

SUMMARY GROUP INCOME STATEMENT

J\$'000	Notes	AUDITED	
		2021	2020
Revenue		23,840,001	20,108,049
Cost of sales		(14,007,828)	(10,971,463)
Gross profit		9,832,173	9,136,586
Operating expenses		(2,501,440)	(2,354,597)
Operating earnings before other expenses, net	6	7,330,733	6,781,989
Other expenses, net	7	(443,930)	(495,422)
Operating earnings		6,886,803	6,286,567
Financial income		12,300	10,363
Financial expenses		(670,895)	(811,755)
Loss on foreign exchange		(516,781)	(1,060,275)
Earnings before taxation		5,711,427	4,424,900
Taxation charge		(1,369,795)	(1,228,207)
CONSOLIDATED NET INCOME		4,341,632	3,196,693
Earnings per stock unit (expressed in \$ per stock unit)	3	5.10	3.76

DIRECTORS' STATEMENT

Health and Safety and COVID-19

Health and Safety (H&S) continues to be the top priority of Caribbean Cement Company Limited (CCCL). The ongoing challenges of the COVID-19 pandemic, including the Omicron variant, underscore the importance and relevance of keeping H&S at the forefront of the operation. At this time, Caribbean Cement has not modified any of its COVID-19 protocols, nor is the Company envisioning any short-term change in its application. All employees are expected to follow these protocols both inside and outside our premises.

Among our proudest achievements was the continuation along our record-setting path of gaining two years accident free at our Rockfort Plant.

Sustainability

Climate change is one of the biggest global challenges. At CCCL, we have a strong commitment to contributing to the development of a sustainable environment for Jamaica and the Caribbean region. For that reason, CCCL is fully committed to climate change mitigation by developing low-carbon products, solutions, and processes to meet our aggressive decarbonisation targets. Our efforts are aligned with CEMEX's Future in Action global sustainable strategy, which follows the UN Sustainable Development Goals on Climate Action.

With this strong commitment, CCCL launched this month its newly co-branded Vertua-certified cement that reduces more than 15% of the carbon emissions during its manufacturing process. We have also successfully started the coprocessing of waste tyres from the Riverton City landfill and other disposal sites. The consumption of these tyres reduces the usage of fossil fuels and eliminates an environmental problem for the community.

We are proud to report that during 2021, CCCL surpassed its targeted use of alternative fuels and has also succeeded in reducing CO₂ emission rates during this year compared to the previous year.

Financial Performance

Carib Cement recorded revenue of \$23.8 billion, representing a 19% increase when compared with

2020. The increase in revenue was driven by stronger domestic demand and the Company's capacity to supply the local market.

CCCL reported strong "operating earnings" after other expenses with \$6.9 billion, which represented an increase of 10% when compared with the previous year. Despite the significant cost associated with the general maintenance of the plant during 2021, in addition to a significant cost inflation, specifically during the second half of 2021, CCCL was able to deliver strong results. The company recorded "earnings before taxation" of \$5.7 billion, representing an improvement of \$1.3 billion over that achieved last year. The overall "consolidated net income" of \$4.3 billion was higher than that of the previous year by \$1.1 billion.

In relation to cash flows, "net cash provided by operating activities" was \$7.1 billion. The cash flow generation during the period has allowed the company to significantly reduce its debt. This is an important milestone for Carib Cement that shows its strong discipline to meet its deleveraging financial targets.

Outlook

Based on the financial results and assessment of market demand, our outlook remains cautiously optimistic. We remain vigilant about possible impacts on business continuity from the current high COVID-19 infection rates and the emergence of new variants like Omicron. Cost inflation is another important component that could impact our financial performance.

The outlook for the business will depend on the COVID-19 infection rates, sustainability of the Jamaica market, and magnitude of the inflation on key components, like fuel, power, and shipping costs, which could impact our financial performance.

The management and the board continue to develop strategies and plans to address possible demand scenarios and respond to the ongoing pandemic. Despite the remaining uncertainty, for now, we remain encouraged by the potential for a good performance in 2022.

