



**BUILDING A
GREATER
JAMAICA**



STRENGTH | SUSTAINABILITY | COURAGE | COMMUNITY

LTI:
ZERO

**COVID-19
Vaccination Rate:**
+50%

**Health &
Safety**



At Carib Cement, Health & Safety is always on Page 1 of every day, every project, every interaction. We are proud and grateful to have achieved milestones like ZERO Lost Time Incidents and more than 50% of our employees were COVID-vaccinated in 2021.

***"Thank you
Team CCCL!"***

***Continue on the journey
to a safer work place."***

***Yago Castro Izaguirre
Managing Director***





We are committed to the health and safety of our people, and continued along a record-setting path, marking two years free from accidents at our Rockfort Plant in Kingston in July 2021.

Contents

Company Overview	2
Strategic Framework	3
Corporate Information	4
Board of Directors	8
Executive Team	12
Directors' Report	14
Corporate Governance	16
Chairman's Statement	22
Management Discussion and Analysis	24
Social Impact	35
Ten-year Financial Summary	40
Independent Auditors' Report	42
Group Income Statement	52
Group Statement of Comprehensive Income	53
Group Statement of Financial Position	54
Group Statement of Cash Flows	55
Group Statement of Changes in Stockholders' Equity	56
Company Income Statement	57
Company Statement of Comprehensive Income	58
Company Statement of Financial Position	59
Company Statement of Cash Flows	60
Company Statement of Changes in Stockholders' Equity	61
Notes to the Group and Company Financial Statements	62

OUR MISSION

Caribbean Cement Company Limited is committed to meeting the needs of its customers by providing high-quality building solutions in an environmentally friendly manner, through a competent, inspired and motivated team, thereby achieving the financial objectives of its shareholders whilst adding value to the community.

COMPANY OVERVIEW

Caribbean Cement Company Limited (CCCL) is a publicly listed company which has been in operation since 1952 and is the sole manufacturer of Portland and blended cement in Jamaica. Its main plant and operations are situated in Rockfort, Kingston with additional quarry operations in both St. Andrew and St. Thomas. CCCL produces high-quality products using 100% indigenous raw materials, all mined within 10 miles of the plant. CCCL is a member of the TCL Group, of which CEMEX, S.A.B. de C.V is the majority shareholder. The Rockfort Mineral Bath Complex Limited, is the only subsidiary of the Caribbean Cement Company Limited.

ABOUT CEMEX

CEMEX is a global building materials company which delivers high-quality products and reliable services to customers and communities around the world. CEMEX has a rich history of improving the well-being of those it serves through innovative building solutions, efficiency advancements, and its efforts to promote a sustainable future.

STRATEGIC FRAMEWORK



Vision

Building a Brighter Future



Mission

To create sustainable value by providing industry-leading construction products and solutions to satisfy the needs of our customers in the Caribbean



Strategic Priorities

-  Health & Safety
-  Customer Centricity
-  Innovation
-  Sustainability
-  EBITDA Growth



Business Model

We leverage our Group's expertise and footprint to establish best practices and common processes, in order to operate with agility and effectiveness to ultimately create value for all of our stakeholders.



Values

-  Safety
-  Customers
-  Excellence
-  Leadership
-  Integrity

CORPORATE INFORMATION

CARIBBEAN CEMENT COMPANY LIMITED

Caribbean Cement Company Limited (CCCL) was incorporated in Jamaica in 1947 and commenced production in 1952. Its primary activities are the manufacture and sale of Portland Pozzolan Cement and Ordinary Portland Cement. CCCL has one subsidiary, Rockfort Mineral Bath Complex Limited, a national heritage site and mineral spa.

REGISTERED OFFICE

Rockfort, Kingston,
Jamaica, W.I.
Tel: (876) 928 6232-5
Fax: (876) 928-7381
Website: www.caribcement.com

BOARD OF DIRECTORS

Mr. Parris A. Lyew-Ayee, CD
Chairman and Non-Executive Director

Mr. Francisco Aguilera Mendoza
Managing Director, TCL Group

Mr. Yago Castro Izaguirre
Managing Director, CCCL

Mr. Luis Ali Moya

Mr. Hollis N. Hosein
Non-Executive Director

The Hon Peter Moses, OJ
Non-Executive Director

Mrs. Dania Jocelyn Heredia Ramirez

COMPANY SECRETARY

Mr. Craig Lloyd Neil

EXECUTIVE TEAM

Mr. Yago Castro Izaguirre
Managing Director

Mr. Miguel Roberto Estrada Sanchez
Group Cement Operations and Technical Director

Mr. Roberto Villarreal
Commercial Director

SUBSIDIARY COMPANY

Rockfort Mineral Bath Complex Limited

EXECUTIVE TEAM - Cont'd

Mr. Rohan Anderson
Process Manager

Mr. Christopher Brown
Production Manager

Mr. Christopher Bryan
Capital Projects Manager

Mr. Jorge Camelo
Human Resource Director, TCL Group

Mr. Craig Lloyd Neil
Legal Counsel/Company Secretary

Mr. Angel Rivera
Supply Chain Manager

Mr. Anthony Jones
Head of Finance

Mr. Victor Aceituno Melgar
Strategic Planning Manager

Mr. Pablo Bahamon Palencia
Maintenance Manager

Ms. Kelly Cadavid Lopez
Quality, Quarry & Environment Manager

Mr. Randy Nunez Fuentes
Procurement Manager

Mr. Garen Williams
Distribution Sales Manager

Mr. Andre Nelson
Industrial and Builders Manager

ATTORNEYS-AT-LAW

Charles Piper & Associates
13a North Avenue
Kingston 5

DunnCox
48 Duke Street
Kingston

Myers Fletcher & Gordon
21 East Street
Kingston

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

REGISTRAR & TRANSFER AGENT

Sagicor Bank Jamaica Limited
28-48 Barbados Avenue
Kingston 5

STOCK EXCHANGE ON WHICH THE COMPANY IS LISTED

Jamaica Stock Exchange
40 Harbour Street
Kingston

AUDITORS

KPMG
The Victoria Mutual Building
6 Duke Street
Kingston

BANKERS

Citibank, N.A.
National Commercial Bank Jamaica Limited
Bank of Nova Scotia, Jamaica Limited

Strength

We are committed to ensuring that our brand is strong and reliable like this concrete roadway in Denham Farms, Manchester, linking communities and facilitating the efficient movement of produce to market.

Concrete... The Road To Sustainability

Economic Benefits:

1. Maintenance costs of concrete roads are lower than asphaltic roads over the life of the road. Asphaltic roads could cost 250% to 300% more than concrete roads to maintain.
2. Concrete roads in Jamaica can be made using all local materials including cement. Cement prices in Jamaica are more stable than asphalt prices.
3. Concrete roads will save foreign exchange.
4. Concrete roads will sustain local industries and save jobs.
5. Concrete roads will help build a more robust economy.



Environmental Benefits:

1. Concrete roads can be recycled. Roads that are no longer useful could be crushed to make material that can be reused (high quality base or fill material).
2. Less energy is required to illuminate concrete roads and so less fossil fuel is needed to generate electricity.
3. Concrete roads greatly reduce the possibility of petrochemicals draining into and polluting waterways as in the case of asphaltic roads during construction and maintenance.



Safety Benefits:

1. Braking on concrete roads is better. Braking distance on concrete roads is 30% shorter than on asphaltic roads.
2. Concrete roads reflect 33% - 50% more light than asphaltic roads.



BOARD OF DIRECTORS



Mr. Parris A. Lyew-Ayee, CD
Chairman and Non-Executive Director



Mr. Francisco Aguilera Mendoza
Managing Director, TCL Group



Mr. Yago Castro Izaguirre
Managing Director



Mrs. Dania Jocelyn Heredia Ramirez
Director



Mr. Hollis N. Hosein
Non-Executive Director



Mr. Luis Gilberto Ali Moya
Director



Mr. Peter Moses, OJ
Non-Executive Director

ABOUT OUR BOARD OF DIRECTORS

Mr. Parris A. Lyew-Ayee, CD Chairman and Non-Executive Director

Parris A. Lyew-Ayee was first a member of the Board of Directors of Caribbean Cement Company Limited from 1991 to 1999. He re-joined the Board in 2006 and was appointed Chairman the following year. Mr. Lyew-Ayee holds a B.Sc. honours degree in Special Geology from The University of the West Indies, and a Master of Engineering degree in Mineral Engineering Management from the Pennsylvania State University. He is a member and former President of the Geological Society of Jamaica; a member of the International Committee for Studies of Bauxites, Alumina and Aluminium (ICSOBA); and a member of the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers.

A Geologist and Mineral Engineer, Mr. Lyew-Ayee worked at the Jamaica Bauxite Institute from its inception in 1976, and was its Executive Director for 23 years, before retiring in June 2018. For his long career, and service to the bauxite/alumina industry in Jamaica, the Government of Jamaica awarded him the Order of Distinction (Rank of Officer) in 1988, then the Order of Distinction (Rank of Commander) in 2007. The International Association for the Study of Bauxite, Alumina and Aluminium (ICSOBA) awarded him its prestigious Gold Medal in 1988 for his contribution to the international bauxite and alumina industry.

Mr. Francisco Aguilera Mendoza Managing Director, TCL Group

Francisco Aguilera Mendoza was appointed Managing Director of the TCL Group on December 1, 2020. He has served the TCL Group as a member of the Board of Directors since 2014. Prior to this appointment, Mr. Aguilera was the Vice President of Strategic Planning of the CEMEX South, Central America and the Caribbean Region.

Mr. Aguilera Mendoza joined CEMEX in June 1996 and has held positions in various areas throughout CEMEX's US operations including Logistics Manager, Sales Administration Director, Aggregate Operations VP, and VP & General Manager for the Concrete Pipe Division. He was also VP of Trading for Europe, Middle East, Africa and Asia, based in Spain, and VP of Trading for Americas and Global Shipping Operations based in Mexico. He has extensive experience in the building materials industry, especially in general management, logistics operations, international commerce and

post-merger integrations.

Mr. Aguilera Mendoza holds an MBA with a Major in Operations from the Kellogg Graduate School of Management of Northwestern University, and a B.Sc. in Mechanical and Industrial Engineering from the Monterrey Institute of Technology, Mexico.

Mr. Yago Castro Izaguirre Managing Director

Yago Castro Izaguirre assumed the role of General Manager of the Caribbean Cement Company Limited on August 1, 2019. He was appointed Managing Director of the company on December 1, 2020.

Mr. Castro Izaguirre obtained a B.Sc. in Chemical Engineering from the Universidad Complutense de Madrid and an Executive MBA from the IE Business School.

He has a strong technical and operational background, coupled with financial and strategic management skills. He has extensive industrial and strategic experience developed over 15 years in various key positions at CEMEX operations in Europe, the Midwest and Central America. His most immediate post prior to joining Caribbean Cement Company Limited was that of General Manager, Arawak Cement Company Limited in Barbados. Before joining Arawak, he was the Planning, Procurement and Legal Director for CEMEX in Nicaragua, Guatemala and El Salvador.

Mrs. Dania Jocelyn Heredia Ramirez Director

Dania Jocelyn Heredia Ramirez is a Magna Cum Laude Attorney with a master's degree in Business and Economic Law from the Pontificia Universidad Católica Madre y Maestra (PUCMM) and an MBA from Barna Management School, both in the Dominican Republic.

