

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

J\$'000	Notes	UNAUDITED				AUDITED
		Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
		2020	2019	2020	2019	2019
Revenue		4,783,276	4,677,886	9,331,190	9,129,271	17,764,664
Cost of sales		(2,529,621)	(2,688,798)	(5,209,959)	(4,992,565)	(10,596,112)
Gross profit		2,253,655	1,989,088	4,121,231	4,136,706	7,168,552
Operating expenses		(603,598)	(587,507)	(1,254,976)	(1,155,945)	(2,494,189)
Operating earnings before other (expenses) income, net	5	1,650,057	1,401,581	2,866,255	2,980,761	4,674,363
Other (expenses) income, net	6	(62,857)	(38,771)	(139,391)	(82,905)	(426,566)
Operating earnings		1,587,200	1,362,810	2,726,864	2,897,856	4,247,797
Financial income		2,325	1,882	4,504	5,138	11,719
Financial expenses		(166,707)	(231,211)	(330,484)	(467,255)	(881,740)
Loss on foreign exchange		(375,936)	(456,443)	(657,899)	(389,587)	(640,362)
Earnings before taxation		1,046,882	677,038	1,742,985	2,046,152	2,737,414
Taxation charge		(525,763)	(308,578)	(738,672)	(549,933)	(853,736)
CONSOLIDATED NET INCOME		521,119	368,460	1,004,313	1,496,219	1,883,678
Earnings per stock unit (expressed in \$ per stock unit)	3	0.61	0.43	1.18	1.76	2.21

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

J\$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2020	2019	2020	2019	2019
CONSOLIDATED NET INCOME	521,119	368,460	1,004,313	1,496,219	1,883,678
Items that will not be reclassified subsequently to the statement of profit or loss:					
Net actuarial gains from remeasurement of employee benefits obligation	-	-	-	-	29,840
Deferred tax recognised directly in other comprehensive income	-	-	-	-	(7,460)
	-	-	-	-	22,380
Items that are or may be reclassified subsequently to the statement of profit or loss:					
Effects from derivative financial instruments designated as cash flow hedge	(3,227)	-	(16,240)	-	(13,715)
	(3,227)	-	(16,240)	-	(13,715)
Total items of other comprehensive (loss) income, net	(3,227)	-	(16,240)	-	8,665
TOTAL COMPREHENSIVE INCOME	517,892	368,460	988,073	1,496,219	1,892,343

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J\$'000	UNAUDITED		AUDITED
	30.06.20	30.06.19	31.12.19
CURRENT ASSETS			
Cash at bank and on hand	526,817	394,436	544,570
Trade accounts receivable, net	471,448	615,203	509,424
Other accounts receivable	84,271	72,329	78,698
Inventories, net	1,993,031	2,028,165	2,208,560
Accounts receivable from related parties	51,507	30,962	73,648
Other current assets	83,999	126,329	56,103
Total current assets	3,211,073	3,267,424	3,471,003
NON-CURRENT ASSETS			
Property, machinery and equipment, net	23,206,606	23,540,349	23,629,545
Deferred tax assets	363,053	701,787	-
Total non-current assets	23,569,659	24,242,136	23,629,545
TOTAL ASSETS	26,780,732	27,509,560	27,100,548
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	673,027	822,031	673,027
Trade payables	2,467,480	1,711,265	2,469,260
Accounts payable to related parties	381,004	436,341	527,383
Other current liabilities	1,230,458	1,057,260	1,284,881
Total current liabilities	4,751,969	4,026,897	4,954,551
NON-CURRENT LIABILITIES			
Long-term debt	7,031,385	9,780,684	9,155,656
Other financial obligations	2,645,805	3,171,537	2,496,746
Employee benefits obligation	858,378	852,010	839,047
Deferred tax liabilities	2,125,519	1,700,970	1,285,723
Long-term accounts payable to related parties	1,972	33,300	4,207
Other non-current liabilities	54,094	39,118	54,094
Total non-current liabilities	12,717,153	15,577,619	13,835,473
TOTAL LIABILITIES	17,469,122	19,604,516	18,790,024
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary stock units	1,808,837	1,808,837	1,808,837
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 equity reserves	1,251,279	350,864	1,254,506
Accumulated profits (losses)	998,743	492,592	(5,570)
TOTAL STOCKHOLDERS' EQUITY	9,311,610	7,905,044	8,310,524
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	26,780,732	27,509,560	27,100,548

Approved and authorised for issue by the Board of Directors on July 24, 2020 and signed on its behalf by:


Parris A. Lyew-Ayee Chairman


Yago Castro Director

DIRECTORS' STATEMENT

In the second quarter (Q2) of 2020, Caribbean Cement Company focused on three key priorities: 1) ensuring the safety of employees, their families and our communities; 2) serving customers through stringent safety protocols and 3) protecting the future of our company. We delivered on all three of these goals despite the unprecedented social and economic threats posed by the COVID-19 pandemic.

