

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

J \$'000	UNAUDITED						AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec		
	2021	2020	2021	2020	2020		
Revenue	6,342,480	4,783,276	12,307,862	9,331,190	20,108,049		
Cost of sales	(3,345,081)	(2,529,621)	(6,428,039)	(5,209,959)	(10,971,463)		
Gross profit	2,997,399	2,253,655	5,879,823	4,121,231	9,136,586		
Operating expenses	(677,429)	(603,598)	(1,259,442)	(1,254,976)	(2,354,597)		
Operating earnings before other expenses, net	2,319,970	1,650,057	4,620,381	2,866,255	6,781,989		
Other expenses, net	(151,723)	(62,857)	(192,263)	(139,391)	(495,422)		
Operating earnings	2,168,247	1,587,200	4,428,118	2,726,864	6,286,567		
Financial income	2,745	2,325	7,074	4,504	10,363		
Financial expenses	(137,995)	(166,707)	(300,092)	(330,484)	(811,755)		
Loss on foreign exchange, net	(49,920)	(375,936)	(258,483)	(657,899)	(1,060,275)		
Earnings before taxation	1,983,077	1,046,882	3,876,617	1,742,985	4,424,900		
Taxation charge	(418,809)	(525,763)	(785,851)	(738,672)	(1,228,207)		
CONSOLIDATED NET INCOME	1,564,268	521,119	3,090,766	1,004,313	3,196,693		
Earnings per stock unit (expressed in \$ per stock unit)	1.84	0.61	3.63	1.18	3.76		

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		
	2021	2020	2021	2020	2020		
CONSOLIDATED NET INCOME	1,564,268	521,119	3,090,766	1,004,313	3,196,693		
Items that will not be reclassified subsequently to the income statement:							
Net actuarial gains from remeasurement of employee benefits obligation	-	-	-	-	3,142		
Deferred tax recognised directly in other comprehensive income	-	-	-	-	(786)		
	-	-	-	-	2,356		
Items that are or may be reclassified subsequently to the income statement:							
Effects from derivative financial instruments designated as cash flow hedge	36,053	(16,240)	41,346	(3,227)	22,349		
	36,053	(16,240)	41,346	(3,227)	22,349		
Total items of other comprehensive income (loss), net	36,053	(16,240)	41,346	(3,227)	24,705		
TOTAL COMPREHENSIVE INCOME	1,600,321	504,879	3,132,112	1,001,086	3,221,398		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

J \$'000	UNAUDITED		AUDITED
	30.06.21	30.06.20	31.12.20
	ASSETS		
CURRENT ASSETS			
Cash at bank and on hand	308,656	526,817	513,136
Trade accounts receivable, net	319,742	471,448	141,401
Other accounts receivable	101,520	84,271	88,782
Inventories, net	2,785,070	1,993,031	2,370,708
Accounts receivable from related parties	96,466	51,507	150,057
Other current assets	47,287	83,999	74,109
Total current assets	3,658,741	3,211,073	3,338,193
NON-CURRENT ASSETS			
Property, machinery and equipment, net	22,463,900	23,206,606	22,981,295
Accounts receivable from related parties	10,273	-	1,521
Total non-current assets	22,474,173	23,206,606	22,982,816
TOTAL ASSETS	26,132,914	26,417,679	26,321,009
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	1,110,817	673,027	1,108,114
Trade payables	3,806,104	2,467,480	3,058,807
Accounts payable to related parties	362,105	381,004	585,169
Other current liabilities	1,562,233	1,230,458	1,838,493
Total current liabilities	6,841,259	4,751,969	6,590,583
NON-CURRENT LIABILITIES			
Long-term debt	500,000	7,031,385	4,442,650
Other financial obligations	1,326,198	2,645,805	1,122,416
Employee benefits obligation	915,009	858,378	882,360
Deferred tax liabilities	1,833,915	1,762,466	1,700,957
Long-term accounts payable to related parties	-	1,972	-
Other non-current liabilities	52,499	54,094	50,121
Total non-current liabilities	4,627,621	12,354,100	8,198,504
TOTAL LIABILITIES	11,468,880	17,106,069	14,789,087
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	2,606,002	1,251,279	2,564,656
Accumulated income	4,996,444	998,743	1,905,678
TOTAL STOCKHOLDERS' EQUITY	14,664,034	9,311,610	11,531,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	26,132,914	26,417,679	26,321,009

Approved and authorised for issue by the Board of Directors on July 28, 2021 and signed on its behalf by:

