

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	UNAUDITED		AUDITED
		Three Months Jan to Mar		Year Jan to Dec
		2022	2021	2021
J\$'000				
Revenue		6,814,750	5,965,382	23,840,001
Cost of sales		(3,642,237)	(3,082,958)	(14,007,828)
Gross profit		3,172,513	2,882,424	9,832,173
Operating expenses		(630,039)	(582,013)	(2,501,440)
Operating earnings before other expenses, net	6	2,542,474	2,300,411	7,330,733
Other expenses, net	7	(204,179)	(40,540)	(443,930)
Operating earnings		2,338,295	2,259,871	6,886,803
Financial income		3,311	4,329	12,300
Financial expenses		(133,650)	(162,097)	(670,895)
Loss on foreign exchange		(38,594)	(208,563)	(516,781)
Earnings before taxation		2,169,362	1,893,540	5,711,427
Taxation charge		(578,818)	(367,042)	(1,369,795)
CONSOLIDATED NET INCOME		1,590,544	1,526,498	4,341,632
Earnings per stock unit (expressed in \$ per stock unit)	3	1.87	1.79	5.10

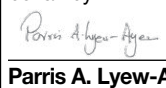
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	UNAUDITED		AUDITED
		Three Months Jan to Mar		Year Jan to Dec
		2022	2021	2021
J\$'000				
CONSOLIDATED NET INCOME		1,590,544	1,526,498	4,341,632
Items that will not be reclassified subsequently to the income statement:				
Net actuarial losses from remeasurement of employee benefits obligation		-	-	(179,630)
Deferred tax recognised directly in other comprehensive income		-	-	44,908
		-	-	(134,722)
Items that are or may be reclassified subsequently to the income statement:				
Effects from derivative financial instruments designated as cash flow hedge		53,581	5,293	40,355
		53,581	5,293	40,355
Total items of other comprehensive income (loss), net		53,581	5,293	(94,367)
TOTAL COMPREHENSIVE INCOME		1,644,125	1,531,791	4,247,265

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	UNAUDITED		
		31.03.2022		31.12.2021
		31.03.2022	31.03.2021	31.12.2021
J\$'000				
ASSETS				
CURRENT ASSETS				
Cash at bank and on hand		401,691	754,573	244,900
Trade accounts receivable, net		382,400	403,990	324,808
Other accounts receivable		93,199	125,098	76,781
Inventories, net		3,466,997	2,690,578	3,440,106
Accounts receivable from related parties	5	454,626	67,252	121,565
Other current assets		91,043	57,882	68,282
Total current assets		4,889,956	4,099,373	4,276,442
NON-CURRENT ASSETS				
Property, machinery and equipment, net		23,039,857	22,719,875	23,232,007
Accounts receivable from related parties		-	1,573	-
Total non-current assets		23,039,857	22,721,448	23,232,007
TOTAL ASSETS		27,929,813	26,820,821	27,508,449
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Other financial obligations		1,604,294	1,111,884	1,514,153
Trade payables		3,329,046	3,656,395	4,451,098
Accounts payable to related parties		644,095	994,577	872,852
Other current liabilities		1,641,471	1,535,678	1,711,788
Total current liabilities		7,218,906	7,298,534	8,549,891
NON-CURRENT LIABILITIES				
Long-term debt		-	2,526,000	-
Other financial obligations		117,420	1,251,606	137,234
Employee benefits obligation		1,142,868	898,883	1,123,716
Deferred tax liabilities		1,993,149	1,730,640	1,885,512
Other non-current liabilities		34,158	51,445	32,909
Total non-current liabilities		3,287,595	6,458,574	3,179,371
TOTAL LIABILITIES		10,506,501	13,757,108	11,729,262
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		3,631,473	2,569,949	3,577,892
Accumulated net income		6,730,251	3,432,176	5,139,707
TOTAL STOCKHOLDERS' EQUITY		17,423,312	13,063,713	15,779,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		27,929,813	26,820,821	27,508,449

Approved and authorised for issue by the Board of Directors on April 28, 2022 and signed on its behalf by:


Parris A. Lyew-Ayee Chairman


Yago Castro Director

DIRECTORS' STATEMENT

Health and Safety

Caribbean Cement Company Limited (CCCL) continues to give top priority to the health and safety of its employees and other stakeholders. The Company is pleased to be reaping the benefits of its efforts as demonstrated by an impressive LTI (Lost Time Incidents) record and a very low COVID-19 infection rate among employees. Continued implementation, strict adherence to, and monitoring of our 52+ safety protocols; an internal vaccination drive, and responsible behaviours displayed by our people have been the main drivers in helping us to prevent and curb the spread of the virus. Sixty-five percent of our workforce is now fully vaccinated.

We are equally proud of our LTI record which is close to being three years of ZERO incidents. The achievement of this milestone is due to the ongoing strengthening of our health and safety culture and the sustained and frequent training of our employees on this important pillar.

