CARIBBEAN CEMENT COMPANY LIMITED

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SUMMARY GROUP AUDITED **FINANCIAL REPORT**



FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY GROUP INCOME STATEMENT

J \$'000				
		AUDITED		
	Notes	2020	2019	
Revenue		20,108,049	17,764,664	
Cost of sales		(10,971,463)	(10,538,915)	
Gross profit		9,136,586	7,225,749	
Operating expenses		(2,354,597)	(2,494,189)	
Operating earnings before other expenses, net	6	6,781,989	4,731,560	
Other expenses, net	7	(495,422)	(426,566)	
Operating earnings		6,286,567	4,304,994	
Financial income		10,363	11,719	
Financial expenses		(811,755)	(938,937)	
Loss on foreign exchange		(1,060,275)	(640,362)	
Earnings before income taxation		4,424,900	2,737,414	
Taxation charge		(1,228,207)	(853,736)	
CONSOLIDATED NET INCOME		3,196,693	1,883,678	
Earnings per stock unit (expressed in \$ per stock unit)	3	3.76	2.21	

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

3 2 000	AUDITED		
	2020	2019	
CONSOLIDATED NET INCOME	3,196,693	1,883,678	
Items that will not be reclassified subsequently to the income statement:			
Net actuarial gains from remeasurement of employee benefits obligation Deferred income tax recognised directly in other comprehensive	3,142	29,840	
income	(786)	(7,460)	
	2,356	22,380	
Items that are or may be reclassified subsequently to the income statement: Effects from derivative financial instruments designated as cash			
flow hedge	22,349	(13,715)	
	22,349	(13,715)	
Total items of other comprehensive income, net	24,705	8,665	
TOTAL COMPREHENSIVE INCOME	3,221,398	1,892,343	

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

J \$'000	AUDITED		
	2020	2019	
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand	513,136	544,570	
Trade accounts receivable, net	141,401	509,424	
Other accounts receivable	88,782	78,698	
Inventories, net	2,370,708	2,208,560	
Accounts receivable from related parties	150,057	73,648	
Other current assets	74,109	56,103	
Total current assets	3,338,193	3,471,003	
NON-CURRENT ASSETS			
Property, machinery and equipment, net	22,981,295	23,629,545	
Accounts receivable from related parties	1,521	-	
Total non-current assets	22,982,816	23,629,545	
TOTAL ASSETS	26,321,009	27,100,548	
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	1,108,114	673,027	
Trade payables	3,058,807	2,469,260	
Accounts payable to related parties	585,169	527,383	
Other current liabilities	1,838,493	1,284,881	
Total current liabilities	6,590,583	4,954,551	
NON-CURRENT LIABILITIES	4 4 4 9 9 5 9	0 455 050	
Long-term debt	4,442,650	9,155,656	
Other financial obligations Employee benefits obligation	1,122,416 882,360	2,496,746 839,047	
Deferred income tax liabilities	1,700,957	1,285,723	
Long-term accounts payable to related parties	-	4,207	
Other non-current liabilities	50,121	54,094	
Total non-current liabilities	8,198,504	13,835,473	
TOTAL LIABILITIES	14,789,087	18,790,024	
STOCKHOLDERS' EQUITY	11,700,007	10,100,021	
Share capital:			
Ordinary stock units	1,808,837	1,808,837	
Capital contribution	3,839,090	3,839,090	
Reserves:	,,	0,000,000	
Realised capital gain	1,413,661	1,413,661	
Other equity reserves	2,564,656	1,254,506	
Accumulated net income (losses)	1,905,678	(5,570)	
TOTAL STOCKHOLDERS' EQUITY	11,531,922	8,310,524	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	26,321,009	27,100,548	

DIRECTORS' STATEMENT

The results of 2020 are a culmination of proactive decision making, effective risk management and an outstanding employee performance that despite the many challenges, remained steadfast in serving our customers and contributing decisively to the economy of Jamaica. Among our proudest achievements was the quick adoption of 52 new protocols designed to reinforce safe behaviours and prevent the spread of COVID-19. We believe these protocols were responsible for the absence of COVID-19 transmission last year at any of the company's facilities. This parallels the rewards we continue to reap from the multi-year investment in training and facility improvement, the evidence of which is the achievement of 528 days without lost time injury (LTI) up to December 31, 2020.

Social Impact

During the pandemic, we have focused our community outreach on health and sanitation, providing PPE, thermometers and sanitisers, as well as enhancing virtual education through the donation of laptops, internet connectivity devices and school supplies.

Financials

In terms of the company's financial performance, Caribbean Cement Company Limited earned revenue of \$20.1 billion, representing growth of 13% when compared with 2019. The increase in revenue was related to the stronger domestic demand and the company's capacity to supply the local market.

The "operating earnings before other expenses, net" for the period was \$6.8 billion, while "operating earnings" after other expenses was \$6.3 billion, representing an increase of \$2.0 billion when compared with prior year. Despite the increase in production and sales, the company has been able to maintain similar levels in operating costs and expenses based on operational efficiencies achieved through the improvement to our main equipment and operational processes.