Parris A. Lyew-Ayee

Parris A. Lyew-Ayee
Chairman
February 28, 2022

Yago Castro

Yago Castro
Managing Director
February 28, 2022

SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME

J\$'000	AUDITED	
	2021	2020
CONSOLIDATED NET INCOME	4,341,632	3,196,693
Items that will not be reclassified subsequently to the income statement:		
Net actuarial (losses) gains from remeasurement of employee benefits obligation	(179,630)	3,142
Deferred tax recognised directly in other comprehensive income	44,908	(786)
	(134,722)	2,356
Items that are or may be reclassified subsequently to the income statement:		
Effects from derivative financial instruments designated as cash flow hedge	40,355	22,349
	40,355	22,349
Total items of other comprehensive (loss) income, net	(94,367)	24,705
TOTAL COMPREHENSIVE INCOME	4,247,265	3,221,398

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

J\$'000	AUDITED	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash at bank and on hand	244,900	513,136
Trade accounts receivable, net	324,808	141,401
Other accounts receivable	76,781	88,782
Inventories, net	3,440,106	2,370,708
Accounts receivable from related parties	121,565	150,057
Other current assets	68,282	74,109
Total current assets	4,276,442	3,338,193
NON-CURRENT ASSETS		
Property, machinery and equipment, net	23,232,007	22,981,295
Accounts receivable from related parties	-	1,521
Total non-current assets	23,232,007	22,982,816
TOTAL ASSETS	27,508,449	26,321,009
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Other financial obligations	1,514,153	1,108,114
Trade payables	4,451,098	3,058,807
Accounts payable to related parties	872,852	585,169
Other current liabilities	1,711,788	1,838,493
Total current liabilities	8,549,891	6,590,583
NON-CURRENT LIABILITIES		
Long-term debt	-	4,442,650
Other financial obligations	137,234	1,122,416
Employee benefits obligation	1,123,716	882,360
Deferred tax liabilities	1,885,512	1,700,957
Other non-current liabilities	32,909	50,121
Total non-current liabilities	3,179,371	8,198,504
TOTAL LIABILITIES	11,729,262	14,789,087
STOCKHOLDERS' EQUITY		
Share capital:		
Ordinary stock units	1,808,837	1,808,837
Capital contribution	3,839,090	3,839,090
Reserves:		
Realised capital gain	1,413,661	1,413,661
Other equity reserves	3,577,892	2,564,656
Accumulated net income	5,139,707	1,905,678
TOTAL STOCKHOLDERS' EQUITY	15,779,187	11,531,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	27,508,449	26,321,009

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

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

Yago Castro
Managing Director
Yago Castro

SUMMARY GROUP STATEMENT OF CASH FLOWS

J\$'000	AUDITED	
	2021	2020
OPERATING ACTIVITIES		
Consolidated net income	4,341,632	3,196,693
Adjustments for:		
Depreciation and amortisation of assets	1,515,255	1,536,260
Loss on disposal of property, machinery and equipment	5,761	-
Net recovery of impaired receivables	(26)	(805)
Interest income	(12,300)	(10,363)
Interest expense	267,719	562,432
Taxation charge	1,369,795	1,228,207
Property, machinery and equipment write-back	-	(1,334)
Decrease in rehabilitation provision	(13,879)	(5,572)
Inventory write-off	184	64,855
Inventory impairment allowance, net	60,489	4,000
Reversal of stockholding and inventory restructuring provision	(4,977)	(39,885)
Employee benefit expenses	15,198	13,675
Unwinding of discount on preference shares	376,010	221,169
Unwinding of discount on rehabilitation provision	4,845	8,091
Unwinding of discount on lease liabilities	22,321	20,063
Unrealised foreign exchange losses, net	262,838	252,268
Changes in working capital, excluding taxes	528,018	741,235
Net cash flows provided by operating activities before employee benefits, interest and taxes	8,738,883	7,790,989
Employee benefits paid	(31,585)	(29,044)
Interest received	12,300	10,363
Interest paid	(188,629)	(501,483)
Taxation paid	(1,422,939)	(272,727)
Net cash flows provided by operating activities	7,108,030	6,998,098
INVESTING ACTIVITIES		
Property, machinery and equipment	(1,686,304)	(778,029)
Proceeds from disposal of assets	135	-
Net cash flows used in investing activities	(1,686,169)	(778,029)
FINANCING ACTIVITIES		
Repayment of long-term debt, net	(4,442,650)	(4,733,485)
Other financial obligations:		
Repayment of redeemable preference shares	(1,167,440)	(1,451,891)
Payment of lease liabilities	(79,537)	(73,210)
Net cash flows used in financing activities	(5,689,627)	(6,258,586)
Decrease in cash at bank and on hand	(267,766)	(38,517)
Cash conversion effect, net	(470)	7,083
Cash at bank and on hand at beginning of year	513,136	544,570
CASH AT BANK AND ON HAND AT END OF YEAR	244,900	513,136
Changes in working capital, excluding taxes:		
Trade accounts receivable, net	(183,381)	370,051
Other current assets	87,003	(97,074)
Inventories	(1,125,094)	(211,099)
Trade payables	1,337,818	585,403
Other current liabilities	411,672	93,954
Changes in working capital, excluding taxes	528,018	741,235