Parris A. Lyew-Ayee
Chairman

Yago Castro
Director

DIRECTORS' STATEMENT

Health and Safety and COVID-19
Despite ongoing challenges from the COVID-19 pandemic, Caribbean Cement Company Limited showed robust growth in the 2nd quarter of 2021.
The Company continues to enforce the 52 COVID-19 protocols developed by Cemex to keep all our employees, contractors, and visitors safe. Among several proactive steps we implemented to confront the pandemic includes random testing of all employees and contractors accessing our facilities, work-from-home measures, implementation of sanitisation stations and deep cleaning and sanitising of the premises.
The Company also continues to ensure that customer centricity, community partnership and strong operational and financial performance remain key priorities.
At the end of June, the Company has achieved 1,379 days free from injuries from our employees and 709 days for our contractors.

Financial Performance
In terms of the Company's financial performance for the second quarter, Caribbean Cement Company Limited earned revenue of \$6.3 billion, representing a 33% growth when compared with the corresponding period in 2020. In a year to date basis, the Company recorded a revenue of \$12.3 billion, 32% higher than 2020. This increase in revenue was mainly attributable to the stronger domestic demand and the Company's capacity to supply the local market.
Net "operating earnings before other expenses" for the period was \$2.3 billion representing an increase of 41% when compared to the second quarter of the prior year. For the first half 2021, the Company recorded Net "operating earnings before other expenses" of \$4.6 billion, 61% better than the first half of 2020. The increase in revenue and the Company's efficiency in operating cost control have been a fundamental factor for the solid operating results.
The Company recorded "earnings before taxation" of \$2.0 billion, representing an improvement over the \$1.0 billion achieved in the second quarter last year. The Company continues with an aggressive USD debt repayment policy which has allowed it to reduce the financial expenses by \$29 million and the Company's foreign exchange risk compared with the corresponding period last year.
The overall "consolidated net income" of \$1.6 billion was higher than that of the second quarter 2020 by \$1.0 billion.
In relation to cash flow, "net cash provided by operating activities" was \$1.7 billion for the quarter and \$4.0 billion for the year. The cash flow generation during the quarter and the available cash at the beginning of the period have allowed the Company to reduce debt by \$2.0 billion during the quarter and by \$6.5 billion compared with second quarter, 2020.

Corporate Social Responsibility
We continue to promote the development of the communities in which we serve as well as the nation. Most recently, we commissioned a 600-metre roadway in the community of Denham Farms in Manchester.
The concrete roadway will enable more than 50 farmers from the community, who cultivate crops such as sweet and hot peppers, yams, tomatoes, and fish potatoes, to transport their produce more quickly to the market. Over 40 people from the community were employed on the project and all materials sourced were from hardware stores within the community.
This project is part of our social outreach effort focused on local communities and include other similar projects in the East Rural St. Andrew, St. Andrew South Eastern, Cambridge in Bull Bay, St. Andrew and in St. James.

Aligned with Cemex's strong commitment to Carbon Action and pursuit of a circular economy, Caribbean Cement Company Limited signed a memorandum of understanding in June with the Government of Jamaica to recycle end-of-life tyres located at Riverton City refuse depository in Kingston as well as other disposal sites across the island.
Under the 10-year National Programme for the Environmentally Sound Management of End-of-Life Pneumatic Tyres, Caribbean Cement Company Limited will safely recycle approximately 320,000 tyres a year, which will be used to heat the cement kilns.
This effort benefits the country by reducing the amount of landfill waste on the island as well as by recycling the tyres to produce energy to substitute fossil fuels for the cement kilns. Importantly, methane gas emitted from landfills generates 80 times the warming power of carbon dioxide in the atmosphere during the first twenty years of its release.

Outlook
Caribbean Cement Company Limited will continue to be responsive to market conditions and opportunities to improve our business performance. We are encouraged by strong domestic demand and will continue to demonstrate the resilience and strategic planning necessary to meet unexpected spikes.
The investments made over the last few years have prepared us to capitalise on commercial opportunities. We expect continued buoyancy in the construction sector, driven by both government-initiated infrastructure projects and the many private development initiatives.
We are optimistic that the vaccine programme in our country will lead to a further reopening of the economy, which will be accompanied by the galvanizing of private investment.
We are continuing to play our part in educating our employees, reinforcing the "Behaviours that Save Lives" while keeping the collective responsibilities and partnerships necessary for Jamaica's recovery at the forefront of our efforts.