Mrs. Heredia has held positions as Corporate Attorney in leading Dominican companies, including Verizon and the Dominican Association of Customs-Free Zone. She also worked as Director and Defender of the Public Defender's programme of the Commissioner in support of the Reform and Modernisation of Justice.

In 2005, Mrs. Heredia joined CEMEX Dominican Republic as Corporate Affairs and Legal and Environmental Director, overseeing the Operations for the Dominican Republic and the Caribbean. As

Director, she is responsible for the implementation and enforcement of the Company's policies related to Economic Competition, Code of Ethics and Anti-Corruption, and supervises all the legal aspects for the Dominican Republic, Puerto Rico and Haiti.

She is a member of the Board of Directors of the National Network of Business Support to Environmental Protection (ECORED).

Mr. Hollis N. Hosein
Non-Executive Director

Hollis N. Hosein is a former Group Finance Manager of the TCL Group and has extensive and diverse experience in the areas of Financial Management, General Management and Auditing.

Mr. Hosein is a Fellow of the Association of Certified Chartered Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).

He is Chairman of the Board Audit and Finance Committee and a member of the Human Resource Board sub-committee of Caribbean Cement Company Limited. He is also the Chairman of the Board of Directors for TCL Guyana Inc.

He has a long history of lending voluntary assistance to several charitable projects in Trinidad & Tobago.

Mr. Luis Gilberto Ali Moya
Director

Luis Gilberto Ali Moya was appointed Director of Administration of the CEMEX Group for South America, Central America and the Caribbean in October 2019. Between January 2016 and October 2019 he held the post of TCL Group Finance Manager.

Prior to joining the TCL Group, Mr. Ali Moya served in the positions of Financial and Cost Analyst (CEMEX, Venezuela); Business Process Coordinator (D.H.L, Costa Rica); and most recently, as Business Service Organisation Manager (CEMEX, Costa Rica).

Mr. Ali Moya earned his Bachelor of Accounting degree from the Universidad Católica "Andrés Bello" in Caracas, Venezuela (1997). He then went on to attain an MBA from the Universidad Latinoamericana de Ciencia y Tecnología in San Jose, Costa Rica (2009).

The Hon Peter Moses, OJ
Non-Executive Director

Peter Moses is a noted banking executive who retired in March 2017 from the post of CEO of Citibank after a 42-year career.

He has served on several Boards in the public and private sectors as well as through voluntary service. These include roles such as: President of the Jamaica Bankers' Association, President of the Private Sector Organisation of Jamaica (PSOJ), President of the American Chamber of Commerce (AMCHAM), Director of the Jamaica Exporters' Association (JEA), Director of the Jamaica Drug Abuse Committee, Member of the Review Board for the Jamaica Constabulary Force (JCF), Member of the Review Committee for Petrojam and Chairman of the Public Sector Reform Oversight Committee.

He is currently the Chairman of First Global Bank and a Director of Grace Kennedy Limited. He serves on the Executive of Calabar High School and is the President of the Real Mona Football Club.

His contributions to nation building have been recognised by the Government of Jamaica which has conferred upon him the Commander of the Order of Distinction (CD) and Order of Jamaica (OJ).

EXECUTIVE TEAM



Left - Right:

- Mr. Yago Castro Izaguirre - Managing Director
- Mr. Miguel Roberto Estrada Sanchez - Group Cement Operations and Technical Director
- Mr. Roberto Villarreal - Commercial Director
- Mr. Rohan Anderson - Process Manager



Left - Right:

- Mr. Angel Rivera - Supply Chain Manager
- Mr. Anthony Jones - Head of Finance
- Mr. Victor Aceituno Melgar - Strategic Planning Manager
- Mr. Pablo Bahamon Palencia - Maintenance Manager



Left - Right:

- Mr. Christopher Brown - Production Manager
- Mr. Christopher Bryan - Capital Projects Manager
- Mr. Jorge Camelo - Human Resource Director, TCL Group
- Mr. Craig Lloyd Neil - Legal Counsel / Company Secretary



Left - Right:

- Ms. Kelly Cadavid Lopez - Quality, Quarry & Environment Manager
- Mr. Randy Nunez Fuentes - Procurement Manager
- Mr. Garen Williams - Distribution Sales Manager
- Mr. Andre Nelson - Industrial and Builders Manager

DIRECTORS' REPORT

The Directors submit this report and the audited Financial Statements for the year ended December 31, 2021.

FINANCIAL RESULTS

Results for the year are shown on pages 52 to 100 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiary, Rockfort Mineral Bath Complex Limited.

HIGHLIGHTS OF THE YEAR (\$ Thousands)		
	2021	2020
Turnover	23,840,001	20,108,049
Net Profit	4,341,632	3,196,693
Total Net Assets	15,779,187	11,531,922
Profit per Stock Unit	\$5.10	\$3.76

TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2021		
NAME OF COMPANY	NUMBER OF SHARES	%
TCL (NEVIS) LIMITED	558,688,942	65.64
TRINIDAD CEMENT LIMITED	71,876,497	8.44
CEMEX OPERACIONES MÉXICO, S.A. de C.V.	42,187,482	4.96
JCSD TRUSTEE SERVICES LIMITED - SIGMA EQUITY	11,199,676	1.32
SAGICOR POOLED EQUITY FUND	10,548,012	1.24
MAYBERRY JAMAICAN EQUITIES LIMITED	9,609,724	1.13
SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION	6,827,319	0.80
GUARDIAN LIFE LIMITED	5,674,357	0.67
JCSD TRUSTEE SERVICES LIMITED - A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	3,647,584	0.43
PAM - POOLED EQUITY FUND	3,597,762	0.42
TOTAL	723,884,355	85.05

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2021	
Parris A. Lyew-Ayee	10,000
TOTAL	10,000

SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2021	
Garen Williams	25,000
TOTAL	25,000

With the exception of the Director listed above, no Director or any person/company connected to him has a stockholding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2021.

On behalf of the Board of Directors.



Parris A. Lyew-Ayee, CD
Chairman

CORPORATE GOVERNANCE

Caribbean Cement Company Limited is committed to adhering to the principles and practices of good corporate governance. The company recognises that a robust corporate governance system redounds to the overall benefit of the organisation by fostering better performance, lowering risk of scandal as well as a lower cost of capital.

Based on the guiding principles of fairness, transparency and accountability, the company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture.

The company has adopted a Corporate Governance Policy which was compiled with reference to the United Kingdom Combined Code on Corporate Governance, the Private Sector Organization Code on Corporate Governance and the Corporate Governance Guidelines set out in the Jamaica Stock Exchange Main Market Rules. The Corporate Governance Policy may be viewed on the company's website at www.caribcement.com.

Board Composition

The Board of Caribbean Cement Company Limited comprises of executive and non-executive directors. Three (3) directors, including the Chairman are non-executive and the remaining four(4) are executive.

The company's Articles of Incorporation require that the directors of the company be no less than three and no more than twelve. The Board is currently of sufficient size to ensure that the requirements of the company's business are met and that changes to the Board's composition and that of its committees can be managed without undue disruption.

The Board and its Committees have an appropriate balance of skills, experience, independence, and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

Independence

Independence as defined by the company's Corporate Governance Policy as the absence of undue influence

and bias which can be affected by the intensity of the relationship between the director and the company. An independent director is a director who is free of any interest, position, association, or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the company and its shareholders generally.

Directors' Access to Management and Independent Advice

The Board has unrestricted access to members of management and any information it considers relevant. Management provides the Board with frequent reports and when necessary, members of the management team are invited to attend Board meetings to provide insight into matters being discussed.

Directors, especially independent directors, have access to independent professional advice at the company's expense where such advice is necessary to discharge their responsibilities as directors.

Board Sub-Committees

To enable the efficient discharge of its responsibilities, the Board has established three (3) sub-committees. The sub-committees are the Audit and Finance Committee, Corporate Governance Committee and the Human Resource Committee..

Audit and Finance Committee

The Audit and Finance Committee is comprised of five directors, three of whom are independent. The Committee has oversight responsibilities for the qualitative aspect of financial reporting to the shareholders and reviewing the financial process, the system of internal controls, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct. These responsibilities include:

1. Recommending the appointment of external auditors.
2. Assessing the suitability and independence of external auditors.

3. Following-up on recommendations made by internal and external auditors.
4. Overseeing all aspects of the company-audit firm relationship.
5. Monitoring the performance of the internal audit function ensuring its objectivity and independence in the completion of its duties and responsibilities.
6. Monitoring the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them.
7. Overseeing the establishment, implementation, and assessment of the risk management function.
8. Assessing compliance with applicable laws and regulations.
9. Ensuring that an effective system of internal controls is established and maintained.

The members of the Committee are:

Hollis N. Hosein (Chair)
Parris A. Lyew-Ayee, CD
Dania Jocelyn Heredia Ramirez
Luis Gilberto Ali Moya
Peter Moses, OJ

Corporate Governance Committee

The Corporate Governance Committee is committed to achieving best-practice standards in corporate governance. The responsibilities of the Corporate Governance Committee include but are not limited to the following:

1. Periodically reviewing the company's internal regulations, with special emphasis on corporate governance and compliance policies, and proposing such amendments and updates to the Board of Directors for approval or submission to the shareholders at their general meeting, as may be necessary for their ongoing development and improvement.

2. Promoting the company's corporate governance strategy.

The members of the Committee are:

Dania Jocelyn Heredia Ramirez (Chair)
Francisco Aguilera Mendoza
Peter Moses, OJ

Human Resource Committee

The role of the Human Resource Committee is to develop and/or review policies and goals relevant to executive compensation and development and to make appropriate recommendations to the Board. The responsibilities of the committee include but are not limited to the following:

1. Formulating policies for the company's human resource management function and making recommendations to the Board for approval and adoption.
2. Reviewing, approving and ensuring compliance with existing administrative policies and recommending to the Board the adoption of proposals for all senior managers and executives.
3. Ensuring that the company's Human Resource Department provides efficient services utilising equitable, transparent and contemporary performance management measures and systems.
4. Acting autonomously and approving on its own account, specific human capital initiatives and recommendations that fall within the overall ambit of pre-existing Board approved policies and systems.

The members of the Committee are:

Peter Moses, OJ (Chair)
Hollis N. Hosein
Dania Jocelyn Heredia Ramirez

Attendance at Board and Committee Meetings

The Board meets based on the pre-approved schedule of meetings for the year. Directors are required to attend board meetings and assigned committee meetings, to prepare and actively participate in

meetings. The involvement and commitment of directors is evidenced by their regular board and committee meeting attendance as shown in the table below.

Director	Board	Audit & Finance Committee	Corporate Governance Committee	Human Resource Committee
Parris A. Lyew-Ayee, CD	5/5	5/5	N/A	N/A
Yago Castro Izaguirre	5/5	N/A	N/A	N/A
Francisco Aguilera Mendoza	5/5	N/A	1/1	N/A
Hollis N. Hosein	4/5	5/5	N/A	1/1
Peter Moses, OJ	5/5	5/5	1/1	1/1
Dania Joycelyn Heredia Ramirez	5/5	2/5	1/1	1/1
Luis Gilberto Ali Moya	5/5	5/5	N/A	N/A

Directors' Remuneration

Executive directors do not receive remuneration for services performed.