Sustainability

As CCCL continues its focus on climate change mitigation, the company recently rolled out its co-branded Vertua-certified cement in February and it is now fully incorporated into the local construction industry. This low-carbon cement has a range of features and benefits, which includes being more environmentally friendly, and easy to place and finish without any special equipment.

Carib Cement's achievement in developing low-carbon cement products and solutions aligns with the mandate of CEMEX's "Future in Action" global sustainability strategy, which follows the United Nations' Sustainable Development Goals on climate action.

Financial Performance

Caribbean Cement Company Limited earned revenue of \$6.8 billion in its first quarter, which represents a 14% growth when compared to the corresponding period in 2021. This increase in revenue was driven by the continued strong domestic demand being experienced, and the Company's capacity to supply the local market.


Parris A. Lyew-Ayee
Chairman
April 28, 2022

The "Operating earnings before other expenses, net" for the period was \$2.5 billion. "Operating earnings" after other expenses was \$2.3 billion, representing an increase of \$78 million when compared to the first quarter of the previous year. This increase in "Operating earnings" after other expenses was attributable to higher sales volumes offset by higher operational costs incurred during the period.

During the quarter, Caribbean Cement Company Limited recorded "Earnings before taxation" of \$2.2 billion, an increase of \$276 million over the corresponding quarter. This increase resulted from the deleveraging initiative undertaken by the Company and enabled the reduction of total liabilities. This initiative contributed positively to the reduction of the interest expense and foreign exchange exposure.

In relation to cash flows, "Net cash flows provided by operating activities" was \$661 million for the quarter.

Outlook

Caribbean Cement Company Limited remains encouraged about the future, especially given the recent actions by the Government of Jamaica to remove curfews and fully reopen the economy. The Company is also heartened by the strong cement demand evidenced by several announcements from the Government and private developers to construct housing and luxury villas, especially those that will adopt an eco-friendly design.

We will also continue to advance several of our flagship projects, which include the construction of concrete solutions in communities close to our operations.

Carib Cement will remain vigilant about possible impacts on business continuity due to the ongoing conflicts in sections of Europe, which have caused increased costs in fuel, power, and shipping as well as threats from new strains of the COVID-19 infection.

The board and management will continue to be proactive in the development and execution of strategies and actions to address these and other situations which may arise, as we do our part to Build a Greater Jamaica.


Yago Castro
Director
April 28, 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2022	2021	2021
J\$'000			
OPERATING ACTIVITIES			
Consolidated net income	1,590,544	1,526,498	4,341,632
Adjustments for:			
Depreciation	362,553	381,033	1,515,255
Loss on disposal of property, machinery and equipment	-	-	5,761
Net expense (recovery) of impaired receivables	-	236	(26)
Interest income	(3,311)	(4,329)	(12,300)
Interest expense	25,565	97,304	267,719
Taxation charge	578,818	367,042	1,369,795
Decrease in rehabilitation provision	-	-	(13,879)
Inventory write-off	-	23	184
Inventory impairment allowance, net	409	-	60,489
Stockholding and inventory restructuring provision (reversal)	7,114	(8,450)	(4,977)
Employee benefit expenses	5,979	3,800	15,198
Unwinding of discount on preference shares	101,511	57,836	376,010
Unwinding of discount on rehabilitation provision	1,249	1,324	4,845
Unwinding of discount on lease liabilities	5,325	5,633	22,321
Unrealised foreign exchange losses, net	3,373	131,579	262,838
Changes in working capital, excluding taxes	(1,427,249)	745,233	528,018
Net cash flows provided by operating activities before financial income and expenses, employee benefits and taxes	1,251,880	3,304,762	8,738,883
Employee benefits paid	(9,530)	(7,148)	(31,585)
Interest received	3,311	4,329	12,300
Interest paid	(1,089)	(77,321)	(188,629)
Taxation paid	(583,636)	(952,727)	(1,422,939)
Net cash flows provided by operating activities	660,936	2,271,895	7,108,030
INVESTING ACTIVITIES			
Acquisition of property, machinery and equipment	(170,403)	(84,429)	(1,686,304)
Proceeds from disposal of property, machinery and equipment	-	-	135
Accounts receivable from related parties	(311,464)	-	-
Net cash flows used in investing activities	(481,867)	(84,429)	(1,686,169)
FINANCING ACTIVITIES			
Repayment of long-term debt, net	-	(1,916,650)	(4,442,650)
Other financial obligations:			
Repayment of redeemable preference shares	-	-	(1,167,440)
Repayment of lease liabilities	(23,351)	(20,861)	(79,537)
Net cash flows used in financing activities	(23,351)	(1,937,511)	(5,689,627)
Increase (decrease) in cash at bank and on hand	155,718	249,955	(267,766)
Cash conversion effect, net	1,073	(8,518)	(470)
Cash at bank and on hand at beginning of period	244,900	513,136	513,136
CASH AT BANK AND ON HAND AT END OF PERIOD	401,691	754,573	244,900
Changes in working capital, excluding taxes:			
Trade accounts receivable, net	(57,418)	(260,121)	(183,381)
Other current assets	(10,779)	67,944	87,003
Inventories, net	(34,414)	(311,574)	(1,125,094)
Trade payables	(1,136,759)	545,594	1,337,818
Other current liabilities	(187,879)	703,390	411,672
Changes in working capital, excluding taxes	(1,427,249)	745,233	528,018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2022	2021	2021
Balance as at beginning of period	15,779,187	11,531,922	11,531,922
Net income for the period	1,590,544	1,526,498	4,341,632
Remeasurement of employee benefits obligation, net of tax	-	-	(134,722)
Hedge reserve	53,581	5,293	40,355
Total comprehensive income for the period	1,644,125	1,531,791	4,247,265
Balance as at end of period	17,423,312	13,063,713	15,779,187