SUMMARY GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	Reserves						Total capital & reserves
	Ordinary stock	Capital contribution	Realised capital gain	Other equity reserves	Accumulated net (losses) income	Total reserves	
Balance as of December 31, 2019	1,808,837	3,839,090	1,413,661	1,254,506	(5,570)	2,662,597	8,310,524
Net income	-	-	-	-	3,196,693	3,196,693	3,196,693
Total other items of comprehensive income	-	-	-	22,349	2,356	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	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 loss	-	-	-	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

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 other 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, 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 summary Group financial statements as of and for the year ended December 31, 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, 2021. 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 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 "share capital" to "other financial obligations", which resulted in a reduction of the share capital of the Company. The Company has made four partial redemptions up to December 31, 2021 for a total of 36,669,329 shares with a value of US\$28.560 million. 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. 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:

	AUDITED	
	2021	2020
Revenue	23,840,001	20,108,049
Expenses:		
Raw material and consumables	1,683,894	1,247,650
Fuel and electricity	4,109,623	3,638,472
Personnel remuneration and benefits	2,502,444	2,215,515
Repairs and maintenance	1,484,856	1,414,441
Equipment hire	1,277,774	1,060,888
Cement transportation, marketing and selling expenses	893,060	804,145
Other operating expenses	1,019,885	851,070
Depreciation and amortisation	1,515,255	1,536,260
Changes in inventories of finished goods and work in progress	2,022,477	557,619
Total expenses	16,509,268	13,326,060
Operating earnings before other expenses, net	7,330,733	6,781,989

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

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

	AUDITED	
	2021	2020
Manpower restructuring costs	102,832	57,289
Reversal of stockholding and inventory restructuring provision	(4,977)	(39,885)
Demolition expenses	39,594	22,626
Inventory write-offs	184	64,855
Environmental costs	13,461	73,541
Management fees	194,949	155,232
Property, machinery and equipment write-back	-	(1,334)
COVID-19 related expenses	75,800	65,089
Other, net (i)	22,087	98,009
	443,930	495,422

(i) Other, net includes expenses amounting to \$nil (2020: \$87.843 million) which were 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 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. 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, 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 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.

9. Subsequent event

On January 21, 2022, the Company signed Services and Intellectual Property Agreements ("the Agreements"), with various subsidiaries of CEMEX ("CEMEX") according to the terms and conditions approved at its Annual General Meeting of Shareholders held on December 7th, 2021. Under these agreements, the Company and CEMEX have established a general framework for the corporate services provided by CEMEX to the Company, as well as the payment of royalties for the use of intellectual property owned by CEMEX and licensed by the Company, for a fee not exceeding 4% of the Company's consolidated net sales. For the year ending December 31, 2022, the annual fee payable to CEMEX in accordance with the agreements shall be equal to 2% of the consolidated net sales of the Company.

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 28, 2022. 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
February 28, 2022

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers
Nyssa A. Johnson
W. Gihan C. de Mel
Wibert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards

Opinion

The summary Group financial statements, which comprise the Group statement of financial position as at December 31, 2021, 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, 2021.

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