The company recorded "earnings before taxation" of \$4.4 billion, representing an improvement over the \$2.7 billion achieved last year. The overall "consolidated net income" of \$3.2 billion was higher than that of the previous year by \$1.3 billion.

In relation to cash flow, "net cash provided by operating activities" was \$7.0 billion for the year. The cash flow generation during the period have allowed the company to reduce debt by \$4.7 billion for the year. Outlook

We continue to operate in an environment of significant uncertainty. Our strategy will focus to effectively manage the variables under our control, providing to our customers an excellent service and highquality products. We will leverage the benefits of our recent plant modernisation programme that gave us record results in production in 2020. We look forward to continuing to support our customer's goals, and the development of Jamaica in 2021.

The Board commends the management and staff for their dedication and agility in a complicated year and reaffirms to stakeholders our commitment to maintaining responsible and sustainable operations.

Parris A. Lyew-Ayee Chairman February 25, 2021

Yago Castro **Managing Director** February 25, 2021

SUMMARY GROUP STATEMENT OF CASH FLOWS

Cash at bank and on hand	513,136	544,570	J \$'000		
Trade accounts receivable, net	141,401	509,424		AUDI	TED
Other accounts receivable	88,782	78,698		2020	2019
Inventories, net	2,370,708	2,208,560	OPERATING ACTIVITIES		
Accounts receivable from related parties	150,057	73,648	Consolidated net income	3,196,693	1,883,678
Other current assets	74,109	56,103	Non-cash items:	1 500 000	1 000 050
Total current assets	3,338,193	3,471,003	Depreciation and amortisation of assets	1,536,260	1,603,850 7,490
NON-CURRENT ASSETS			Loss on disposal of property, machinery and equipment Net recovery of impaired receivables	(805)	(4,071)
Property, machinery and equipment, net	22,981,295	23,629,545	Interest income	(10,363)	(11,719)
Accounts receivable from related parties	1,521	-	Interest expense	500,608	774,810
Total non-current assets	22,982,816	23,629,545	Taxation charge	1,228,207	853,736
			Property, machinery and equipment (write-back) write-off	(1,334)	76,285
TOTAL ASSETS	26,321,009	27,100,548	(Decrease) Increase in rehabilitation provision	(5,572)	8,431
LIABILITIES AND STOCKHOLDERS' EQUITY			Inventory write-off	64,855	-
CURRENT LIABILITIES			Inventory impairment allowance, net	4,000	15,076
Other financial obligations	1,108,114	673,027	Reversal of stockholding and inventory restructuring provision Employee benefit expenses	(39,885) 75,499	67,985
Trade payables	3,058,807	2,469,260	Unwinding of discount on preference shares	221,169	89,772
Accounts payable to related parties	585,169	527,383	Unwinding of discount on rehabilitation provision	8,091	797
Other current liabilities	1,838,493	1,284,881	Unwinding of discount on lease liabilities	20,063	16,361
Total current liabilities	6,590,583	4,954,551	Unrealised foreign exchange losses, net	252,268	162,831
	0,090,000	4,354,551	Changes in working capital, excluding taxes	741,235	112,495
NON-CURRENT LIABILITIES			Net cash flow provided by operating activities before		
Long-term debt	4,442,650	9,155,656	financial expenses and taxes	7,790,989	5,657,807
Other financial obligations	1,122,416	2,496,746	Employee benefits paid	(29,044)	(31,902)
Employee benefits obligation	882,360	839,047	Interest received	10,363	11,719
Deferred income tax liabilities	1,700,957	1,285,723	Interest paid Taxation paid	(501,483) (272,727)	(794,251) (33,048)
Long-term accounts payable to related parties	-	4,207			
Other non-current liabilities	50,121	54,094	Net cash flows provided by operating activities	6,998,098	4,810,325
Total non-current liabilities	8,198,504	13,835,473	INVESTING ACTIVITIES	(770.000)	(1 00 4 0 40)
TOTAL LIABILITIES	14,789,087	18,790,024	Property, machinery and equipment, net Proceeds from disposal of assets	(778,029)	(1,334,340) 1,303
STOCKHOLDERS' EQUITY			Net cash flows used in investing activities	(778,029)	(1,333,037)
			FINANCING ACTIVITIES	(110,029)	(1,555,057)
Share capital:	1 000 007	1 000 007	Repayment of long-term debt, net	(4,733,485)	(2,207,878)
Ordinary stock units	1,808,837	1,808,837	Other financial obligations:	(4,700,400)	(2,207,070)
Capital contribution	3,839,090	3,839,090	Repayment of redeemable preference shares	(1,451,891)	(1,120,972)
Reserves:	1 110 001	1 110 001	Repayment of lease liabilities, net	(73,210)	(50,580)
Realised capital gain	1,413,661	1,413,661	Net cash flows used in financing activities	(6,258,586)	(3,379,430)
Other equity reserves	2,564,656	1,254,506	(Decrease) increase in cash at bank and on hand	(38,517)	97,858
Accumulated net income (losses)	1,905,678	(5,570)	Cash conversion effect, net	7,083	25,922
TOTAL STOCKHOLDERS' EQUITY	11,531,922	8,310,524	Cash at bank and on hand at beginning of year	544,570	420,790
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	26,321,009	27,100,548	CASH AT BANK AND ON HAND AT END OF YEAR	513,136	544,570
			Changes in working capital, excluding taxes:	070.05/	
Approved and authorised for issue by the Board of Directors on Fe	bruary 25, 202	1 and signed	Trade accounts receivable, net	370,051	(158,413)
on its behalf by:		5	Other current assets Inventories	(97,074) (211,099)	122,684 (490,371)
			Trade payables	585,403	(490,371) 506,596
Parvis A. Lyon-Ayean Chairman	Managing	raatar	Other current liabilities	93,954	131,999
Parris A. Lyew-Ayee Yago Castro	 Managing Dir 	ector	Changes in working capital, excluding taxes	741,235	112,495
			Changee in Working depidi, excitating taxes	141,200	112,430

