

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2023

## CONDENSED CONSOLIDATED INCOME STATEMENT

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
Revenue	6,802,247	6,814,750	25,837,228
Cost of sales	(5,495,325)	(3,642,237)	(14,476,081)
<b>Gross profit</b>	<b>1,306,922</b>	<b>3,172,513</b>	<b>11,361,147</b>
Administrative expenses	(238,874)	(180,380)	(941,870)
Selling expenses	(56,775)	(51,889)	(188,793)
Distribution and logistics expenses	(374,409)	(397,825)	(1,551,818)
(Increase) recovery of impairment loss on trade receivables	(138)	55	225
<b>Total operating expenses</b>	<b>(670,196)</b>	<b>(630,039)</b>	<b>(2,682,256)</b>
<b>Operating earnings before other expenses, net</b>	<b>636,726</b>	<b>2,542,474</b>	<b>8,678,891</b>
Other income	-	2,911	102,001
Other expenses	(319,325)	(207,090)	(916,549)
<b>Operating earnings</b>	<b>317,401</b>	<b>2,338,295</b>	<b>7,864,343</b>
Financial income	7,291	3,311	28,240
Financial expenses	(98,504)	(133,650)	(581,405)
Loss on foreign exchange	(69,678)	(38,594)	(68,311)
<b>Earnings before taxation</b>	<b>156,510</b>	<b>2,169,362</b>	<b>7,242,867</b>
Taxation credit (charge)	132,889	(578,818)	(1,859,000)
<b>CONSOLIDATED NET INCOME</b>	<b>289,399</b>	<b>1,590,544</b>	<b>5,383,867</b>
<b>Basic and diluted earnings per share (expressed in \$ per share)</b>	<b>0.34</b>	<b>1.87</b>	<b>6.33</b>

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
<b>CONSOLIDATED NET INCOME</b>	<b>289,399</b>	<b>1,590,544</b>	<b>5,383,867</b>
<b>Items that will not be reclassified subsequently to the income statement:</b>			
Net actuarial gains from remeasurement of employee benefits obligation	-	-	270,494
Deferred tax recognised directly in other comprehensive income	-	-	(67,624)
	-	-	<b>202,870</b>
<b>Items that are or may be reclassified subsequently to the income statement:</b>			
Effects from derivative financial instruments designated as cash flow hedge	(76,554)	53,581	(48,989)
<b>Total items of other comprehensive (loss) income, net</b>	<b>(76,554)</b>	<b>53,581</b>	<b>(48,989)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>212,845</b>	<b>1,644,125</b>	<b>5,537,748</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J\$'000	UNAUDITED		AUDITED
	31.03.2023	31.03.2022	31.12.2022
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at bank and on hand	709,733	401,691	574,457
Trade accounts receivable, net	301,884	382,400	261,020
Other accounts receivable	157,085	93,199	389,791
Inventories, net	4,222,773	3,466,997	5,477,769
Accounts receivable from related parties	1,152,670	454,626	83,105
Other current assets	431,562	91,043	311,199
<b>Total current assets</b>	<b>6,975,707</b>	<b>4,889,956</b>	<b>7,097,341</b>
<b>NON-CURRENT ASSETS</b>			
Property, machinery and equipment, net	22,912,500	23,039,857	23,038,419
Total non-current assets	22,912,500	23,039,857	23,038,419
<b>TOTAL ASSETS</b>	<b>29,888,207</b>	<b>27,929,813</b>	<b>30,135,760</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Other financial obligations	84,506	1,604,294	57,876
Trade payables	2,784,111	3,329,046	3,306,357
Accounts payable to related parties	596,137	644,095	612,182
Other current liabilities	2,881,913	1,641,471	2,125,142
<b>Total current liabilities</b>	<b>6,346,667</b>	<b>7,218,906</b>	<b>6,101,557</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	-	-	608,208
Other financial obligations	67,715	117,420	77,954
Employee benefits obligation	945,919	1,142,868	927,461
Deferred tax liabilities	2,180,139	1,993,149	2,298,026
Accounts payable to related parties	13,544	-	-
Other non-current liabilities	82,740	34,158	83,916
<b>Total non-current liabilities</b>	<b>3,290,057</b>	<b>3,287,595</b>	<b>3,995,565</b>
<b>TOTAL LIABILITIES</b>	<b>9,636,724</b>	<b>10,506,501</b>	<b>10,097,122</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital:			
Ordinary shares	1,808,837	1,808,837	1,808,837
Capital contribution	3,840,224	3,839,090	3,840,224
Reserves:			
Realised capital gain	1,413,661	1,413,661	1,413,661
Other equity reserves	5,001,206	3,631,473	5,077,760
Accumulated net income	8,187,555	6,730,251	7,898,156
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>20,251,483</b>	<b>17,423,312</b>	<b>20,038,638</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>29,888,207</b>	<b>27,929,813</b>	<b>30,135,760</b>