While we are thankful that none of our employees have become ill from COVID-19, we are saddened that many Jamaicans and their loved ones, at home and abroad, have been affected by both the health implication as well as the adverse economic impact of the pandemic threats. This awareness, along with our entrenched commitment to safety has contributed to our strict adherence to the more than 50 best practice protocols which have been developed by CEMEX. These protocols, draw on the experiences of our parent company's operations across the world, provide practical guidance to our employees, customers, and their families and have allowed us to serve our employees, customers, and communities safely.

Despite the increased operational risks posed by COVID-19, our plant modernisation programme and investment in training continues to yield favourable results in health and safety outcomes. As at the end of this quarter, we have attained 1,832 days without lost time injury at our quarries and 1,008 days at the plant. Embedded within our way of working are sound environmental practices which meet international standards and honour local regulations.

In response to the exigencies of the times, we have adjusted our corporate social responsibility programme to give special focus on supporting communities and frontline workers. Among donations made so far have been masks, gloves and thermometers to the Ministry of Health; hand sanitisers and soaps to communities around our plants; and in partnership with customer Jamaica


Parris A. Lyew-Ayee
Chairman
July 24, 2020

Pre-Mix Limited, we have executed public sanitisation activities in Kingston, St. Andrew and Montego Bay. These actions have helped to alleviate the challenges being faced by the country and we will continue to engage with our stakeholders in order to assist in any way possible.

Financial Performance

In terms of the company's financial performance for Q2 2020, Caribbean Cement Company Limited earned revenues of \$4.8 billion, representing growth of 2% when compared with the Q2 2019. The "operating earnings before other income and expenses" for the period was \$1.7 billion, higher than last year's results by 21%. In addition, "operating earnings" after other expenses was \$1.6 billion, representing an increase of 16% when compared to the Q2 of the prior year.

The company recorded "earnings before taxation" of \$1.0 billion, which was an improvement of 55% above the \$0.7 billion achieved in Q2 2019. Contributing to this positive performance is an aggressive USD debt repayment policy which has led to the reduction of financial expenses of \$0.06 billion (-28%) and a decrease in foreign exchange loss by \$0.08 billion, (-18%) over Q2 2019. The overall "consolidated net income" of \$0.5 billion was 41% higher than that of the Q2 2019.

In relation to cash flow, net cash generated by operating activities was \$1.6 billion; and both cash flow generation during the quarter and available cash at the beginning of the period have allowed the company to reduce debt by \$1.0 billion during the quarter and by \$2.1 billion over the first half (H1) of the year.

Looking ahead

While it is still very early to fully evaluate the long-term effects of COVID-19 on our operations, we believe that this event has made us a stronger and more efficient organisation which is a testament to the resilience and commitment of our employees and the robustness of our systems and operations.


Yago Castro
Director
July 24, 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

J\$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2020	2019	2020	2019	2019
OPERATING ACTIVITIES					
Consolidated net income	521,119	368,460	1,004,313	1,496,219	1,883,678
Non-cash items:					
Depreciation, impairment and amortisation of assets	401,454	405,281	764,955	796,006	1,603,850
(Gain) loss on disposal of property, machinery and equipment	-	(1,115)	-	(1,115)	7,490
Net recovery of impaired receivables	(694)	-	(385)	-	(4,071)
Interest income	(2,325)	(1,882)	(4,504)	(5,138)	(11,719)
Interest expense	128,587	273,256	285,508	417,825	774,810
Taxation charge	525,763	308,578	738,672	549,933	853,736
Fixed asset write-off	-	-	-	-	76,285
Rehabilitation cost	-	-	-	-	4,513
Inventory impairment allowance	-	-	-	-	15,076
Employee benefit expenses	19,066	18,186	28,599	36,371	67,985
Unwinding of discount on preference shares	13,250	22,264	26,102	44,111	89,772
Unwinding of discount on rehabilitation provision	-	-	-	-	797
Unwinding of discount on lease liabilities	6,245	2,612	9,284	5,384	16,361
Unrealised foreign exchange losses, net	219,004	456,423	366,842	325,298	84,993
Changes in working capital, excluding taxes	(64,861)	(463,473)	(32,243)	(1,000,727)	116,413
Net cash flows provided by operating activities before financial expenses and taxes	1,766,608	1,388,590	3,187,143	2,664,167	5,579,969
Employee benefits paid	(5,999)	(8,585)	(9,268)	(17,165)	(31,902)
Interest received	2,325	1,882	4,504	5,138	11,719
Interest paid	(120,212)	(295,769)	(286,368)	(379,942)	(794,251)
Taxation paid	(90,201)	(1,031)	(225,997)	(1,834)	(33,048)
Net cash flows provided by operating activities	1,552,521	1,085,087	2,670,014	2,270,364	4,732,487
INVESTING ACTIVITIES					
Property, machinery and equipment, net	(219,592)	(229,910)	(342,016)	(469,273)	(1,334,340)
Proceeds from disposal of assets	-	1,115	-	1,115	1,303
Net cash flows used in investing activities	(219,592)	(228,795)	(342,016)	(468,158)	(1,333,037)
FINANCING ACTIVITIES					
Repayment of long-term debt, net	(1,042,602)	(717,261)	(2,300,314)	(1,780,406)	(2,207,878)
Other financial obligations:					
Repayment of redeemable preference shares	-	-	-	-	(1,043,134)
Repayment of lease liabilities	(27,826)	(9,940)	(34,368)	(20,346)	(50,580)
Non-current liabilities	(84,704)	-	(2,235)	-	-
Net cash flows used in by financing activities	(1,155,132)	(727,201)	(2,336,917)	(1,800,752)	(3,301,592)
(Decrease) increase in cash at bank and on hand	177,797	129,091	(8,919)	1,454	97,858
Cash conversion effect, net	982	(37,910)	(8,834)	(27,808)	25,922
Cash at bank and on hand at beginning of period	348,038	303,255	544,570	420,790	420,790
CASH AT BANK AND ON HAND AT END OF PERIOD	526,817	394,436	526,817	394,436	544,570
Changes in working capital, excluding taxes:					
Trade accounts receivable, net	(19,203)	(230,638)	38,694	(258,006)	(158,413)
Other current assets	(16,300)	218,108	(11,328)	90,436	122,684
Inventories	120,280	(137,763)	215,529	(294,900)	(490,371)
Trade payables	(166,705)	(706,106)	(14,750)	(487,568)	506,596
Other current liabilities	17,067	392,926	(260,388)	(50,689)	135,917
Changes in working capital, excluding taxes	(64,861)	(463,473)	(32,243)	(1,000,727)	116,413