Parris A. Lyew-Ayee
Chairman
July 28, 2021

Yago Castro
Director
July 28, 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

J \$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2021	2020	2021	2020	2020
OPERATING ACTIVITIES					
Consolidated net income	1,564,268	521,119	3,090,766	1,004,313	3,196,693
Non-cash items:					
Depreciation and amortisation of assets	377,457	401,454	758,490	764,955	1,536,260
Net recovery of impaired receivables	(322)	(694)	(86)	(385)	(805)
Interest income	(2,745)	(2,325)	(7,074)	(4,504)	(10,363)
Interest expense	73,033	128,587	170,337	285,508	500,608
Taxation charge	418,809	525,763	785,851	738,672	1,228,207
Property, machinery and equipment write-back	-	-	-	-	(1,334)
Increase in rehabilitation provision	-	-	-	-	(5,572)
Inventory write-off	-	-	23	-	64,855
Inventory impairment allowance, net	-	-	-	-	4,000
Stockholding and inventory restructuring provision (reversal)	9,961	-	1,511	-	(39,885)
Employee benefit expenses	3,799	19,066	7,599	28,599	75,499
Unwinding of discount on preference shares	58,358	13,250	116,194	26,102	221,169
Unwinding of discount on rehabilitation provision	1,054	-	2,378	-	8,091
Unwinding of discount on lease liabilities	5,551	6,245	11,184	9,284	20,063
Unrealised foreign exchange (gains) losses, net	(22,522)	219,004	109,057	366,842	252,268
Changes in working capital, excluding taxes	(673,826)	(64,861)	71,407	(32,243)	741,235
Net cash flows provided by operating activities before financial income and expenses, employee benefits and taxes	1,812,875	1,766,608	5,117,637	3,187,143	7,790,989
Employee benefits paid	(7,544)	(5,999)	(14,692)	(9,268)	(29,044)
Interest received	2,745	2,325	7,074	4,504	10,363
Interest paid	(62,655)	(120,212)	(97,192)	(286,368)	(501,483)
Taxation paid	(19,871)	(90,201)	(1,015,382)	(225,997)	(272,727)
Net cash flows provided by operating activities	1,725,550	1,552,521	3,997,445	2,670,014	6,998,098
INVESTING ACTIVITY					
Property, machinery and equipment, net	(114,890)	(219,592)	(199,319)	(342,016)	(778,029)
Net cash flows used in investing activity	(114,890)	(219,592)	(199,319)	(342,016)	(778,029)
FINANCING ACTIVITIES					
Repayment of long-term debt, net	(2,026,000)	(1,042,602)	(3,942,650)	(2,300,314)	(4,733,485)
Other financial obligations:					
Repayment of redeemable preference shares	-	-	-	-	(1,451,891)
Repayment of lease liabilities	(17,628)	(27,826)	(38,489)	(34,368)	(73,210)
Non-current liabilities	(84,704)	-	-	(2,235)	-
Net cash flows used in financing activities	(2,043,628)	(1,155,132)	(3,981,139)	(2,336,917)	(6,258,586)
(Decrease) Increase in cash at bank and on hand	(432,968)	177,797	(183,013)	(8,919)	(38,517)
Cash conversion effect, net	(12,949)	982	(21,467)	(8,834)	7,083
Cash at bank and on hand at beginning of period	754,573	348,038	513,136	544,570	544,570
CASH AT BANK AND ON HAND AT END OF PERIOD	308,656	526,817	308,656	526,817	513,136
Changes in working capital, excluding taxes:					
Trade accounts receivable, net	84,570	(19,203)	(175,551)	38,694	370,051
Other current assets	32,236	(16,300)	100,180	(11,328)	(97,074)
Inventories	(111,045)	120,280	(422,619)	215,529	(211,099)
Trade payables	217,081	(166,705)	762,675	(14,750)	585,403
Other current liabilities	(896,668)	17,067	(193,278)	(260,388)	93,954
Changes in working capital, excluding taxes	(673,826)	(64,861)	71,407	(32,243)	741,235

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J \$'000	UNAUDITED		AUDITED
	Six Months Jan to Jun		Year Jan to Dec
	2021	2020	2020
Balance as at beginning of period	11,531,922	8,310,524	8,310,524
Consolidated net income	3,090,766	1,004,313	3,196,693
Hedge reserve	41,346	(3,227)	22,349
Remeasurement of employee benefits obligation, net of tax	-	-	2,356
Total comprehensive income for the period	3,132,112	1,001,086	3,221,398
Balance as at end of period	14,664,034	9,311,610	11,531,922

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 June 30, 2021, 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 June 30, 2021, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2020. 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 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. 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 Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2021	2020	2021	2020	2020