Approved and authorised for issue by the Board of Directors on May 2, 2023 and signed on its behalf by:

  
Chairman  
**Parris A. Lyew-Ayee**

  
Director  
**Yago Castro**

## DIRECTORS' STATEMENT

### Health and Safety

One of the hallmarks of our business at Caribbean Cement Company Limited (CCCL) to which we ascribe the utmost value and priority is health and safety. Our goal is to always have the safe return of those interacting with our operations to their families, thus upholding our commitment to Zero4Life.

As we continue to build on this critical pillar, CCCL implemented a behavioural safety module to get employees to refocus and to effectively develop attitudes that will further impact our health and safety culture positively.

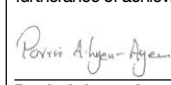
This commitment to achieving a high standard of health and safety was extended beyond the company with the staging of the Vulnerable Road User (VRU) programme at Denbigh High School in Clarendon. A road safety initiative of CEMEX's global supply chain department, the VRU targets persons more susceptible to injuries or fatalities while traversing the nation's roads and includes pedestrians, children, and the elderly.

As part of the initiative, students of the May Pen-based Denbigh High benefitted from the discussions that targeted how to correctly identify a truck's blind spots and how to properly navigate a busy thoroughfare in front of these units. The Road Safety Unit of the Ministry of Transport and Mining was also on hand to provide additional road safety tips.

### Sustainability

CCCL remains committed to delivering its objectives under its Future in Action (FIA) strategy. During this quarter, the Company outlined its water action plan, which is aimed at achieving a reduction in freshwater withdrawals by more than 20 per cent before 2030. The Company is also nearing completion of the first phase of its biodiversity project, which is aimed at promoting growth and preservation of different endemic plant species or species of concern.

CCCL will also continue to partner with key state-run entities responsible for environmental management such as the National Environment and Planning Agency and the National Solid Waste Management Authority in furtherance of achieving a truly net-zero operation.

  
Parris A. Lyew-Ayee  
Chairman  
May 2, 2023

### Corporate Social Responsibility

During this quarter, CCCL continued its support to the development of resilient infrastructure initiatives through cement donations. Among these initiatives are the ongoing construction of concrete pavement solutions in six constituencies islandwide and the development of curb walls to delineate the maze attraction at the Hope Royal Botanical Gardens in St. Andrew.

### Financial Performance

In terms of the financial performance for the quarter, the Company attained the same revenue of \$6.8 billion when compared to the first quarter of 2022.

Operating earnings of \$0.3 billion were 86% lower than the \$2.3 billion for the corresponding quarter in 2022. This performance was mainly attributable to the scheduled annual maintenance performed during January and February of 2023, when the Company experienced significantly higher costs during the exercise. The investment in maintenance efforts will redound to our benefit resulting in an increase in our operational efficiencies with the overarching goal of improving capacity and entering the export market.

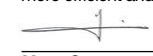
"Earnings per share" for the quarter was \$0.34 when compared to \$1.87 for the corresponding period in 2022.

Despite the higher operating costs experienced during the quarter, the Company generated cash from operating activities of \$2.2 billion of which \$1.2 billion was invested and \$0.6 billion used to pay off its loan in the first quarter.

The liquidity position at the end of the quarter remained strong with a cash and cash equivalents balance of \$0.7 billion.

### Outlook

Notwithstanding the Company's continued strengthening of its financial position in recent times, we continue to remain vigilant to extrinsic forces and will implement, where necessary, strategies to mitigate risks. Additionally, the Company will make continuous improvements to its property, machinery and equipment to ensure better and improved levels of productivity and to achieve higher levels of customer satisfaction. Ongoing training of our employees in areas of diversity and inclusion will remain a mainstay of the Company as we move towards building a more efficient and inclusive workforce.