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	UNAUDITED		AUDITED
	Six Months Jan to Jun		Year Jan to Dec
	2020	2019	2019
Balance as at beginning of period, as previously reported	8,310,524	6,418,181	6,418,181
Adjustment on initial application of IFRS 16	-	(9,356)	-
Restated balance as at beginning of period	8,310,524	6,408,825	6,418,181
Profit for the period	1,004,313	1,496,219	1,883,678
Hedge reserve	(3,227)	-	(13,715)
Remeasurement of employee benefits obligation, net of tax	-	-	22,380
Total comprehensive income for the period	1,001,086	1,496,219	1,892,343
Balance as at end of period	9,311,610	7,905,044	8,310,524

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 condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in stockholders' equity and condensed 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 Subsidiary (Group) as of and for the period ended June 30, 2020, 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 Group financial statements as of and for the period ended June 30, 2020, 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.

3. Earnings Per Stock Unit

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

4. Comparative Information

The condensed consolidated 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.

5. Operating Earnings Before Other Income (Expenses), Net [expressed in J\$'000]

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

	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2020	2019	2020	2019	2019
Revenue	4,783,276	4,677,886	9,331,190	9,129,271	17,764,664
Expenses:					
Raw material and consumables	304,588	301,347	611,406	571,359	1,229,620
Fuel and electricity	881,254	935,737	1,726,524	1,823,179	3,396,908
Personnel remuneration and benefits	543,277	645,805	1,098,941	1,199,400	2,133,613
Repairs and maintenance	293,126	231,966	542,530	382,531	867,341
Equipment hire	204,261	180,462	469,027	276,855	894,159
Cement transportation, marketing and selling expenses	197,343	192,716	398,243	361,693	707,642
Other operating expenses	158,828	181,328	425,174	426,086	1,202,431
Depreciation, impairment and amortisation	401,454	405,281	764,955	796,006	1,603,850
Changes in inventories of finished goods and work in progress	149,089	201,663	428,136	311,401	1,054,737
Total expenses	3,133,219	3,276,305	6,464,935	6,148,510	13,090,301
Operating earnings before other expenses (income)	1,650,057	1,401,581	2,866,255	2,980,761	4,674,363

6. Other (Expenses) Income, Net [expressed in J\$'000]

The details of the line item "Other (expenses) income, net" are as follows:

	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2020	2019	2020	2019	2019
Manpower restructuring costs	7,801	-	(18,886)	-	(87,166)
Demolition expenses	(8,166)	-	(8,166)	-	(99,215)
Environmental costs	(15,386)	(13,395)	(27,534)	(25,869)	(49,615)
Management fees	(38,380)	(29,089)	(75,103)	(57,895)	(117,948)
Fixed asset write-off	-	-	-	-	(90,769)
COVID-19 contingency expenses	(14,245)	-	(14,245)	-	-
Other, net	5,521	3,713	4,544	859	18,147
	(62,857)	(38,771)	(139,391)	(82,905)	(426,566)