4,400,472)	(5,702,174)
GROUP EQUITY	**7,738,876**	**6,437,174**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

J$'000	AUDITED Year Jan to Dec 2016	AUDITED Year Jan to Dec 2015
Revenue	**15,780,756**	**15,431,897**
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	**2,702,838**	**2,576,658**
Depreciation and amortisation	(495,688)	(396,931)
Stockholding and inventory restructuring costs (Note 5)	(400,774)	–
Manpower restructuring costs (Note 4)	(406,123)	(436,372)
Operating profit	**1,400,253**	**1,743,355**
Interest income	5,201	10,613
Net debt restructuring gain	–	167,792
Finance costs	(54,592)	(195,372)
Profit before taxation	**1,350,862**	**1,726,388**
Taxation charge	(49,160)	(180,248)
Net profit for the year	**1,301,702**	**1,546,140**
Total comprehensive income attributable to equity holders	**1,301,702**	**1,546,140**
Basic and diluted earnings per ordinary share (expressed in $ per share) (Note 3)	$1.53	$1.82

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	AUDITED Year Jan to Dec 2016	AUDITED Year Jan to Dec 2015
Cash flows from operating activities		
Profit before taxation	**1,350,862**	**1,726,388**
Adjustments for:		
Depreciation and amortisation	495,688	396,931
Net debt restructuring gain	-	(167,792)
Stockholding and inventory restructuring costs (Note 5)	400,774	-
Net recovery of impaired receivables	(40,807)	(23,337)
Interest income	(5,201)	(10,613)
Interest expense	9,838	127,854
Unwinding of discount on rehabilitation provision	9,636	20,834
Unrealised foreign exchange losses, net	21,140	52,533
	2,241,930	2,122,798
Decrease/(increase) in inventories	284,617	(231,354)
Decrease in receivables and prepayments	623,105	408,619
Decrease/(increase) in due from related companies	376,283	(279,750)
Increase in payables and accruals	48,094	342,144
Increase in provision	1,550	532
(Decrease)/increase in due to parent and related companies	(1,352,672)	492,753
Cash provided by operations	2,222,907	2,855,742
Interest received	5,201	10,613
Interest paid	(61,980)	(190,666)
Taxation paid	(443,891)	(2,433)
Net cash provided by operating activities	1,722,237	2,673,256
Cash flows from investing activities		
Additions to property, plant and equipment	(1,699,091)	(810,904)
Net cash used in investing activities	(1,699,091)	(810,904)
Cash flows from financing activities		
Repayment of loans	–	(611,808)
Repayment of amounts due to related companies	(205,582)	(515,135)
Net cash used in financing activities	(205,582)	(1,126,943)
(Decrease)/increase in cash and cash equivalents	(182,436)	735,409
Net cash and cash equivalents – beginning of year	910,666	177,917
Effect of foreign exchange rate changes	(10,662)	(2,660)
Net cash and cash equivalents – end of year	**717,568**	**910,666**
Represented by:		
Cash at bank and short-term deposits	**717,568**	**910,666**

DIRECTORS' STATEMENT

The Group reported consolidated profit before tax of $1,351 million compared to a profit before tax of $1,726 million in the corresponding year. This represents an adverse movement of $375 million. During the year, the company embarked on a major kiln overhaul which lasted 45 days and impacted the income statement by $957 million. This along with the capital expenditure of $1.7 billion made during the year are expected to improve the operational efficiency and reliability of the plant. Other factors impacting the year's performance were cement mill #4 overhaul which cost $65 million, increased manpower restructuring costs (Note 4) and stockholding and inventory restructuring costs (Note 5).

Despite a reduction in export cement and clinker volumes by 21.2% and 78.1% respectively, total revenue increased by $349 million, this was mainly due to the increase in local cement volumes by 16% mainly arising from the positive trend of the infrastructural projects, Government projects and retail trade.

Earnings before interest, tax, depreciation, amortisation, manpower restructuring costs and stockholding and inventory restructuring costs improved over last year by 4.9% resulting from improvements in local revenue. During the year, the Group generated cash from operations of $2.2 billion which represents 22.2% reduction from 2015 resulting from repayment of intercompany short-term balances.

The Board of Directors remains committed to improve and promote the health and safety standards in our operation to create a better work environment for our people, as well as to reinforce the profitability and competitiveness of the plant.

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman
February 23, 2017

Jose Luis Seijo Gonzalez
Director
February 23, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000

	AUDITED						
				Reserves			
	Ordinary share capital	Preference share capital	Capital contribution	Realised capital gain	Accumulated losses	Total reserves	Total capital and reserves
Balance as at 1 January 2015	1,808,837	5,077,760	3,839,090	1,413,661	(7,248,314)	(5,834,653)	4,891,034
Total comprehensive income for the year	–	–	–	–	1,546,140	1,546,140	1,546,140
Balance as at 31 December 2015	1,808,837	5,077,760	3,839,090	1,413,661	(5,702,174)	(4,288,513)	6,437,174
Total comprehensive income for the year	–	–	–	–	1,301,702	1,301,702	1,301,702
Balance as at 31 December 2016	1,808,837	5,077,760	3,839,090	1,413,661	(4,400,472)	(2,986,811)	7,738,876

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes are derived from the complete audited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 23 February 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated 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.

Ernst & Young

Chartered Accountants
Kingston, Jamaica
February 23, 2017

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 audited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") for the year ended December 31, 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. A full version can be accessed on the company's website and at the head office in Jamaica, at which a hard copy can be made available.

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 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 and Diluted Earnings Per Ordinary Share

Basic and diluted earnings per ordinary share is calculated by dividing the net profit by the number of ordinary shares outstanding during the year.

4. Manpower Restructuring Costs

Manpower restructuring costs mainly comprises severance costs incurred during implementation of restructuring programmes. The objective of the restructuring programmes 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. In accordance with IAS 2: "Inventories," management has recorded an expense of $401 million in respect of overstocked items. 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 new developments.

6. Subsequent Events

On January 24, 2017 CEMEX, S.A.B. de C.V, through its indirect subsidiary Sierra Trading acquired 113 million of the ordinary shares of Trinidad Cement Limited and on that date increased their shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary share of Trinidad Cement Limited. As a result of this transaction the TCL Group consequently became a subsidiary of Sierra Trading and as at January 24, 2017 CEMEX, S.A.B. de C.V is the ultimate parent of the TCL Group and the Company.