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 consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and 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 March 31, 2022, 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 interim financial statements as of and for the period ended March 31, 2022, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2021. The new and amended standards and interpretations which became effective in this financial year, did not have a material impact on the Group's financial position or results.

3. Earnings Per Stock Unit

Earnings per stock unit is computed by dividing the consolidated net income attributable to ordinary stockholders by the weighted average number of ordinary stock units in issue during the period.

4. Comparative Information

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

5. Accounts Receivable From Related Parties

Accounts receivable from related parties includes a deposit investment account of J\$308 million (US\$2 million) in CEMEX Innovation Holding Limited, which generates interest at a rate equal to the Western Asset Institutional Liquid Reserves Fund rate minus 30 basis points on a daily basis of a year of 360 days.

6. Operating Earnings Before Other Expenses, Net [expressed in J \$'000]

The details of the line item "Operating earnings before other expenses, net" are as follows:

	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2022	2021	2021
Revenue	6,814,750	5,965,382	23,840,001
Expenses:			
Raw material and consumables	411,749	357,296	1,683,894
Fuel and electricity	1,251,663	1,052,580	4,109,623
Personnel remuneration and benefits	628,271	625,646	2,502,444
Repairs and maintenance	347,645	295,090	1,484,856
Equipment hire	309,401	284,266	1,277,774
Cement transportation, marketing and selling expenses	254,795	225,222	893,060
Other operating expenses	216,151	187,036	1,019,885
Depreciation	362,553	381,033	1,515,255
Changes in inventories of finished goods and work in progress	490,048	256,802	2,022,477
Total expenses	4,272,276	3,664,971	16,509,268
Operating earnings before other expenses, net	2,542,474	2,300,411	7,330,733

7. Other Expenses, Net [expressed in J \$'000]

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

	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2022	2021	2021
Manpower restructuring costs	-	-	102,832
Stockholding and inventory restructuring provision (reversal)	7,114	(8,450)	(4,977)
Demolition expenses	12,752	1,453	39,594
Inventory write-off	692	23	184
Environmental costs	-	-	13,461
Management fees	50,758	47,336	194,949
Royalty and service fee	133,863	-	-
COVID-19-related expenses	1,506	-	75,800
Other (income) expense, net	(2,506)	178	22,087
	204,179	40,540	443,930

8. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic related with Coronavirus SARS-CoV-2 which produces the disease known as COVID-19. The spread of COVID-19 around the world in the first half of 2020 has caused significant volatility in Jamaica as well as the global community. A lot of uncertainty remains and so it is difficult to determine the precise impact on the Company. Based on the results reported in these financial statements, the Company had no significant negative impact due to COVID-19 and the resulting disruptions, but due to the uncertainties that exist it is difficult to determine the future impact. The Company has, however, prepared an assessment of its revised operating and cash flow forecasts for calendar year 2022 using various scenarios, including a conservative analysis, and has concluded that it has sufficient equity and liquidity to meet obligations as they become due, under these scenarios.

In light of the heightened concerns and in accordance with the directives of the Government of Jamaica, the Company has activated measures to minimise the potential exposure to employees, contractors and customers, whilst ensuring that any disruption to the business is kept at a minimum. The Company adopted 52 new protocols designed to reinforce safe behaviours and prevent the spread of COVID-19. We believe these protocols have been responsible for the absence so far of COVID-19 transmission at any of the Company's facilities. Some other measures such as work from home protocols for administrative personnel have been also implemented. We also have supplied all our facilities and staff with hand sanitisers, face masks, and face shields (where necessary), and are required to comply with the social/physical distancing rules mandated by the Government. The Company ensures that the plant and depots remain compliant with government/public health restrictions and mitigating measures.

Management continues to review the effect of developments arising from the pandemic on the risks faced by the Company. Management believes the Group is in a sufficiently strong position to deal with the possible significant economic downturn. However, management is aware that the long duration of the pandemic and the associated containment measures could have a material adverse effect on the Group, its customers, employees and suppliers.