  
Yago Castro  
Director  
May 2, 2023

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
<b>OPERATING ACTIVITIES</b>			
<b>Consolidated net income</b>	<b>289,399</b>	<b>1,590,544</b>	<b>5,383,867</b>
Adjustments for:			
Depreciation and amortisation of assets	367,319	362,553	1,446,126
Net increase (recovery) of impaired trade receivables	138	-	(225)
Interest income	(7,291)	(3,311)	(28,240)
Interest expense	90,555	25,565	151,104
Taxation (credit) charge	(132,889)	578,818	1,859,000
Property, machinery and equipment write-off	-	-	6,552
Increase in rehabilitation provision	-	-	39,241
Inventory write off	-	-	2,821
Increase (reduction) of inventory obsolescence provision	-	409	(61,647)
Increase in stockholding and inventory restructuring provision	100,847	7,114	39,495
Employee benefit expenses	2,872	5,979	23,916
Unwinding of discount on preference shares	-	101,511	402,235
Unwinding of discount on rehabilitation provision	5,535	1,249	10,701
Unwinding of discount on lease liabilities	2,414	5,325	17,365
Unrealised foreign exchange losses (gains), net	52,423	3,373	(48,755)
Changes in working capital, excluding taxes	2,219,186	(1,427,249)	(3,516,928)
<b>Net cash flows provided by operating activities before financial income and expenses, employee benefits and taxes</b>	<b>2,990,508</b>	<b>1,251,880</b>	<b>5,726,628</b>
Employee benefits paid	(14,183)	(9,530)	(38,241)
Interest received	7,291	3,311	28,240
Interest paid	(63,200)	(1,089)	(79,603)
Taxation paid	(702,662)	(583,636)	(1,422,887)
<b>Net cash flows provided by operating activities</b>	<b>2,217,754</b>	<b>660,936</b>	<b>4,214,137</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, machinery and equipment	(241,400)	(170,403)	(1,259,090)
Accounts receivable from related parties	(1,156,940)	(311,464)	(45,257)
<b>Net cash flows used in investing activities</b>	<b>(1,398,340)</b>	<b>(481,867)</b>	<b>(1,304,347)</b>
<b>FINANCING ACTIVITIES</b>			
(Repayment of) drawdown on long-term debt	(608,208)	-	616,383
Other financial obligations:			
Repayment of redeemable preference shares	-	-	(1,843,945)
Dividends paid	(15,420)	-	(1,264,011)
Payment of lease liabilities	(21,173)	(23,351)	(68,975)
<b>Net cash flows used in financing activities</b>	<b>(644,801)</b>	<b>(23,351)</b>	<b>(2,560,548)</b>
Increase in cash at bank and on hand	174,613	155,718	349,242
Cash conversion effect, net	(39,337)	1,073	(19,685)
Cash at bank and on hand at beginning of period	574,457	244,900	244,900
<b>CASH AT BANK AND ON HAND AT END OF PERIOD</b>	<b>709,733</b>	<b>401,691</b>	<b>574,457</b>
<b>Changes in working capital, excluding taxes:</b>			
Trade accounts receivable, net	(41,298)	(57,418)	63,049
Other current assets	193,692	(10,779)	(490,499)
Inventories	1,154,149	(34,414)	(2,018,332)
Trade payables	(515,344)	(1,136,759)	(1,122,256)
Other current liabilities	1,427,987	(187,879)	51,110
<b>Changes in working capital, excluding taxes</b>	<b>2,219,186</b>	<b>(1,427,249)</b>	<b>(3,516,928)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

J\$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
<b>Balance as at beginning of period</b>	<b>20,038,638</b>	<b>15,779,187</b>	<b>15,779,187</b>
Net income for the period	289,399	1,590,544	5,383,867
Remeasurement of employee benefits obligation, net of tax	-	-	202,870
Hedge reserve	(76,554)	53,581	(48,989)
<b>Total comprehensive income for the period</b>	<b>212,845</b>	<b>1,644,125</b>	<b>5,537,748</b>
Transaction with owners:			
Dividend	-	-	(1,279,431)
Share-based compensation	-	-	1,134
	-	-	(1,278,297)
<b>Balance as at end of period</b>	<b>20,251,483</b>	<b>17,423,312</b>	<b>20,038,638</b>