The remuneration of the non-executive directors is determined by an ordinary resolution of the shareholders of the company in accordance with its Articles of Incorporation. The remuneration provided is on the premise that it should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully. In making a recommendation to the shareholders of the company on the remuneration of directors, the Board is guided by the company's Remuneration Policy which provides that remuneration should be determined in accordance with the following principles:

- remuneration based on time required, expertise and experience
- compensation for legal exposure
- comparability with similar companies
- official overseas travel for Board duties

The company compensates its directors fairly and aligns remuneration with the company's strategy. The compensation of directors is made up solely of fees, which are determined by their membership on various committees and any other objective circumstances that the Board may consider. Directors do not receive any share-based compensation.



We are committed to sustainability and signed a memorandum of understanding with the Government in June 2021 for the co-processing of tyres from disposal sites across the island for use as an alternative form of energy to produce cement. Managing Director of Caribbean Cement Company Limited, Yago Castro (centre), and Prime Minister, the Most Hon. Andrew Holness (left), display the signed memorandum of understanding at a ceremony at Jamaica House in Kingston. Others from (second left) are Caribbean Cement Company's Stakeholder Manager, Balfour Denniston, Minister of Housing, Urban Renewal, Environment and Climate Change, Pearnel Charles Jr. and Chairman of Caribbean Cement Company, Parris Lyew-Ayee, CD.

Sustainability



With a strong commitment, in 2021 Caribbean Cement Company Limited introduced Vertua-certified cement that offers more than 15% reduction in carbon emissions during the manufacturing process.



Low carbon product

Vertua[®]

CLASSIC



CARIBBEAN
CEMENT
COMPANY
LIMITED

CARIB CEMENT

CHAIRMAN'S STATEMENT



Parris A. Lyew-Ayee, CD
Chairman

DEAR SHAREHOLDERS:

"I can be changed by what happens to me, but I refuse to be reduced by it." This quote, said to be attributed to Maya Angelou, famed author of 'I Know Why the Caged Bird Sings', fittingly characterises the year 2021 for our company. It captures our resolve to remain effective and our ability to keep focused on our strategy for growth and improvement, as well as a determination to adapt to the new normal brought on by the COVID-19 pandemic.

Health and Safety

As with prior years, our foremost concern of protecting the health and safety of our employees, suppliers and all stakeholders remained top priority.

Thanks to the continued implementation of our 52+ protocols, educational campaigns about personal hygiene and protection, and the introduction of vaccines, we were able to stave off any serious threats to our business continuity. We must also laud our health and safety team for its demonstrated commitment to ensuring that there were no lost-time incidents during the year.

On behalf of the Board, let me take this opportunity to extend commendations to the management and staff for their continued proactivity, adaptability, and adherence to the company's health and safety values.

Financial Performance

We are happy to report another year of a solid operating performance for Caribbean Cement Company Limited, with some noteworthy achievements. The company earned revenue of \$23.8 billion, representing growth of 19% when compared to 2020. This increase in revenue is attributed to increased local demand for our brand, and the company's ability to meet that demand. Owing to our strong performance during the year, we were also able to pay off our long-term debt.

Operations

We remained committed to investing in key areas of our company, and over the year a total of \$1.7 billion was invested to improve the areas of environment and plant efficiency.

Caribbean Cement Company was also able to successfully meet both local and international standards and to retain its plant certifications. As we continue to sustainably advance our operations, we have acted responsibly by limiting environmental impact through several initiatives. One such initiative, which is part of our climate change strategy, was the inking of a Memorandum of Understanding with the Government of Jamaica to undertake the National Programme for the Environmentally Sound Management of End-of-Life Pneumatic Tyres. This project is aimed at providing an alternative fuel source for our operations.

Investor Relations

Caribbean Cement Company was able to stage its 72nd annual general meeting virtually via webcast on December 7, 2021. During the meeting, majority shareholders of the company indicated their support for a dividend policy that would assist us in having a framework for the administration, declaration, and payment of dividends. A resolution was also approved to execute the Services and Intellectual Property Agreements with various subsidiaries of CEMEX in accordance with certain terms and conditions. A general framework for the corporate services provided by CEMEX to Caribbean Cement Company has been established under these agreements, as well as the payment of royalties for the use of intellectual property owned by CEMEX and licensed by Caribbean Cement Company for a fee not exceeding four per cent of Carib Cement's consolidated net sales. Effective in January 2022, the annual fee applicable to the agreements shall be equal to two

percent of the consolidated net sales of Carib Cement while the company continues the process of integrating the CEMEX business models into its operations.

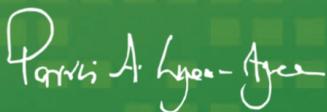
Through the execution of these agreements, Caribbean Cement Company will continue to benefit from and leverage CEMEX's knowledge and best practices.

We want to say a special thank you to all shareholders who participated in the forum and made history with us on that day.

Outlook

As we continue to adapt to the changing environment in which we operate, and as our country's economy slowly but surely returns to pre-pandemic levels of performance, we are cautiously optimistic about the future. Even with new challenges stemming from the Ukraine/Russia conflict that, in one way or another, threaten businesses globally, the board and management will continue to develop strategies to improve and to remain agile as we navigate these unprecedented and changing times.

The Board of Directors wishes to thank Managing Director, Yago Castro, the management team, employees, distributors, shareholders and all other stakeholders for their loyalty and support. We also thank our parent company for the confidence and support that they have given to us as we continue our objective of building a greater Jamaica.



Parris A. Lyew-Ayee, CD
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



Yago Castro Izaguirre
Managing Director

Health and Safety

The health and safety of our employees, suppliers and all stakeholders who enter our plants and quarries remain a fundamental priority. Through sustained education, investment, and the implementation of several programmes, we have attained 894 days without a lost time incident (LTI) among employees at the Rockfort Plant and more than double that number at our quarries, specifically 2,381 days without a LTI. Contributing to this result was the continual improvements in traffic management, guarding and isolation around the plant, implementation of pandemic management initiatives, as well as the completion of various behavioural safety training programmes, which included 365 behavioural safety; lock out, tag out, try out; and standard works with our staff. As part of the CEMEX Global Supply Chain safety programme, all seven modules of the driving school journey were completed.

There were also several initiatives to improve our emergency response. These included refresher training on emergency response procedure, first aid, firefighting training as well as fire drills.

Our health programme continues to focus on the COVID-19 pandemic. The main highlights were centred around educational campaigns about personal hygiene and protection during the pandemic as well as work break and stretching activities.

COVID-19 and Our Actions

Our company has been proactive in implementing measures to protect our employees while fostering operational resilience. In this regard, we have implemented measures, including:

- Random COVID-19 tests at our health centre
- Screening employees before entering and exiting the plant - thermometer testing
- Developing contingencies
- Increasing customer engagement and delivering value in innovative ways, while observing physical distancing
- Enhancing our communication with employees and all relevant stakeholders
- Setting up additional hand washing stations and hand sanitiser dispensers
- Providing respirators and sanitisation kits to employees
- Increasing the frequency of cleaning and sanitisation of surfaces

In addition to sanitisation programmes, N-95 masks were handed out and temperature checks done in accordance with the Ministry of Health and Wellness COVID-19 guidelines. Other measures implemented included campaigns to promote vaccination among our employees.

The pandemic is being monitored and tracked by local and regional rapid response teams with the support of CEMEX global resources. We take our responsibility as an important contributor to the Jamaican economy very seriously and will therefore do all that is necessary to flatten the curve while keeping our operations going. The company maintains its commitment to ensuring that the health & safety of all employees is our top priority.

Guarding and Isolation



Pandemic Management Initiatives



Emergency Response



Health Initiative



Environment and Quality

Our customer focus is a core organisational value and priority built on a comprehensive understanding of who our customers are, what is important to them, and how we can best serve their needs. We leverage our leading-edge innovation and agility to develop superior building products and solutions that perform at the highest levels, and because of this, our goal is to meet both local and international standards for our products. All cement dispatched in 2021 met the Jamaican Standard (JS) and American Society for Testing and Materials (ASTM) product specifications, and through our quality management system which keeps abreast of industry and international best practices, we have successfully retained our ISO 9001:2015 plant certification. We are committed to producing quality products and services in a safe and environmentally friendly manner and to this end, we have an integrated management system that continues to be ISO 14001:2015 and ISO 45001:2018 certified. Our in-house laboratory has also successfully demonstrated technical competence by maintaining our ISO 17025:2017 plant certification. All our plant certifications are issued by Société Générale de Surveillance (SGS), our current certifying body except for ISO 17025:2017, which is issued by the ANSI National Accreditation Board, our accreditation body.

Our viability is inextricably linked to the responsible management of our impact on the environment. While consistently tackling dust emissions, we have continued to invest in more efficient equipment and monitoring processes. This was accomplished by ensuring reliable operation of our continuous emissions monitoring system (CEMS), routine calibration, and general maintenance of the gas analyser at the kiln stack. A defining change in the landscape and safety of our operations was successfully executed by following the rehabilitation plans for both active and inactive quarries; rehabilitation of the main road leading to our quarries; investment in new dust collectors and equipment to mitigate emissions; and continuous maintenance of the green areas. Also, as part of our climate change strategy, we signed a Memorandum of Understanding with the Government of Jamaica titled the National Programme for the Environmentally Sound Management of End-of-Life Pneumatic Tyres, which is aimed at safely co-processing used tyres and converting them into an alternative source of fuel. This will have a positive impact on the environment. These actions demonstrate our commitment not only to the continued viability of our operations, but also to the sustainability of our surrounding communities, and the environment in general for future generations.



Customer Centricity

Last year was a challenging year with the prevailing health circumstances and appropriate protocol responses to the pandemic. We were very aware of the booming nature of the construction industry in Jamaica. To successfully meet the demands of our customers, we maintained a proactive approach to doing business aimed at constantly improving our performance and strengthening our ability to create greater value for our customers.

We successfully implemented various initiatives geared at enhancing and offering the best experience to our customers. We initiated our E-invoice system by offering paperless invoices to our customers via emails. This was further boosted by the implementation of our Electronic Delivery Ticketing Module that preassigns paperless access to both pickup and delivery customers making the delivery process seamless and transparent. In partnership with the marketing demands of our retail customers, we were able to offer them enhanced brand visibility through signage. Our 'cement sold here' signs were revamped and offered to customers for greater impact and brand recognition in the marketplace. We went a step further to incorporate the brand on the tarpaulins that are used as a protective covering for our cement haulages. We continue to offer flexibility in customer payment methods by initiating a drive to switch from cheques to direct deposit and wire transfers. Every day, we strive to improve, to innovate, and to be recognised as the company that offers the best experience to its customers.



Market Review

In 2021, the total domestic cement demand improved by an estimated 15% when compared to the previous year due to the strength of the construction industry, particularly in the residential housing sector. This contributed to Caribbean Cement Company's total domestic sales volumes increasing by 11% when compared to 2020. The increased volumes can be attributed to the establishment of Carib Cement as the consumers' choice in the Jamaican market and complemented by our improved sales and logistics offering throughout the country.

Financials

Regarding the company's financial performance, Caribbean Cement Company Limited earned revenue of \$23.8 billion, representing growth of 19% when compared to 2020. The increase in revenue was related to the stronger domestic demand and the company's capacity to supply the local market.

The net operating earnings before other expenses for the period was \$7.3 billion; while the operating earnings after other expenses was \$6.9 billion, representing an increase of \$0.6 billion when compared to the 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 of our main equipment and operational processes.

The company recorded earnings before taxation of \$5.7 billion, representing an improvement over the \$1.3 billion 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 flow, the net cash provided by operating activities was \$7.1 billion for the year. The cash flow generation during the period has allowed the company to pay off its long-term debt.

