

SUMMARY GROUP AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

SUMMARY GROUP INCOME STATEMENT

J\$'000		AUDITED	
		2022	2021
	Notes		
Revenue		25,837,228	23,840,001
Cost of sales		(14,476,081)	(14,007,828)
Gross profit		11,361,147	9,832,173
Administrative expenses		(941,870)	(826,718)
Selling expenses		(188,793)	(196,400)
Distribution and logistics expenses		(1,551,818)	(1,478,348)
Recovery of impairment loss on trade receivables		225	26
Total operating expenses		(2,682,256)	(2,501,440)
Operating earnings before other expenses, net	9	8,678,891	7,330,733
Other income	10	102,001	4,977
Other expenses	10	(916,549)	(448,907)
Operating earnings		7,864,343	6,886,803
Financial income		28,240	12,300
Financial expenses		(581,405)	(670,895)
Loss on foreign exchange		(68,311)	(516,781)
Earnings before taxation		7,242,867	5,711,427
Taxation charge		(1,859,000)	(1,369,795)
CONSOLIDATED NET INCOME		5,383,867	4,341,632
Basic and diluted earnings per stock unit (expressed in \$ per stock unit)	3	6.33	5.10

DIRECTORS' STATEMENT

Health and Safety

Health and Safety is our number one priority and value at Caribbean Cement Company Limited (CCCL), demonstrated by a strong commitment to ZERO injuries, which remains our moral responsibility. We continue to implement sound measures inclusive of ongoing training and development in key areas to reduce risks and gaps, ensuring a safe work environment for all our employees, contractors, and visitors.

Investment and additional capacity

During the previous quarter, the groundbreaking of our major kiln expansion project took place. This development represents a significant milestone, not only for our company but for the local cement industry and by extension, the regional construction sector. This important investment will improve the self-sufficiency of the industry in Jamaica to comfortably meet growing demand, while setting the foundation to supply other export markets, effectively strengthening the external sector of our economy and essentially the country's growth.

Sustainability

CCCL will continue to implement strategies to achieve its goal of a 47 per cent reduction in CO2 emissions by 2030 as part of its "Future in Action" programme, which focuses on achieving sustainable excellence through climate action, circularity, and natural resource management.

The company has already begun to reap dividends through this strategy, having realised a reduction in its carbon footprint of five per cent per tonne of cement with the introduction of Carib Plus Vertua last February.

CCCL is also continuing to advance its efforts to promote a circular economy, including participating in different initiatives like the National Environment and Planning Agency's "Adopt-A-Beach" Programme. Through this initiative, waste was collected from three beach cleanups, and was disposed of in our cement kiln.

Corporate Social Responsibility

The company continues to execute an ambitious social impact programme with the aim to benefit the residents of different communities all around Jamaica. A good example of this is our flagship concrete paving roads solution, a group of activities through which several communities have benefited from substantial improvements in their basic infrastructure. They include Camberwell in St. Mary, Quarry

Parris A. Lyew-Ayee
Parris A. Lyew-Ayee
Chairman
April 5, 2023

Road in St. James, and Cambridge in St. Thomas. CCCL also contributed to the development of a playground in St. Andrew South and a basketball court in Harbour View.

Financial Performance

Caribbean Cement Company Limited earned revenues of \$25.8 billion, representing a growth of 8% when compared with 2021. Additionally, gross profit margin increased to 44% from 41% in 2021 despite the global supply chain challenges that resulted in increases in freight charges and the Russia-Ukraine war, which led to price increases in several commodities, including oil and gas that impacted our operations.

Operating earnings was \$8.0 billion, representing an increase of \$1.0 billion, when compared with the prior year and was mainly attributable to the company's decision not to undertake its planned major maintenance during the third quarter of this year, compared to the 2021 execution in July-August.

The earnings per stock unit for the year was \$6.33 when compared to \$5.10 in 2021.

As a result of the positive performance, the Group generated free cash flow of \$3 billion during the year, which allowed the company to return \$1.3 billion to shareholders through dividends for the first time in 17 years. The company also completed a successful repayment of its preference shares of \$1.8 billion with its parent company, Trinidad Cement Limited.

Liquidity position at the end of the year remained strong with a cash balance of \$0.6 billion, representing an increase of \$0.3 billion when compared to 2021.

Outlook

We will ensure that our operations remain resilient by employing sound cost management strategies in this challenging economic environment. Additionally, we expect to have a similar or better level of productivity and efficiency of the kiln in the future on completion of our planned major maintenance in 2023. The company will also continue to invest in its core values of health and safety, the training and development of its main asset, its people, as well as improving the reliability of its equipment to guarantee a high-level of quality cement production, customer satisfaction and ultimately, a greater Jamaica.