**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, condensed statement of other comprehensive income, condensed statement of changes in shareholders' equity and condensed statement of cash flows. These condensed consolidated interim financial statements are derived from the unaudited condensed consolidated interim financial statements of Caribbean Cement Company Limited and its Subsidiary ("the Group") as of and for the period ended March 31, 2023, 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, 2023, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2022. 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. Basic and diluted earnings per share**

Basic and diluted earnings per share is computed by dividing the consolidated net income attributable to ordinary shareholders by the weighted average number of ordinary shares 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\$1.2 billion (US\$7.5 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. Total expenses**

During the first quarter ending March 31, 2023, the Company undertook the planned major maintenance of its major production equipment. In this period, the Company incurred higher costs due to 1) excess inventory items consumed in "Raw material and consumables", 2) additional hired manpower in "Personnel remuneration and benefits", 3) general higher maintenance cost in "Repairs and maintenance" and 4) higher "Changes in inventories of finished goods and work in progress". Also, the Company experienced lower production levels of clinker and cement, which resulted in the importation of cement to cover the shortfall.

**7. Impact of Ukraine/Russia conflict**

On February 24, 2022, the geopolitical situation in Eastern Europe intensified with the invasion of Ukraine by Russia. The war continues to evolve as global sanctions were imposed, immediately impacting entities that have counter-party relationships in Russia and certain neighbouring countries. In addition, the war impacted global financial markets, economic challenges that already existed as a result of the global pandemic, including issues such as supply chain disruptions and rising inflation.

The Group has concluded that given the composition of our statement of financial position, its exposure to the negative impacts of these risks is not significant to its profitability and going concern. However, through its risk management function, the Group continuously assesses the impact of such risks and has an established series of early warning indicators through various risk metric to ensure that liquidity and capital positions are in place to sufficiently support the operations of the Group. There were no material changes in valuations or impairment positions as at March 31, 2023.

**8. Operating earnings before other expenses, net [expressed in J\$'000]**

"Operating earnings before other expenses, net" by nature is as follows:

	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
<b>Revenue</b>	<b>6,802,247</b>	<b>6,814,750</b>	<b>25,837,228</b>
<b>Expenses:</b>			
Raw material and consumables	1,260,711	411,749	1,830,926
Fuel and electricity	1,002,736	1,251,663	5,616,001
Personnel remuneration and benefits	735,928	628,271	2,637,763
Repairs and maintenance	820,194	347,645	1,408,704
Equipment hire	467,818	309,401	1,448,377
Cement transportation, marketing and selling expenses	239,607	254,795	933,522
Other operating expenses	263,045	216,151	1,090,381
Depreciation, impairment and amortisation	367,319	362,553	1,446,126
Changes in inventories of finished goods and work in progress	1,008,163	490,048	746,537
<b>Total expenses</b>	<b>6,165,521</b>	<b>4,272,276</b>	<b>17,158,337</b>
<b>Operating earnings before other expenses, net</b>	<b>636,726</b>	<b>2,542,474</b>	<b>8,678,891</b>

**9. Other expenses, net [expressed in J\$'000]**

"Other expenses, net" by nature is as follows:

	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
<b>Other income:</b>			
Insurance claim recovery	-	-	80,437
Other	-	2,911	21,564
	-	2,911	102,001
<b>Other expenses:</b>			
Manpower restructuring costs	-	-	2,557
Increase in stockholding and inventory restructuring provision	100,847	7,114	39,495
Demolition expenses	-	12,752	42,591
Inventory write-off	-	692	2,821
Management fees	51,495	50,758	200,656
Royalty and service fees	117,446	133,863	474,529
Property, machinery and equipment write-off	-	-	6,552
Non-recoverable GCT expenses write-off	-	-	119,553
COVID-19 related expenses	-	1,506	4,982
Other	49,537	405	22,813
	<b>319,325</b>	<b>207,090</b>	<b>916,549</b>
	<b>319,325</b>	<b>204,179</b>	<b>814,548</b>