Operations

The implementation of the multi-year capital expenditure plan continued throughout 2021 despite the COVID-19 pandemic. The implementation of the vaccines provided a boost to recovery. As a result, a total investment of \$1.7 billion was made during the period and was distributed in the categories of safety, environmental and plant improvement projects. Additional projects included traffic management, dust mitigation, mobile equipment, packing plant flexibility, packing line improvement, and the grinding admixture implementation.

The company is committed to continue its focus on transformational development of its employees and plant through its 2022 investment programme. The plan will include the completion of capacity upgrades of the packing plant feed system, dust mitigation and traffic management amongst others. The objective is to develop a safe, modern, and efficient world-class competitive cement operation in the South, Central America, and Caribbean (SCA&C) region.



Human Capital

Throughout our history, we have maintained a commitment to improving the skills of our human capital. This, in turn, guarantees that our team remains highly skilled and excited about their role. As we continue to adjust to life in a pandemic and the challenges faced, the priority remains to offer a wide range of training to our employees. Our training hours for the year 2021 totaled 4,919 hours. Areas of training included: health and safety, Microsoft Office, Spanish language, cement operations, industrial relations, team building, supply chain, unconscious bias, leadership, and the CEMEX culture. We also continued our hosting of trainings, by facilitating a vibration seminar following our CEMEX Maintenance Masters in 2019 and 2020. We had in total ten participants from two countries for a four-day session.

In 2019, we began utilising the resources of the CEMEX University platform that provides a selection of virtual trainings. Since our first introduction to the platform, more employees have been able to complete different trainings virtually while maintaining physical distancing. We have been able to share the CEMEX culture more openly as well as facilitate sessions on climate change, anti-corruption, unconscious bias, compliance, sustainability, and supply chain principles. We are taking advantage of its ability to develop our employees and further contribute towards our goals and to keeping our people safe.

Through the implementation of the CEMEX Campus programme which was launched in January 2021, we were able to continue developing our managers and coordinators whilst demonstrating our commitment to our community. Our experts were able to share knowledge with the students from our local universities about the operations of a multinational company and the day-to-day tasks that go into achieving results. We successfully launched two seasons of the programme, which reached Jamaica, Trinidad & Tobago, and The Bahamas. Additionally, we used this opportunity to select key individuals to participate in internships, who transitioned into full-time employment with the company.



COVID 19- Simply Talk



**COVID-19
VACCINE**

COVID 19 Vaccines: Facts vs Myths

DATE:
TUESDAY,
AUGUST
10th, 2021

TIME:
2PM-3PM

PLACE:
 Microsoft
Teams

THE SPEAKER
 **Dr. Orville Nembhard**
Medical Practitioner





Macroeconomic Outlook

A rebound in the Gross Domestic Product (GDP) of 4.3% was observed in 2021 after the GDP decrease of 9.9% in 2020 because of the onset of the pandemic. This rebound may be attributed to the partial recovery in tourism as well as the less restrictive measures against COVID-19. However, the Jamaican dollar depreciated by an average of 5.9%. The inflation rate for 2021 (9.1%) was higher than the target (4% to 6%), mainly driven by increment in the price of food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, and transport.

Meanwhile, the growth in the construction sector was attributed to road repairs and housing. Cement consumption was driven by residential projects in 2021 and it is expected that housing will continue to be the main driver for the construction sector in 2022.

The main challenge for 2022 and the coming years will be to recover the levels of economic growth prior to the pandemic as well as the high inflationary pressure observed especially in fuels and electricity. The creation of employment through local production should be a key contributor to this goal.



Yago Castro Izaguirre
Managing Director





Standing tall over Rockfort, Kingston, is Carib Cement's silo mural, which depicts the bond shared between Mexico and Jamaica. The mural is part of Jamaica's 60th Independence anniversary celebrations, and was done under the 'Jamaica Creative: Paint up yuh Creative Space' project.



Our cement product builds communities across Jamaica. But it is our people who bring those community relationships to life. It is this community spirit that makes us dedicate ourselves to what we have always cherished: Building a Greater Jamaica.



Social Impact

We are proud of the courage and community spirit displayed by our Carib Cement\CEMEX employees, and Jamaicans as we worked together to create our new normal in the face of the global pandemic that continued throughout 2021.

As we look towards the future, Carib Cement shows strength and resilience, remaining committed to supporting and empowering our communities and fostering sustainable partnerships. The evolution of the COVID-19 virus shifted our focus to vaccination; partnering with industry stakeholders to access vaccines for our employees and developing our youth as we hosted the CEMEX Campus programme for the first time in the region.

Our community concrete road initiative has also been a success, as local communities, particularly those in farming areas now enjoy concrete roads that will last a lifetime to walk, ride or drive on.

In 2022, we continue to demonstrate strength, courage, and community spirit as we practice our new normal, uplifting, protecting, and developing our people and economy.

Here are some of the highlights of our 2021 Social Impact activities.



Social Impact Specialist at Caribbean Cement Company Limited, Jerome Cowans (centre), presents a cheque valued at \$1.5 million to the Project Lead of the Private Sector Vaccine Initiative, Saffrey Brown (left), to support the drive to vaccinate members of the productive sector, at the offices of the Private Sector Organization in Kingston on October 21 last year. At (right) is Communications and Social Impact Coordinator at Carib Cement, Chad Bryan.



Managing Director of Caribbean Cement Company Limited, Yago Castro (second left), is joined by Member of Parliament (MP) for North East Manchester, Audley Shaw (right), at the official opening of a concrete road constructed by the cement company in Denham Farms in the parish, on June 10. Others from left are Councillor of the Christiana Division, Desmond Harrison, and Custos of Manchester, Garfield Green.



Managing Director of Caribbean Cement Company Limited, Yago Castro (right), is joined by Member of Parliament (MP) for North East Manchester, Audley Shaw (right), on a tour of the newly commissioned concrete roadway constructed by the cement company in Denham Farms in the parish, on June 10.

Talent and Compensation HR Coordinator at Carib Cement, Shantana Williams (centre), observes as former CEMEX Campus participant, Kidroy Scott (left), who now works in security, receives a token and certificate from the University of Technology's Dean of the Faculty of the Built Environment, Dr. Garfield Young, during the first iteration of the Carib Cement hosted CEMEX Campus, at the cement company's Sports Club.



Managing Director of Caribbean Cement Company Limited, Yago Castro (centre), and Industrial and Building Solutions Manager, Andre Nelson (left), joins Member of Parliament for East Rural St. Andrew, Juliet Holness (right), on a newly commissioned concrete roadway in the constituency on October 7.





Managing Director of Caribbean Cement Company Limited, Yago Castro (second right), presents a book voucher to Principal of North Street Primary School, Cecele Smythe (left), at a hand over ceremony at the cement company’s Sports Club on January 18. Others from second left are Zachary Palmer and Executive Director of MultiCare Youth Foundation, Alicia Glasgow-Gentles.



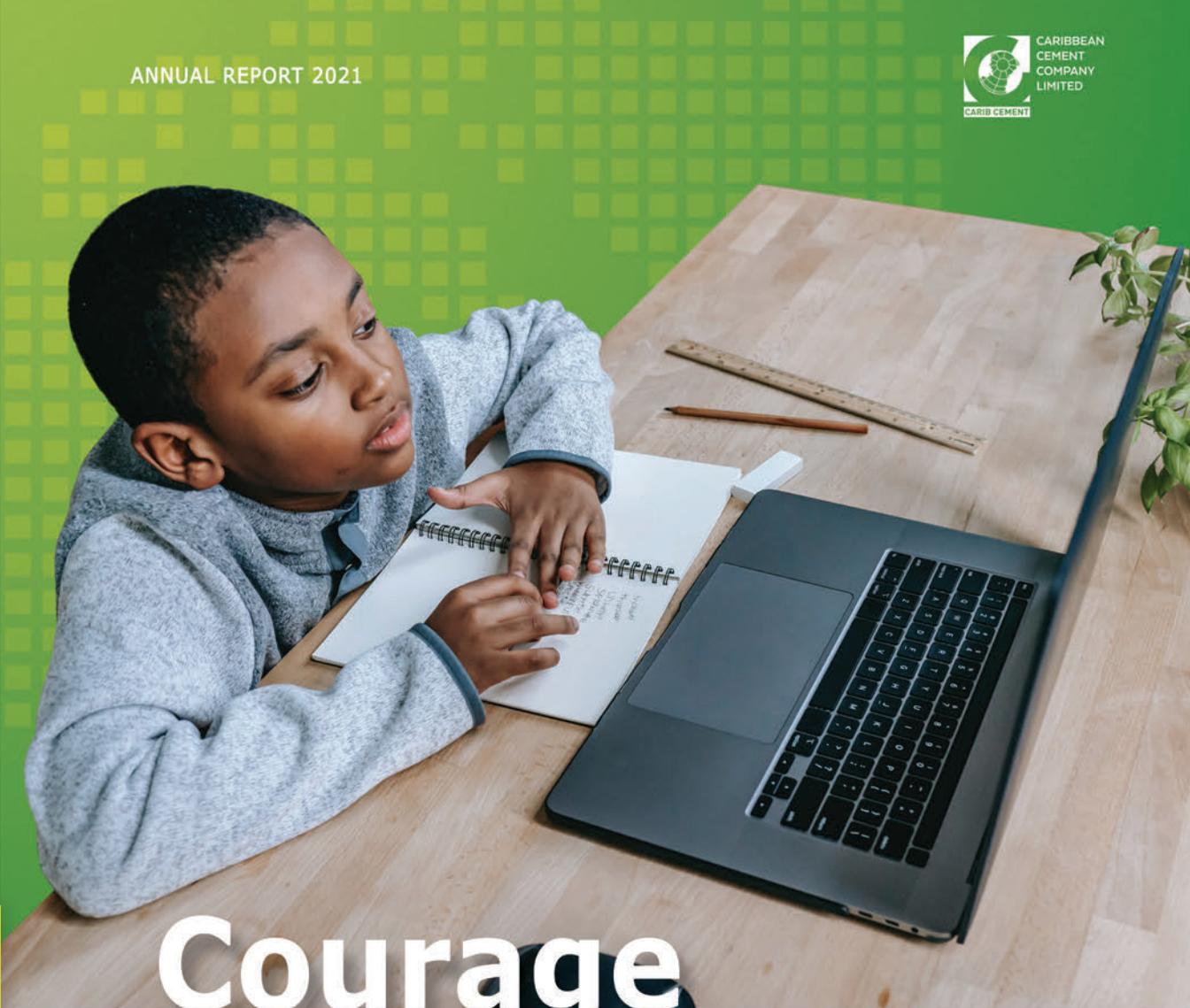
Managing Director of Caribbean Cement Company Limited, Yago Castro (second left), presents Chairman of the MultiCare Youth Foundation, Joseph M. Matalon (right), with a cheque valued at \$1 million at the Carib Cement Sports Club in Rockfort, Kingston on September 22, 2021. Others participating in the presentation from left are: Carib Cement Social Impact Specialist, Jerome Cowans and Executive Director of the MultiCare Youth Foundation, Alicia Glasgow Gentles. The funds are to assist the Foundation with the second phase of a skills training programme that targets teachers in Early Childhood education in inner city communities. Funding will also be used for COVID-19 relief efforts.