Yago Castro
Yago Castro
Managing Director
April 5, 2023

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

J\$'000		AUDITED	
		2022	2021
CONSOLIDATED NET INCOME			
Items that will not be reclassified subsequently to the income statement:			
Net actuarial gains/losses from remeasurement of employee benefits obligation		270,494	(179,630)
Deferred income tax recognised directly in other comprehensive income		(67,624)	44,908
		202,870	(134,722)
Items that are or may be reclassified subsequently to the income statement:			
Effects from derivative financial instruments designated as cash flow hedge		(48,989)	40,355
		(48,989)	40,355
Total items of other comprehensive income/loss, net		153,881	(94,367)
TOTAL COMPREHENSIVE INCOME		5,537,748	4,247,265

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

J\$'000		AUDITED	
		2022	2021
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand		574,457	244,900
Trade accounts receivable, net		261,020	324,808
Other accounts receivable		389,791	76,781
Inventories, net		5,477,769	3,440,106
Accounts receivable from related parties		83,105	121,565
Other current assets		311,199	68,282
Total current assets		7,097,341	4,276,442
NON-CURRENT ASSETS			
Property, machinery and equipment, net		23,038,419	23,232,007
Total non-current assets		23,038,419	23,232,007
TOTAL ASSETS		30,135,760	27,508,449
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations		57,876	1,514,153
Trade payables		3,306,357	4,451,098
Accounts payable to related parties		612,182	872,852
Other current liabilities		2,125,142	1,711,788
Total current liabilities		6,101,557	8,549,891
NON-CURRENT LIABILITIES			
Long-term debt		608,208	-
Other financial obligations		77,954	137,234
Employee benefits obligation		927,461	1,123,716
Deferred tax liabilities		2,298,026	1,885,512
Other non-current liabilities		83,916	32,909
Total non-current liabilities		3,995,565	3,179,371
TOTAL LIABILITIES		10,097,122	11,729,262
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary stock units		1,808,837	1,808,837
Capital contribution		3,840,224	3,839,090
Reserves:			
Realised capital gain		1,413,661	1,413,661
Other equity reserves		5,077,760	3,577,892
Accumulated net income		7,898,156	5,139,707
TOTAL STOCKHOLDERS' EQUITY		20,038,638	15,779,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		30,135,760	27,508,449

Approved and authorised for issue by the Board of Directors on April 5, 2023 and signed on its behalf by:

Parris A. Lyew-Ayee
Parris A. Lyew-Ayee
Chairman

Yago Castro
Yago Castro
Managing Director

SUMMARY GROUP STATEMENT OF CASH FLOWS

J\$'000		AUDITED	
		2022	2021
OPERATING ACTIVITIES			
Consolidated net income			
Adjustments for:			
Depreciation and amortisation of assets		1,446,126	1,515,255
Loss on disposal of property, machinery and equipment		-	5,761
Net recovery of impaired receivables		(225)	(26)
Interest income		(28,240)	(12,300)
Interest expense		151,104	267,719
Taxation charge		1,859,000	1,369,795
Property, machinery and equipment write-off		6,552	-
Increase (decrease) in rehabilitation provision		39,241	(13,879)
Inventory write off		2,821	184
(Reduction) increase of inventory obsolescence provision		(61,647)	60,489
Increase (reversal) of stockholding and inventory restructuring provision		39,495	(4,977)
Employee benefit expenses		23,916	15,198
Unwinding of discount on preference shares		402,235	376,010
Unwinding of discount on rehabilitation provision		10,701	4,845
Unwinding of discount on lease liabilities		17,365	22,321
Unrealised foreign exchange (gains) losses, net		(48,755)	262,838
Changes in working capital, excluding taxes		(3,516,928)	528,018
Net cash flows provided by operating activities before financial expenses and taxes		5,726,628	8,738,883
Employee benefits paid		(38,241)	(31,585)
Interest received		28,240	12,300
Interest paid		(79,603)	(210,950)
Taxation paid		(1,422,887)	(1,422,939)
Net cash flows provided by operating activities		4,214,137	7,085,709
INVESTING ACTIVITIES			
Acquisition of property, machinery and equipment		(1,259,090)	(1,686,304)
Proceeds from disposal of assets		-	135
Accounts receivable from related parties		(45,257)	-
Net cash flows used in investing activities		(1,304,347)	(1,686,169)
FINANCING ACTIVITIES			
Proceeds from long-term debt		616,383	-
Repayment of long-term debt		-	(4,442,650)
Other financial obligations:			
Repayment of redeemable preference shares	4	(1,843,945)	(1,167,440)
Dividend paid	6	(1,264,011)	-
Repayment of lease liabilities, net		(68,975)	(57,216)
Net cash flows used in financing activities		(2,560,548)	(5,667,306)
Increase (decrease) in cash at bank and on hand		349,242	(267,766)
Cash conversion effect, net		(19,685)	(470)
Cash at bank and on hand at beginning of year		244,900	513,136
CASH AT BANK AND ON HAND AT END OF YEAR		574,457	244,900
Changes in working capital, excluding taxes:			
Trade accounts receivable, net		63,049	(183,381)
Other current assets		(490,499)	87,003
Inventories		(2,018,332)	(1,125,094)
Trade payables		(1,122,256)	1,337,818
Other current liabilities		51,110	411,672
Changes in working capital, excluding taxes		(3,516,928)	528,018