SUMMARY GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000				Reserves				
	Ordinary stock	Preference share capital	Capital contribution	Realised capital gain	Accumulated net income (losses)	Other equity reserves	Total reserves	Total capital & reserves
Balance as of December 31, 2018	1,808,837	-	3,839,090	1,413,661	(994,271)	350,864	770,254	6,418,181
Net income	-	-	-	-	1,883,678	-	1,883,678	1,883,678
Total other items of comprehensive income	-	-	-	-	22,380	(13,715)	8,665	8,665
Transfer to capital redemption fund reserve	-	-	-	-	(917,357)	917,357	-	-
Balance as of December 31, 2019	1,808,837	-	3,839,090	1,413,661	(5,570)	1,254,506	2,662,597	8,310,524
Net income	-	-	-	-	3,196,693	-	3,196,693	3,196,693
Total other items of comprehensive income	-	-	-	-	2,356	22,349	24,705	24,705
Transfer to capital redemption fund reserve	-	-	-	-	(1,287,801)	1,287,801	-	-
Balance as of December 31, 2020	1,808,837	-	3,839,090	1,413,661	1,905,678	2,564,656	5,883,995	11,531,922

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, 2020, 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.

Accounting policies 2.

These summary Group financial statements as of and for the year ended December 31, 2020, 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.

Earnings per stock unit 3.

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 three partial redemptions up to December 31, 2020 for a total of 27,039,704 shares with a value of J\$2,556,022,000. A capital redemption fund 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.

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:

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

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

	2020	2019
Manpower restructuring costs	(57,289)	(87,166)
Reversal of stockholding and inventory restructuring provision	39,885	-
Demolition expenses	(22,626)	(99,215)
Inventory write-off	(64,855)	-
Environmental costs	(73,541)	(49,615)
Management fees	(155,232)	(117,948)
Property, machinery and equipment write-back (write-off)	1,334	(76,285)
COVID-19 related expenses	(65,089)	-
Other, net (i)	(98,009)	3,663
	(495,422)	(426,566)

AUDITED

(i) Other, net includes expenses amounting to \$87,843,341 which was incurred due to adverse weather conditions.

8. Impact of COVID-19

On March 11, 2020, the World Health Organisation 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 2021 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. Nevertheless, additional measures have been taken such as the suspension of all capital investments not associated with the administration of the pandemic and the suspension of all activities not focused on the administration of basic operations.

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, customers, whilst ensuring that any disruption to the busine 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.

	AUD	
	2020	2019
Revenue	20,108,049	17,764,664
Expenses:		
Raw material and consumables	1,247,650	1,229,620
Fuel and electricity	3,638,472	3,396,908
Personnel remuneration and benefits	2,215,515	2,076,416
Repairs and maintenance	1,414,441	867,341
Equipment hire	1,060,888	894,159
Cement transportation, marketing and selling expenses	804,145	707,642
Other operating expenses	851,070	1,202,431
Depreciation and amortisation	1,536,260	1,603,850
Changes in inventories of finished goods and work in progress	557,619	1,054,737
Total expenses	13,326,060	13,033,104
Operating earnings before other expenses	6,781,989	4,731,560

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 a long duration of the pandemic and the associated containment measures could have a material adverse effect on the group, its customers, employees, and suppliers.



Chartered Accountants PO. Box 76 6 Duke Street, Kingston, Jamaica, W.I. + 1 (876) 922 6640 firmmail@kpmg.com.jm 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, 2020, 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, 2020..

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 International Financial Reporting Standards ("IFRSs") 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 February 25, 2021. That 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 year.

KPMG, a Jamaican partnership and a member firm of the KPMG global organisation 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 Štatements.

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Chartered Accountants Kingston, Jamaica February 25, 2021

R. Tarun Handa

Cynthia L. Lawrence Nigel R. Chambers Raian Trehan Nyssa A. Johnson Norman O. Rainford W. Gihan C. de Mel

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