Managing Director of Caribbean Cement Company Limited, Yago Castro (left), explains the mural to Minister of Culture, Gender, Entertainment and Sport, Hon. Olivia Grange during her visit. At (centre), Mexican Ambassador to Jamaica, His Excellency, Juan José González Mijares. The mural was unveiled as part of the island's 60th anniversary of Independence celebrations and was done under the 'Jamaica Creative: Paint Up Yuh Creative Space'. The work depicts the bond shared between Mexico and Jamaica.



Carib Cement employees pose with their vaccination cards after receiving the first dose of the AstraZeneca COVID-19 vaccine at the Girl Guides Association of Jamaica's office in St Andrew.



Courage

The COVID-19 pandemic continues to affect all our stakeholders, particularly our little ones. We respect the courage that our employees and members of our community have shown throughout the year to mitigate the effects on our lives, and will continue to assist wherever we can.

TEN-YEAR FINANCIAL SUMMARY

(In \$'000 except for items with *)

	2021	2020	2019	2018
REVENUE	23,840,001	20,108,049	17,764,664	17,573,931
Earnings (loss) before taxation	5,711,427	4,424,900	2,737,414	3,294,661
Taxation	(1,369,795)	(1,228,207)	(853,736)	(828,568)
Net income (loss)	4,341,632	3,196,693	1,883,678	2,466,093
*Earnings (loss) per share	5.10	3.76	2.21	2.90
EBITDA	8,402,058	7,822,827	5,851,647	5,318,949
Shareholders' equity	15,779,187	11,531,922	8,310,524	6,418,181
*Shareholders' equity per share	18.54	13.55	9.76	7.54
Capital expenditure - CWIP	1,686,304	778,029	1,334,340	16,663,006
Total Capital Expenditure	1,686,304	778,029	1,334,340	16,663,006
Depreciation	1,515,255	1,536,260	1,603,850	1,153,830
Working Capital	(4,273,449)	(3,252,390)	(1,483,548)	(1,470,873)
Property, plant & equip't before dep'n	34,436,923	32,704,773	31,840,457	31,626,947
Long-term debt	-	4,442,650	9,155,656	11,387,028
Total third party debt	204,805	183,452	146,843	-
Parent company debt	1,446,582	2,047,078	3,022,930	3,771,539
Total debt	1,651,387	6,673,180	12,325,429	15,158,567
*Cement imported (tonnes)	107,649	6,000	80,196	106,132
*Clinker imported (tonnes)	-	-	-	48,004
*Production (tonnes)				
Cement	979,297	940,005	758,829	787,411
Clinker	773,522	731,473	642,946	612,988
*Cement Sold (tonnes)				
Local	1,078,004	973,433	848,110	876,964
Export	960	1,575	2,952	4,526
TOTAL	1,078,964	975,008	851,062	881,490
*Clinker Export (tonnes)	-	-	28,561	-

	2017	2016	2015	2014	2013	2012
	16,513,084	15,780,756	15,431,897	14,356,017	12,089,484	9,084,600
	1,510,411	1,350,862	1,726,388	255,985	(3,079)	(2,672,105)
	(398,677)	(49,160)	(180,248)	(117,000)	117,000	(676,160)
	1,111,734	1,301,702	1,546,140	138,985	113,921	(3,348,265)
	1.31	1.53	1.82	0.16	0.13	(3.93)
	2,979,450	2,702,838	2,576,658	961,070	1,470,090	(750,438)
	8,340,030	7,738,876	6,437,174	4,891,034	4,752,049	(2,939,072)
	9.80	9.09	7.56	5.75	5.58	(3.45)
	2,234,050	1,699,091	810,904	599,091	578,530	149,217
	2,234,050	1,699,091	810,904	599,091	578,530	149,217
	531,602	495,688	396,931	364,828	319,207	430,695
	789,965	1,053,992	1,286,956	793,628	1,245,920	191,424
	14,973,590	12,739,772	11,048,229	10,243,474	9,665,926	9,136,341
	-	-	-	-	739,476	797,712
	-	-	-	779,600	808,810	832,173
	547,931	104,041	1,715,593	1,752,224	1,232,104	7,881,126
	547,931	104,041	1,715,593	2,531,824	2,040,914	8,713,299
	36,802	-	-	-	-	-
	-	-	-	-	-	-
	845,932	911,325	807,817	830,061	824,893	760,296
	691,588	761,061	804,296	795,042	696,077	652,579
	829,802	785,056	672,042	598,165	594,764	536,349
	35,052	119,098	151,146	232,766	231,865	218,722
	864,854	904,154	823,188	830,931	826,629	755,071
	33,467	39,540	180,385	155,423	36,570	12,673



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Caribbean Cement Company Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 52 to 100 which comprise the Group's and Company's statements of financial position as at December 31, 2021, the Group's and Company's income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of expected credit losses on financial assets

See notes 9 and 16.5 of the consolidated financial statements

Key audit matter

The Group has significant concentration of credit risk with two large credit customers, in aggregate, accounting for 96% (2020: 57%) of trade receivables at the reporting date.

IFRS 9 requires the Group to recognise expected credit losses ('ECL') on trade receivables. The determination of ECL is subjective and requires management to make significant judgements and assumptions.

The key area requiring greater management judgement includes the incorporation of forward-looking information, adjusted for COVID-19 related factors. IFRS 9 requires judgements to be made about future economic scenarios and their impact on expected credit losses.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Testing automated controls over the ageing of trade receivables. Our testing of automated controls involved using our own Information Technology Audit Specialists to test the design, implementation and operating effectiveness.
- Testing manual controls over the accuracy of the calculation, management validation and review of macro-economic variables and inputs to the model.
- Testing the completeness and accuracy of the data used in the model to the underlying accounting records.
- Evaluating the methodology, the macro-economic variables and scenarios used and accuracy of the calculation of ECL.
- Comparing the entity's definition of default, as outlined in the accounting policy against the definition that management uses for credit risk management.
- Involving our Financial Risk Management Specialists to independently challenge management's assumptions around the incorporation of forward looking information.
- Assessing whether disclosures in the financial statements are adequate.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Carrying amount of inventories

See note 11 of the consolidated financial statements

Key audit matter

The estimation of the physical quantities of stockpiles is a key audit matter because there might be errors in the conversion and calculation of the quantities of raw materials such as gypsum and clinker which are combined to produce cement.

Additionally, the provision for the dead stock cement and aged clinker is based on management's estimate which involves significant judgement.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Testing controls over the reconciliation of the stockpile measurement to the final inventory listing.
- Attending the year-end physical stock counts for selected locations including those where the Group engaged independent surveyors to assist with the assessment of the inventory stockpile measurements used and the adherence to appropriate stock count processes.
- Considering the competence of the surveyors.
- Assessing the results of the reports, and seeking to understand and corroborate the reasons for significant or unusual movements in inventory quantities between the accounting records and the results of the inventory stockpile measurements performed as part of the year-end physical stock counts.
- Obtaining the inventory valuation calculations, agreeing stock quantities in those calculations to the accounting records, and testing the net realisable values.
- Evaluating whether the accounting treatment adopted by management was consistent with the requirements of IFRSs.
- Considering the adequacy of the Group's disclosures about inventory.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition

See note 3 of the consolidated financial statements

Key audit matter

The main activities of the Group are the manufacture and sale of cement. The Group recognised revenue from the sale of cement mainly generated from domestic sales.

We have identified recognition of revenue as a key audit matter because there is a risk of misstatement due to incentives/pressures on management to meet third party expectations. This may result in increased risk of fraudulent or premature revenue recognition.

Further, transactions occurring close to the year-end could be recorded in the wrong financial period.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition.
- Inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of risks and rewards of the ownership of the products sold and assessing the Group's timing of recognition of revenue with reference to the requirements of the prevailing accounting standards.
- Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition (continued)

Key audit matter

How the matter was addressed in our audit

Our audit procedures in response to this matter, included (continued):

- Comparing, on a sample basis, revenue transactions recorded before and after the financial year end date with goods delivery notes and other relevant documentation to assess whether the revenue had been recognised in the appropriate financial period.
- Inspecting underlying documentation for manual journal entries relating to revenue raised during the year and subsequent to the reporting date which were considered to be material or met other specific risk-based criteria.

Valuation of employee benefits obligation

See note 18 of the consolidated financial statements

Key audit matter

The Company operates a post-retirement medical benefit scheme. Significant estimates are made in valuing the Company's obligation.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Evaluating the competency and objectivity of the appointed Actuary.
- Determining that the actuarial valuation was performed using the projected unit credit method as required under IAS 19 and vouching a sample to underlying systems and reports.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of employee benefits obligation (continued)**Key audit matter**

The valuation is considered to be a significant risk, given the size of the obligation, small changes in the assumptions can have a material financial impact on the Group's financial statements. The key assumptions involved in calculating the obligation are the discount rate, inflation rate and future growth in medical rates.

Management appointed an external actuarial expert to assist in determining the assumptions and valuing the obligation.

The use of significant assumptions increases the risk that management's estimate can be materially misstated which requires special audit consideration.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included (continued):

- With the assistance of our Actuarial Specialists, challenging the actuarial valuation report by considering whether the assumptions and method used were appropriate and consistent with the guidance, inter alia, from the Institute of Chartered Accountants of Jamaica and in accordance with the requirements of the standard.
- Considering the appropriateness and adequacy of the accounting policy and disclosures.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 50 to 51, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is W. Gihan C. de Mel.

Chartered Accountants
Kingston, Jamaica

February 28, 2022



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Appendix to the Independent Auditors' Report (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CARIBBEAN CEMENT COMPANY LIMITED

Group Income Statement

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		2021	2020
Revenue	3	\$ 23,840,001	20,108,049
Cost of sales	5(ii)	(14,007,828)	(10,971,463)
Gross profit		9,832,173	9,136,586
Operating expenses	5(ii) and (iii)	(2,501,440)	(2,354,597)
Operating earnings before other expenses, net	5(i)	7,330,733	6,781,989
Other expenses, net	6	(443,930)	(495,422)
Operating earnings		6,886,803	6,286,567
Financial income		12,300	10,363
Financial expenses	7	(670,895)	(811,755)
Loss on foreign exchange		(516,781)	(1,060,275)
Earnings before taxation		5,711,427	4,424,900
Taxation charge	19.1	(1,369,795)	(1,228,207)
CONSOLIDATED NET INCOME		\$ 4,341,632	3,196,693
Earnings per stock unit (expressed in \$ per stock unit)	21	5.10	3.76

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Group Statement of Comprehensive Income

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		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	18	(179,630)	3,142
Deferred tax recognised directly in other comprehensive income	19.2	44,908	(786)
		<u>(134,722)</u>	<u>2,356</u>
Items that are or may be reclassified subsequently to the income statement:			
Effects from derivative financial instruments designated as cash flow hedge	16.4	40,355	22,349
		<u>40,355</u>	<u>22,349</u>
Total items of other comprehensive (loss) income, net		(94,367)	24,705
TOTAL COMPREHENSIVE INCOME		\$ 4,247,265	3,221,398

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Group Statement of Financial Position