SUMMARY GROUP AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

SUMMARY GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	Reserves						Total capital & reserves
	Ordinary share capital	Capital contribution	Realised capital gain	Other equity reserves	Accumulated net (losses) income	Total reserves	
Balance as of December 31, 2020	1,808,837	3,839,090	1,413,661	2,564,656	1,905,678	5,883,995	11,531,922
Net income	-	-	-	-	4,341,632	4,341,632	4,341,632
Total other items of comprehensive income	-	-	-	40,355	(134,722)	(94,367)	(94,367)
Transfer to capital redemption fund reserve	-	-	-	972,881	(972,881)	-	-
Balance as of December 31, 2021	1,808,837	3,839,090	1,413,661	3,577,892	5,139,707	10,131,260	15,779,187
Net income	-	-	-	-	5,383,867	5,383,867	5,383,867
Total other items of comprehensive income	-	-	-	(48,989)	202,870	153,881	153,881
Transfer to capital redemption fund reserve	-	-	-	1,548,857	(1,548,857)	-	-
Transaction with owners:							
Dividends	-	-	-	-	(1,279,431)	(1,279,431)	(1,279,431)
Share-based compensation	-	1,134	-	-	-	-	1,134
Balance as of December 31, 2022	1,808,837	3,840,224	1,413,661	5,077,760	7,898,156	14,389,577	20,038,638

NOTES

1. Basis of preparation

The summary Group 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 Group statement of financial position, Group income statement, Group statement of comprehensive income, Group statement of changes in stockholders' equity and Group statement of cash flows. These summary Group financial statements are derived from the audited Group financial statements of Caribbean Cement Company Limited and its Subsidiary ("the Group") as of and for the year ended December 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 summary Group financial statements as of and for the year ended December 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, 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 stock unit

Basic and diluted 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 year.

4. Preference shares

In 2018, Caribbean Cement Company Limited (CCCL) signed a preference share redemption agreement with Trinidad Cement Limited (TCL). TCL is the legal holder of 52 million redeemable preference shares issued in 2010 (15 million shares) and 2013 (37 million shares). Each one of the preference shares was issued in the currency of the United States of America with a par value of US\$1 per share, which represents a total value of US\$52,000,000. It was agreed between the parties that the amount will be redeemed below par value. The agreed amount was US\$40,500,000 which represents a discounted amount.

As a result of the agreement and in compliance with the IAS 32, the company reclassified the preference shares from equity to liability, which resulted in a reduction of the share capital of the Company. The Company has made full redemption of the preference shares as at December 31, 2022. A capital redemption reserve has been created in accordance with the Jamaican Companies Act.

5. Comparative information

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

6. Dividends

At the Annual General Meeting of Caribbean Cement Company Limited (CCCL) held on July 19, 2022, the stockholders of CCCL declared a final dividend of \$1.5032 per stock unit, which was paid on September 9, 2022, to stockholders on record as at August 4, 2022, with an ex-dividend date of August 3, 2022.

7. Impact of COVID-19

In March 2022, authorities removed the COVID-19 protocols from the Disaster Risk Management Act. Management continues to review the effect of developments arising from the pandemic on the risks faced by the Group. 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.

8. 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 counterparty relationships in Russia and certain neighboring 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 metrics 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 December 31, 2022.

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

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

AUDITED	
2022	2021
25,837,228	23,840,001
Revenue	
Expenses:	
Raw material and consumables	1,830,926
Fuel and electricity	5,616,001
Personnel remuneration and benefits	2,637,763
Repairs and maintenance	1,408,704
Equipment hire	1,448,377
Cement transportation, marketing and selling expenses	933,522
Other operating expenses	1,090,381
Depreciation, impairment and amortisation	1,446,126
Changes in inventories of finished goods and work in progress	746,537
Total expenses	17,158,337
Operating earnings before other expenses, net	8,678,891
8,678,891	7,330,733

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

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

AUDITED	
2022	2021
80,437	-
-	4,977
21,564	-
102,001	4,977
Other income:	
Insurance claim recovery	
Reversal of stockholding and inventory restructuring provision	
Other	
2,557	102,832
39,495	-
42,591	39,594
2,821	184
-	13,461
200,656	194,949
474,529	-
6,552	-
119,553	-
4,982	75,800
22,813	22,087
916,549	448,907
814,548	443,930



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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY GROUP FINANCIAL STATEMENTS

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Opinion

The summary Group financial statements, which comprise the Group statement of financial position as at December 31, 2022, the Group income statement and Group statements of comprehensive income, changes in stockholders' equity and cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Caribbean Cement Company Limited and its Subsidiary (the "Group") for the year ended December 31, 2022.

In our opinion, the accompanying summary Group financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with Practice Statement 2016-1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

Summary Group Financial Statements

The summary Group financial statements do not contain all the disclosures required by IFRS Standards applied in the preparation of financial statements of the Group. Reading the summary Group financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary Group financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 5, 2023. The report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current period.


KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Responsibilities of Management for the Summary Group Financial Statements

Management is responsible for the preparation of the summary Group financial statements in accordance with Practice Statement 2016-1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

Auditor's Responsibilities for the Audit of the Summary Group Financial Statements

Our responsibility is to express an opinion on whether the summary Group financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Chartered Accountants
Kingston, Jamaica
April 5, 2023

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