CARIBBEAN CEMENT COMPANY LIMITED
CARIB CEMENT

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
NET ASSETS			
Non-current assets			
Property, plant and equipment	6,765,679	5,461,464	6,571,104
Intangible assets	6,017	19,788	9,460
Deferred tax asset	131,713	–	131,713
	6,903,409	**5,481,252**	**6,712,277**
Current assets			
Inventories	1,855,013	3,062,412	2,095,803
Taxation recoverable	118,451	37,978	118,451
Due from related companies	814,443	458,464	205,460
Receivables and prepayments	835,434	1,713,301	569,929
Cash and cash equivalents	544,434	963,209	717,568
	4,167,775	**6,235,364**	**3,707,211**
Current liabilities			
Income tax payable	–	53,933	–
Due to parent and related companies	60,690	1,338,599	104,041
Payables and accruals	2,778,705	2,807,320	2,544,019
Provision	5,159	–	5,159
Working capital surplus	**2,844,554**	**4,199,852**	**2,653,219**
Non-current liabilities	**1,323,221**	**2,035,512**	**1,053,992**
Due to parent and related companies	–	245,676	–
Provision	27,393	–	27,393
	27,393	245,676	27,393
TOTAL NET ASSETS	**8,199,237**	**7,271,088**	**7,738,876**
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	1,808,837	1,808,837	1,808,837
Preference	5,077,760	5,077,760	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
Accumulated losses	(3,940,111)	(4,868,260)	(4,400,472)
GROUP EQUITY	**8,199,237**	**7,271,088**	**7,738,876**

STATEMENT OF COMPREHENSIVE INCOME

J$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
Revenue	**4,087,736**	**3,977,574**	**15,780,756**
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	**684,343**	**1,065,054**	**2,702,838**
Depreciation and amortisation	(134,174)	(98,817)	(495,688)
Stockholding and inventory restructuring costs (Note 5)	–	–	(400,774)
Manpower restructuring costs (Note 4)	–	–	(406,123)
Operating profit	**550,169**	**966,237**	**1,400,253**
Interest income	1,839	1	5,201
Finance costs	(24,162)	(14,499)	(54,592)
Profit before taxation	**527,846**	**951,739**	**1,350,862**
Taxation charge	(67,485)	(117,825)	(49,160)
Net profit for the period	**460,361**	**833,914**	**1,301,702**
Total comprehensive income attributable to equity holders	**460,361**	**833,914**	**1,301,702**
Basic & diluted earnings per ordinary share (expressed in $ per share) (Note 3)	$0.54	$0.98	$1.53

DIRECTORS' STATEMENT

The Group reported consolidated profit before tax of $528 million compared to a profit before tax of $952 million in the corresponding quarter – an adverse variance of $424 million. Revenue increased by $110 million or 3% compared to the comparative quarter in 2016. This was netted with the draw down of clinker and cement valuing $480 million when compared to the same quarter in 2016. Repairs and maintenance was $36 million as a result of routine maintenance of cement mill #5 and the existing coal mill.

Earnings before interest, tax, depreciation, amortisation, manpower restructuring costs and stockholding and inventory restructuring costs fell by 36% below last year, resulting from the same impact of the stock draw down. During the year, the Group generated cash from operations of $197 million, which represents 64% below the corresponding period in 2016. Net cash provided by operating activities was lower than the comparative quarter in 2016 by $146 million, mainly due to advances made to a related company as part of the Group's restructuring process. This will be recovered in the second quarter of 2017.

The Board of Directors remains committed to meeting the local cement demand; reinforcing the profitability and competitiveness of plant and to the continuous improvement and promotion of health and safety standards while creating a better work environment for our people.

Parris A. Lyew-Ayee
Chairman
April 27, 2017

Jose Luis Seijo Gonzalez
Director
April 27, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

J$'000	UNAUDITED						
				Reserves			
	Ordinary share capital	Preference share capital	Capital contribution	Realised capital gain	Accumulated issues	Total reserves	Total capital & reserves
Balance as at 1 January 2016	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
Total comprehensive income for the period	–	–	–	–	460,361	460,361	460,361
Balance as at 31 March 2017	1,808,837	5,077,760	3,839,090	1,413,661	(3,940,111)	(2,526,450)	8,199,237

CONSOLIDATED STATEMENT OF CASH FLOWS

J$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
Cash flows from operating activities			
Profit before taxation	**527,846**	**951,739**	**1,350,862**
Adjustments for:			
Depreciation and amortisation	134,174	98,817	495,688
Stockholding and inventory restructuring costs (Note 5)	–	–	400,774
Net (recovery)/impairment of receivables	(485)	888	(40,807)
Interest income	(1,839)	(1)	(5,201)
Interest expense	63	4,381	9,838
Unwinding of discount on rehabilitation provision	–	1,296	9,636
Unrealised foreign exchange losses,net	790	13,400	21,140
	660,549	1,070,520	2,241,930
Decrease/(Increase) in inventories	240,790	(281,218)	284,617
(Increase)/Decrease in receivables and prepayments	(265,020)	(604,855)	623,105
(Increase)/Decrease in due from parent and related companies	(608,982)	(199,499)	376,283
Increase in payables and accruals	212,639	292,303	48,094
Increase in provision	–	1,296	1,550
(Decrease)/Increase in due to parent and related companies	(43,351)	266,748	(1,352,672)
Cash provided by operations	196,625	545,295	2,222,907
Interest received	1,839	–	5,201
Interest paid	–	–	(61,980)
Taxation paid	(43,762)	(244,141)	(443,891)
Net cash provided by operating activities	154,702	301,154	1,722,237
Cash flows from investing activities			
Additions to property, plant and equipment	(325,306)	(202,796)	(1,699,091)
Net cash used in investing activities	(325,306)	(202,796)	(1,699,091)
Cash flows from financing activities			
Repayment of amounts due to related companies	–	(45,815)	(205,582)
Net cash used in financing activities	–	(45,815)	(205,582)
(Decrease)/Increase in cash and cash equivalents	(170,604)	52,543	(182,436)
Net cash and cash equivalents – beginning of period	717,568	910,666	910,666
Effect of foreign exchange rate changes	(2,530)	–	(10,662)
Net cash and cash equivalents – end of period	**544,434**	**963,209**	**717,568**
Represented by:			
Cash at bank and short-term deposits	**544,434**	**963,209**	**717,568**

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 unaudited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiaries (Group) for the period ended March 31, 2017, 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 interim financial statements for the period ended March 31, 2017, 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 & diluted earnings per ordinary share**
Basic & diluted earnings per ordinary share is calculated by dividing the net profit by the number of ordinary shares outstanding during the period.

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 $400.8 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.