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	As of December 31	
		2021	2020
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand	8	\$ 244,900	513,136
Trade accounts receivable, net	9	324,808	141,401
Other accounts receivable	10	76,781	88,782
Inventories, net	11	3,440,106	2,370,708
Accounts receivable from related parties	22.1	121,565	150,057
Other current assets	12	68,282	74,109
Total current assets		4,276,442	3,338,193
NON-CURRENT ASSETS			
Property, machinery and equipment, net	14	23,232,007	22,981,295
Accounts receivable from related parties	22.1	-	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	16.2	\$ 1,514,153	1,108,114
Trade payables		4,451,098	3,058,807
Accounts payable to related parties	22.1	872,852	585,169
Other current liabilities	17	1,711,788	1,838,493
Total current liabilities		8,549,891	6,590,583
NON-CURRENT LIABILITIES			
Long-term debt	16.1	-	4,442,650
Other financial obligations	16.2	137,234	1,122,416
Employee benefits obligation	18	1,123,716	882,360
Deferred tax liabilities	19.2	1,885,512	1,700,957
Other non-current liabilities	17	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	20.1	1,808,837	1,808,837
Capital contribution	20.1	3,839,090	3,839,090
Reserves:			
Realised capital gain	20.2(a)	1,413,661	1,413,661
Other equity reserves	20.2(b)	3,577,892	2,564,656
Accumulated net income	20.2(c)(iii)	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

These consolidated financial statements on pages 52 to 100 were approved by the Board of Directors on February 28, 2022 and signed on their behalf by:



Parris A. Lyew-Ayee

Chairman



Yago Castro

Director

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Group Statement of Cash Flows

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		2021	2020
OPERATING ACTIVITIES			
Consolidated net income		\$ 4,341,632	3,196,693
Adjustments for:			
Depreciation and amortisation of assets	5(i), 14	1,515,255	1,536,260
Loss on disposal of property, machinery and equipment		5,761	-
Net recovery of impaired receivables	9	(26)	(805)
Interest income		(12,300)	(10,363)
Interest expense	7	267,719	562,432
Taxation charge	19.1	1,369,795	1,228,207
Property, machinery and equipment write-back	14	-	(1,334)
Decrease in rehabilitation provision	17	(13,879)	(5,572)
Inventory write off	6, 11	184	64,855
Inventory impairment allowance, net	11	60,489	4,000
Reversal of stockholding and inventory restructuring provision	6, 11	(4,977)	(39,885)
Employee benefit expenses	18	15,198	13,675
Unwinding of discount on preference shares	16.2	376,010	221,169
Unwinding of discount on rehabilitation provision	7, 17	4,845	8,091
Unwinding of discount on lease liabilities	7	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	18	(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	14	(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	16.1	(4,442,650)	(4,733,485)
Other financial obligations:			
Repayment of redeemable preference shares	16.2(a)	(1,167,440)	(1,451,891)
Payment of lease liabilities	16.2(b)	(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	8	\$ 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

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Group Statement of Changes in Stockholders' Equity
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

	Notes	Ordinary stock	Capital contribution	Reserves				Total capital & reserves
				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	20.2(b)(i)	-	-	-	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	20.2(b)(i)	-	-	-	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

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Income Statement

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		2021	2020
Revenue	3	\$ 23,840,001	20,105,499
Cost of sales	5(ii)	(14,007,828)	(10,971,463)
Gross profit		9,832,173	9,134,036
Operating expenses	5(ii) and (iii)	(2,480,341)	(2,332,482)
Operating earnings before other expenses, net	5(i)	7,351,832	6,801,554
Other expenses, net	6	(455,574)	(506,840)
Operating earnings		6,896,258	6,294,714
Financial income		12,300	10,363
Financial expenses	7	(670,895)	(811,755)
Loss on foreign exchange		(516,781)	(1,060,275)
Earnings before taxation		5,720,882	4,433,047
Taxation charge	19.1	(1,369,795)	(1,228,141)
NET INCOME		\$ 4,351,087	3,204,906

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Comprehensive Income

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		2021	2020
NET INCOME		\$ 4,351,087	3,204,906
Items that will not be reclassified subsequently to the income statement:			
Net actuarial (losses) gains from remeasurements of defined benefit pension plans	18	(179,630)	3,142
Deferred tax recognised directly in other comprehensive income	19.2	44,908	(786)
		<u>(134,722)</u>	<u>2,356</u>
Items that are or may be reclassified subsequently to the income statement:			
Effects from derivative financial instruments designated as cash flow hedge	16.4	40,355	22,349
		<u>40,355</u>	<u>22,349</u>
Total items of other comprehensive (loss) income, net		<u>(94,367)</u>	<u>24,705</u>
TOTAL COMPREHENSIVE INCOME		\$ 4,256,720	3,229,611

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

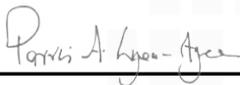
Company Statement of Financial Position

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	As of December 31	
		2021	2020
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand	8	\$ 244,860	513,092
Trade accounts receivable, net	9	324,802	141,401
Other accounts receivable	10	76,781	86,967
Inventories, net	11	3,440,106	2,370,708
Accounts receivable from related parties	22.1	121,565	150,057
Accounts receivable from subsidiary	22.4	13,926	2,733
Other current assets	12	68,282	74,109
Total current assets		4,290,322	3,339,067
NON-CURRENT ASSETS			
Property, machinery and equipment, net	14	23,230,465	22,981,205
Accounts receivable from related parties	22.1	-	1,521
Total non-current assets		23,230,465	22,982,726
TOTAL ASSETS		\$ 27,520,787	26,321,793
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	16.2	\$ 1,514,153	1,108,114
Trade payables		4,448,875	3,053,952
Accounts payable to related parties	22.1	872,852	585,169
Other current liabilities	17	1,711,768	1,839,006
Total current liabilities		8,547,648	6,586,241
NON-CURRENT LIABILITIES			
Long-term debt	16.1	-	4,442,650
Other financial obligations	16.2	137,234	1,122,416
Employee benefits obligations	18	1,123,716	882,360
Deferred tax liabilities	19.2	1,885,512	1,700,957
Other non-current liabilities	17	32,909	50,121
Total non-current liabilities		3,179,371	8,198,504
TOTAL LIABILITIES		11,727,019	14,784,745
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary stock units	20.1	1,808,837	1,808,837
Capital contribution	20.1	3,839,090	3,839,090
Reserves:			
Realised capital gain	20.2(a)	1,413,656	1,413,656
Other equity reserves	20.2(b)	3,577,892	2,564,656
Accumulated net income	20.2(c)(iii)	5,154,293	1,910,809
Total stockholders' equity		15,793,768	11,537,048
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 27,520,787	26,321,793

These financial statements on pages 52 to 100 were approved by the Board of Directors on February 28, 2022 and signed on their behalf by:


 _____ Chairman


 _____ Director

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Cash Flows

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	Year ended December 31	
		2021	2020
OPERATING ACTIVITIES			
Net income		\$ 4,351,087	3,204,906
Adjustments for:			
Depreciation and amortisation of assets	5(i), 14	1,515,157	1,536,236
Loss on disposal of property, machinery and equipment		5,761	-
Net recovery of impaired receivables	9	(26)	(805)
Interest income		(12,300)	(10,363)
Interest expense	7	267,719	562,432
Taxation charge	19.1	1,369,795	1,228,141
Property, machinery and equipment write-back	14	-	(1,334)
Decrease in rehabilitation provision	17	(13,879)	(5,572)
Inventory write off	6, 11	184	64,855
Inventory impairment allowance, net	11	60,489	4,000
Reversal of stockholding and inventory restructuring provision	6, 11	(4,977)	(39,885)
Employee benefit expenses	18	15,198	13,675
Unwinding of discount on preference shares	16.2	376,010	221,169
Unwinding of discount on rehabilitation provision	7, 17	4,845	8,091
Unwinding of discount on lease liabilities	7	22,321	20,063
Unrealised foreign exchange losses, net		262,838	252,268
Changes in working capital, excluding taxes		517,115	733,023
Net cash flows provided by operating activities before employee benefits, interest and taxes		8,737,337	7,790,900
Employee benefits paid	18	(31,585)	(29,044)
Interest received		12,300	10,363
Interest paid		(188,629)	(501,483)
Taxation paid		(1,422,939)	(272,661)
Net cash flows provided by operating activities		7,106,484	6,998,075
INVESTING ACTIVITIES			
Property, machinery and equipment	14	(1,684,754)	(778,029)
Proceeds from disposal of assets		135	-
Net cash flows used in investing activities		(1,684,619)	(778,029)
FINANCING ACTIVITIES			
Repayment of long-term debt, net	16.1	(4,442,650)	(4,733,485)
Other financial obligations:			
Repayment of redeemable preference shares	16.2(a)	(1,167,440)	(1,451,891)
Payment of lease liabilities, net	16.2(b)	(79,537)	(73,210)
Net cash flows used in financing activities		(5,689,627)	(6,258,586)
Increase in cash at bank and on hand		(267,762)	(38,540)
Cash conversion effect, net		(470)	7,083
Cash at bank and on hand at beginning of year		513,092	544,549
CASH AT BANK AND ON HAND AT END OF YEAR	8	\$ 244,860	513,092
Changes in working capital, excluding taxes:			
Trade accounts receivable, net		\$ (183,375)	370,051
Other current assets		73,995	(99,732)
Inventories		(1,125,094)	(211,099)
Trade payables		1,340,450	582,432
Other current liabilities		411,139	91,371
Changes in working capital, excluding taxes		\$ 517,115	733,023

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Changes in Stockholders' Equity

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

	Notes	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								
Net income		\$ 1,808,837	3,839,090	1,413,656	1,254,506	(8,652)	2,659,510	8,307,437
Total other items of comprehensive income		-	-	-	-	3,204,906	3,204,906	3,204,906
Transfer to capital redemption fund reserve	20.2 (b) (i)	-	-	-	22,349	2,356	24,705	24,705
		-	-	-	1,287,801	(1,287,801)	-	-
Balance as of December 31, 2020								
Net income		1,808,837	3,839,090	1,413,656	2,564,656	1,910,809	5,889,121	11,537,048
Total other items of comprehensive loss		-	-	-	-	4,351,087	4,351,087	4,351,087
Transfer to capital redemption fund reserve	20.2 (b) (i)	-	-	-	40,355	(134,722)	(94,367)	(94,367)
		-	-	-	972,881	(972,881)	-	-
Balance as of December 31, 2021								
		\$ 1,808,837	3,839,090	1,413,656	3,577,892	5,154,293	10,145,841	15,793,768

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

1) DESCRIPTION OF BUSINESS

Caribbean Cement Company Limited (the “Company”) and its subsidiary (note 2.2) are incorporated under the laws of Jamaica. The Company is a limited liability public company listed on the Jamaica Stock Exchange and is domiciled in Jamaica. The registered office of the Company is at Rockfort, Kingston, Jamaica.

The Company is a 65.65% owned subsidiary of TCL (Nevis) Limited. TCL (Nevis) Limited is a wholly owned subsidiary of Trinidad Cement Limited (TCL) (the “Parent Company”), which also owns 8.45% of the ordinary stock units of the Company.

On January 24, 2017, CEMEX, S.A.B. de C.V., through its indirect subsidiary Sierra Trading, acquired 113 million of the ordinary stock units of TCL and on that date increased its shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary shares of TCL. Consequent on this transaction, TCL became a subsidiary of Sierra Trading, with CEMEX, S.A.B. de C.V., a company incorporated in and domiciled in Mexico and listed on the Mexican and New York Stock Exchanges, becoming the ultimate parent of TCL and the Company.

The principal activities of Caribbean Cement Company Limited and its subsidiary (the “Group”) are the manufacture and sale of cement, clinker and the mining and sale of gypsum, shale and pozzolan. The Group operates in Jamaica.

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1) BASIS OF PRESENTATION AND DISCLOSURE

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the relevant provisions of the Jamaican Companies Act (“the Act”).

Comparative information

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

Basis of measurement

These financial statements have been prepared under the historical cost basis, except for the fuel hedge asset which has been measured at fair value.

Functional and presentation currency and definition of terms

During the reported periods, the presentation currency of the Group financial statements is the Jamaica dollar, which is the functional and presentation currency of the Company and its subsidiary. When reference is made to dollars or “\$” it means Jamaica dollars. The amounts in the financial statements and the accompanying notes are stated in thousands, except when stated otherwise. When reference is made to “US\$”, it means the currency of the United States of America (“United States”). When reference is made to “€” or “Euro”, it means the common currency of the European Union. When reference is made to “TTS”, it means Trinidad and Tobago dollars.

Newly issued and amended IFRSs adopted in 2021

Amendments to the Conceptual Framework

The revised framework became effective on January 1, 2021 and covers all aspects of standard setting including the objective of financial reporting.

Amendments to IFRS 7, *Financial instruments: disclosures*; IFRS 9, *Financial instruments*; IAS 39, *Financial instruments: recognition and measurement*; IFRS 4, *Insurance Contracts*; and IFRS 16, *Leases*.

The amendments, comprising Phase 2 of IBOR (inter-bank offered rates) reform, became effective on January 1, 2021, and provide a practical expedient for modifying a financial contract or a lease for lessees as a result of IBOR reform (IBOR reform – Phase 2). The amendments also allow a series of exemptions from certain rules around hedge accounting, including the need to discontinue existing hedging relationships as a result of changes to hedging documentation required by IBOR reform.

This is not applicable to the Group and thus had no impact.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED
2.1) BASIS OF PRESENTATION AND DISCLOSURE - CONTINUED
Newly issued and amended IFRSs adopted in 2021 - continued
Amendment to IFRS 16, Leases

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) became effective on June 1, 2020, and amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments require that lessees apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications, that lessees that apply the exemption disclose that fact, and that lessees apply the exemption retrospectively in accordance with IAS 8, but do not require them to restate prior period figures.

The adoption of the amendments to IFRS 16 did not result in any changes to the financial statements.

2.2) PRINCIPLES OF CONSOLIDATION

The Group financial statements include those of Caribbean Cement Company Limited and those of the entity in which the Company exercises control, by means of which the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee's relevant activities. Balances and operations between related parties are eliminated on consolidation. The Company's subsidiary, which together with the Company are referred to as "the Group". The group financial statements include:

Entity	Principal activity	Country of Incorporation	% Equity interest	
			2021	2020
Rockfort Mineral Bath Complex Limited	Spa facility	Jamaica	100	100

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the financial statements; as well as the reported amounts of revenues and expenses during the period. These assumptions are reviewed on an ongoing basis using available information. Actual results could differ from these estimates. The items subject to significant estimates and assumptions by management include:

(i) Allowance for impairment losses on trade receivables

Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable.

Under the ECL model, the Group segments its trade accounts receivable in a matrix by days past due and determines for each age bracket an average rate of ECL, considering actual credit loss experience over the last 60 months and analysis of future delinquency, that is applied to the balance of the trade accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 360 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

(ii) Net realisable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amounts the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events after the period end to the extent that such events confirm conditions existing at the end of the year.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS - CONTINUED

(iii) Residual value and expected useful life of long-lived assets

The residual values and expected useful lives of long-lived assets are reviewed at least annually. If expectations differ from previous estimates, the change is accounted for accordingly. The useful life of an asset is defined in terms of the asset's expected value in use to the group.

(iv) Rehabilitation provision

The provision for restoration and rehabilitation associated with environmental damage represents the best estimates of the future costs of remediation, which are recognised at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognised at their discounted values.

These obligations include the costs of the future cleaning, reforestation and or development of the affected areas and include the future costs of abandoning the site so that quarries are left in acceptable condition at the end of their operation.

The ultimate restoration and rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision for future restoration and rehabilitation is based on a plan presented to and approved by the Commissioner of Mines and Geology. These costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The provision as at reporting date represents management's best estimate of the present value of the future restoration and rehabilitation costs required (note 17).

(v) Post-employment benefits

The amounts recognised in the statement of financial position, the income statement and the statement of other comprehensive income for post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the post-retirement obligations and the expected rate of increase in medical costs for post-employment medical benefits.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of the expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations.

2.4) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the statement of financial position date and the resulting foreign exchange fluctuations are recognised in the income statement.

The most significant closing exchange rates and the approximate average exchange rates for the statement of financial position and the income statement respectively as of December 31, 2021 and 2020, are as follows:

	2021		2020	
	Closing	Average	Closing	Average
United States Dollar	155.0878	151.8044	142.6493	142.8408
Euro	177.6382	181.6932	176.8258	166.1735
Trinidad and Tobago Dollar	22.8171	22.4282	20.9800	21.0742

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.5) CASH AT BANK AND ON HAND (note 8)

The balance in this caption comprises available amounts of cash at bank and on hand, which are readily available cash and cash equivalents.

2.6) FINANCIAL INSTRUMENTS

Classification and measurement of financial instruments

The financial assets that meet both of the following conditions and are not designated as at fair value through the profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “Held to collect” and measured at amortised cost.

Amortised cost represents the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. This classification of financial assets and liabilities comprises the following captions:

- Cash at bank and on hand (notes 2.5 and 8).
- Trade accounts receivable net; other accounts receivable; other current assets; accounts receivable from related parties and accounts receivable from subsidiary (notes 9, 10, 12 and 22). Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.
- Liabilities for trade payables, other account payables and accrued expenses and accounts payable to related parties (notes 17 and 22) are recorded initially at amounts representing the fair value of the consideration to be paid for goods or services received by the reporting date, whether or not billed.
- The initial recognition of the redeemable preference shares was at fair value and were subsequently measured at amortised cost using the effective interest method (note 20.1(i)).

Debt instruments are classified as “Loans” and measured at amortised cost (notes 16.1 and 16.2). Interest accrued on financial instruments is recognised within “Other current and non-current liabilities” against financial expense. During the reported periods, the Group did not have financial liabilities voluntarily recognised at fair value or associated with fair value hedge strategies with derivative financial instruments.

Derivative financial instruments are recognised as assets or liabilities in the statement of financial position at their estimated fair values, and the changes in such fair values are recognised in the statement of comprehensive income within “Items that are or maybe reclassified subsequently to the income statement” for the period in which they occur, except in the case of hedging instruments as described below (note 16.4).

Impairment of financial assets

Impairment losses of financial assets, including trade accounts receivable, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Fair value measurements (note 16.3)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

Management assessed that the carrying amounts of cash and cash equivalents, trade receivables, trade payables, due from related companies and due to parent and related companies approximate their fair values largely due to the short-term maturities of these instruments.

As disclosed in note 16.4 the diesel fuel hedge is carried at fair value.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.6) FINANCIAL INSTRUMENTS - CONTINUED

Fair value measurements (note 16.3) - Continued

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2.7 INVENTORIES (note 11)

Inventories are valued using the lower of cost or net realisable value, whereas cost is based on the weighted average principle. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Group analyses its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realisable value, whereas, if an obsolescence situation occurs, the allowance for inventory obsolescence is increased. In both cases, these adjustments are recognised against the results of the period. Advances to suppliers of inventory are presented as part of "Other current assets".

2.8) PROPERTY, MACHINERY AND EQUIPMENT (note 14)

Property, machinery and equipment are recognised at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognised as part of cost of sales and operating expenses and is calculated using the straight-line method over the estimated useful lives of the assets.

As of December 31, 2021 and 2020, the average useful lives by category of fixed assets are as follows:

	<u>Years</u>
Land improvements	30
Buildings	20 - 40
Machinery and equipment	3 - 10
Right-of-use assets (lease term)	<u>2 - 14</u>

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalised as part of the carrying amount of the related assets. The capitalised costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance on fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other current assets.

The useful lives and residual values of property, machinery and equipment are reviewed at each reporting date and adjusted if appropriate.

Land and land improvements and capital work in progress are not depreciated.

2.9) INTANGIBLE ASSETS (note 15)

The Group capitalises intangible assets acquired, as well as costs incurred in the development of intangible assets, when probable future economic benefits associated are identified and there is evidence of control over such benefits. Intangible assets are recognised at their acquisition or development cost, as applicable. Definite life intangible assets are amortised on straight-line basis as part of operating costs and operating expenses.

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, which are not significant to the Group, are capitalised when probable future economic benefits associated with such activities are identified. When extraction begins, these costs are amortised during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalised costs are subject to impairment.

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES- CONTINUED

2.9) INTANGIBLE ASSETS (note 15) - CONTINUED

Amortisation of intangible assets is recognised as part of cost of sales and operating expenses and is calculated using the straight-line method over the estimated useful lives of the assets.

As of December 31, 2021 and 2020, the average useful lives by category of intangible assets are as follows:

	<u>Years</u>
Exploration costs	3
Dredging costs	3

2.10) IMPAIRMENT OF LONG-LIVED ASSETS (notes 14 and 15)

Property, machinery and equipment and intangible assets of definite life

These assets are tested for impairment annually, or upon the occurrence of a significant adverse event, changes in the Group's operating business model or in technology that affect the assets, or expectations of lower operating results, to determine whether their carrying amounts may not be recovered.

An impairment loss is recorded in the income statement for the period within "Other expenses, net," for the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher of the fair value less costs to sell the asset, as determined by an external appraiser, and the asset's value in use, the latter represented by the net present value (NPV) of estimated cash flows related to the use and eventual disposal of the asset. The main assumptions utilised to develop estimates of NPV are a discount rate that reflects the risk of the cash flows associated with the assets and the estimations of generation of future income.

Those assumptions are evaluated for reasonableness by comparing such discount rates to available market information and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers.

When impairment indicators exist, for each intangible asset, the Group determines its projected revenue streams over the estimated useful life of the asset. To obtain discounted cash flows attributable to each intangible asset, such revenue is adjusted for operating expenses, changes in working capital and other expenditures, as applicable, and discounted to its NPV using the risk-adjusted discount rate of return. The most significant economic assumptions are: a) the useful life of the asset; b) the risk adjusted discount rate of return; and c) growth rates. Assumptions used for these cash flows are consistent with internal forecasts and industry practices.

The fair values of these assets are significantly sensitive to changes in such relevant assumptions. Certain key assumptions are more subjective than others. The Group validates its assumptions through benchmarking with industry practices and the corroboration of third-party valuation advisors. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss may be reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

2.11) PROVISIONS

The Group recognises provisions when it has a legal or constructive obligation resulting from past events, whose resolution would require cash outflows, or the delivery of other resources owned by the Group. As of December 31, 2021 and 2020, the carrying amount of the Group's other current and non-current liabilities and provisions are detailed in note 17.

Considering guidance under IFRS, the Group recognises provisions for levies imposed by the government until the obligating event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Costs related to remediation of the environment (note 17)

Provisions associated with environmental damage represent the estimated future cost of remediation, which are recognised at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognised at their discounted values using the weighted-average cost of capital.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES- CONTINUED

2.11) PROVISIONS - CONTINUED.

Contingencies and commitments (notes 23 and 24)

Obligations or losses related to contingencies are recognised as liabilities in the statement of financial position only when present obligations exist resulting from past events that are probable to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognised in the financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The Group recognises contingent revenues, income or assets only when their realisation is virtually certain.

2.12) EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees (note 5(iv)). These include current or short-term benefits such as salaries, bonuses, National Insurance Scheme (NIS) contributions, vacation leave; non-monetary benefits such as pension, post-retirement benefits such as medical care; and other long-term employee benefits such as termination benefits. Employee benefits other than pensions that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-retirement benefits are accounted for as described in note (ii) below.

(i) Defined contribution pension plan (note 18)

The costs of the defined contribution pension plan are recognised in the income statement as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating future obligations.

(ii) Post-retirement medical benefits (note 18)

Employee benefits, comprising post-retirement obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management using the projected unit credit method. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the Group's post-retirement benefit obligation as computed by the actuary.

The Group's obligation in respect of its post-retirement medical plan is calculated by estimating the number of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Group's obligation.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the interest expense on the defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net-defined benefit liability, considering any changes in the defined benefit liability during the year as a result of the contributions and benefit payments. The interest expense and other expenses related to the defined benefit plan are recognised in the income statement.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in the defined benefit obligation or asset that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognised in the income statement for the period in which they are incurred.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.13) TAXATION (note 19)

The effects reflected in the income statement for taxes include the amounts incurred during the period and the amounts of deferred taxes, determined according to the tax law applicable at the reporting date. Deferred taxes represent amounts determined by applying the tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax assets such as loss carry forwards and other recoverable taxes, to the extent that it is probable that future taxable profits will be available against which they can be utilised. The measurement of deferred taxes as at the reporting period reflects the tax consequences that follow the way in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes for the period represent the difference between balances of deferred taxes at the beginning and the end of the period. According to IFRS, all items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period are recognised net of their deferred tax effects. The effect of a change in enacted statutory tax rates is recognised in the period in which the change is officially enacted.

Deferred tax assets are reviewed at each reporting date and are reduced when it is not deemed probable that the related tax benefit will be realised, considering the aggregate amount of self-determined tax loss carry forwards that the Group believes will not be rejected by the tax authorities based on available evidence and the likelihood of recovering them through an analysis of estimated future taxable income. When it is considered that a deferred tax asset will not be recovered, the Group would not recognise such a deferred tax asset. Both situations would result in an additional tax expense for the period in which such a determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be recovered, the Group takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences. Likewise, the Group analyses its actual results versus estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from the Group's estimates, the deferred tax asset and or valuations may be affected, and necessary adjustments will be made based on relevant information in the Group's income statement for such period.

The tax effects from an uncertain tax position are recognised when it is probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement.

The high probability threshold represents a positive assertion by management that the Group is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognised.

The effective tax rate is determined by dividing the line item "Taxation" by the line item "Earnings before taxation". This effective tax rate is further reconciled to the Group's statutory tax rate applicable in Jamaica. For the years ended December 31, 2021 and 2020, the statutory tax rate was 25%.

2.14) BORROWINGS AND BORROWING COSTS

Short-term loans and long-term borrowings (note 16.1)

Borrowings are classified as current when the Group expects to settle the liability in its normal operating cycle, it holds the liability primarily for the purpose of trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position; otherwise, it is classified as long-term.

Borrowings are stated initially at cost, being the fair value of consideration received net of transaction cost associated with the borrowings. After initial recognition, borrowings are measured at amortised cost using the effective interest method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES – CONTINUED

2.15) LEASES (note 16.2)

At inception of a contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all the of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liabilities comprise solely fixed payments. The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The Group does not recognise the rental of the land for the quarries as those are not within the scope of IFRS 16.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets with a value of US\$5,000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.16) STOCKHOLDERS' EQUITY

Share capital (note 20.1)

These items represent the value of stockholders' contributions. The most significant items within "Share capital" during the reported period are as follows:

(i) Ordinary stock units

Ordinary stock units are classified as equity when there is no obligation to transfer cash or other assets.

(ii) Capital contribution

Capital contributions resulted from the forgiveness of a debt due to the Parent Company, as part of the restructuring programme designed in 2013 to strengthen the equity position of the Company. The value of the debt forgiven was credited to Stockholders' equity as capital contribution by the Company as there is no obligation to transfer cash or other assets back to the Parent Company in relation to this amount.

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES – CONTINUED

2.16) STOCKHOLDERS' EQUITY – CONTINUED

Other equity reserves (note 20.2)

Other equity reserves comprises the cumulative effects of items and transactions that are, temporarily or permanently, recognised directly to stockholders' equity, and includes the comprehensive income, which reflects certain changes in stockholders' equity that do not result from investments by owners and distributions to owners.

Items of "Other equity reserves" included within other comprehensive income:

- The portion of the preference shares redeemed that was transferred to "Capital Redemption Fund Reserve" pursuant to section 64(d) of the Jamaican Companies Act; and
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity.
- Realised capital reserves represents the gains from the sale of machinery and equipment.

Accumulated net income

Accumulated net income represents the cumulative net results of prior years, net of: a) dividends paid; b) changes in the remeasurement of employee benefits obligation, net of tax (note 2.12), c) current year net income and d) cumulative effects from adoption of new IFRS.

2.17) EARNINGS PER STOCK UNIT (note 21)

The earnings per stock unit is computed by dividing consolidated net income attributable to ordinary stockholders by the weighted-average number of ordinary stock units in issue during the year.

2.18) DIVIDENDS

Dividends declared and payable to the Company's stockholders are recognised as a liability in the Group statement of financial position in the period in which the dividends are declared by the Company's Board of Directors.

2.19) REVENUE RECOGNITION (note 3)

Revenue comprises the fair value of the consideration received or receivable mainly from the sale of goods and rental of port facilities in the ordinary course of the Group's activities.

Sale of goods

Revenue is recognised at a point in time in the amount before tax on sales, expected to be received by the Group for goods and services supplied as a result of its ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers. Transactions between related parties are eliminated on consolidation.

For contracts that permit the return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. The right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Revenue and costs from trading activities, in which the Group acquires finished goods from a third party and subsequently sells the goods to another third party, are recognised on a gross basis, considering that the Group assumes ownership risks on the goods purchased, not acting as an agent or broker.

Rental of port facilities

Fee and commission income from contracts with customers re measured based on the consideration specified in a contract with a customer. The Group recognises revenue at a point in time when the service is provided to the customer.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES – CONTINUED

2.20) COST OF SALES AND OPERATING EXPENSES (note 5)

Cost of sales represents the production cost of inventories at the moment of sale. Such costs includes depreciation, amortisation and depletion of assets involved in production, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses.

Operating expenses

Administrative expenses represent the expenses associated with personnel, services and equipment, including depreciation and amortisation, related to managerial activities and back office for the Company's management.

Selling expenses represent the expenses associated with personnel, services and equipment, including depreciation and amortisation, involved specifically in sales activities.

Distribution and logistics expenses refer to expenses of storage at points of sale, including depreciation and amortisation, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities.

2.21) OTHER EXPENSES, NET (note 6)

Other expenses, net comprises of manpower, stockholding and inventory restructuring costs, demolition expense, management fees and COVID-19 related expenses

2.22) FINANCE INCOME AND EXPENSES (note 7)

Finance income comprises interest income on savings from bank accounts. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprises interest charges on borrowings, the unwinding of discounts on preference shares, lease liabilities and rehabilitation provision and net interest on the employee benefit obligation. Interest is recognised as it accrues, using the effective interest method.

2.23) RELATED PARTIES (note 22)

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity", in this case, the Group).

A related party transaction is a transfer of resources, services, or obligations between related parties, independent of whether an amount is charged.

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (1) has control or joint control over the Group.
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or of a parent of the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an entity of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled, or jointly controlled, by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the parent of the Group.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES – CONTINUED**2.24) NEWLY ISSUED IFRS NOT YET ADOPTED**

Listed below are new and amended standards and interpretations that are not yet effective and have not yet been early adopted. The Group has not completed the assessment of the impact that these may have on the financial statements when adopted.

Standard	Main Topic	Effective date
Amendments to IAS 1, <i>Presentation of Financial Statements</i>	IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The effective date was deferred by 1 year from January 1, 2022 to January 1, 2023.	January 1, 2023
Amendments to IAS 16, <i>Property, Plant and Equipment</i>	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.	January 1, 2022
Amendments to IAS 1, <i>Presentation of financial statements</i>	The amendments requires companies to: disclose their <i>material</i> accounting policies rather than their <i>significant</i> accounting policies; clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarify that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.	January 1, 2023
Amendments to IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.	January 1, 2022
Amendments to IFRS 3, <i>Business Combinations</i>	The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> . The Board added this exception to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.	January 1, 2022
Amendments to IFRS 9, <i>Financial Instruments</i>	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	January 1, 2022
Amendments to IFRS 10, <i>Consolidated financial statements</i> and IAS 28 <i>Investments in associates and joint ventures</i>	The amendments clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.	Effective date deferred indefinitely

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES – CONTINUED

2.24) NEWLY ISSUED IFRS NOT YET ADOPTED - CONTINUED

Listed below are new and amended standards and interpretations that are not yet effective and have not yet been early adopted. The Group has not completed the assessment of the impact that these may have on the financial statements when adopted. - continued

Standard	Main Topic	Effective date
Amendments to IFRS 16, <i>Leases</i>	The changes in <i>Covid-19-Related Rent Concessions (Amendment to IFRS 16)</i> amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification; require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.	April 1, 2021
Amendments to IAS 12 <i>Income Taxes</i>	The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.	January 1, 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both: <ul style="list-style-type: none"> ○ selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 <i>Financial Instruments</i>; and ○ choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. 	January 1, 2023

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

3) REVENUE

The Group's revenues are mainly composed of the sale of cement, clinker and other goods and services. The Group grants credit for terms ranging from 0 to 45 days depending on the type and risk of each customer. For the years ended December 31, 2021 and 2020, revenue is as follows:

	The Group		The Company	
	2021	2020	2021	2020
From the sale of goods associated with the main activities	\$ 23,661,949	19,835,757	23,661,949	19,835,756
From the sale of services	49,015	67,350	49,015	67,350
From the sale of other goods and services	129,037	54,158	129,037	51,609
	23,840,001	19,957,265	23,840,001	19,954,715
Insurance compensation	-	150,784	-	150,784
	\$ 23,840,001	20,108,049	23,840,001	20,105,499

Information on revenues by reportable segment and line of business for the years 2021 and 2020 is presented in note 4.

4) REPORTABLE SEGMENTS

Reportable segments represent the components of the Group that engage in business activities from which the Group may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available.

Each operating segment's operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM"), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Revenue

The revenue from external customers is analysed by geographical location below:

	The Group		The Company	
	2021	2020	2021	2020
Local	\$ 23,809,929	19,933,733	23,809,929	19,931,183
Caribbean country	13,635	-	13,635	-
North American country	16,437	23,532	16,437	23,532
	\$ 23,840,001	19,957,265	23,840,001	19,954,715

Revenue from the top (5) five customers amounted to \$8.446 billion (2020: \$8.002 billion) arising from cement sales.

5) OPERATING EARNINGS BEFORE OTHER EXPENSES, NET

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

	The Group		The Company	
	2021	2020	2021	2020
Revenue	\$ 23,840,001	20,108,049	23,840,001	20,105,499
Expenses:				
Raw material and consumables	1,683,894	1,247,650	1,683,894	1,247,650
Fuel and electricity	4,109,623	3,638,472	4,108,399	3,636,338
Personnel remuneration and benefits (iv)	2,502,444	2,215,515	2,487,634	2,201,670
Repairs and maintenance	1,484,856	1,414,441	1,484,594	1,413,179
Equipment hire	1,277,774	1,060,888	1,277,774	1,060,888
Cement transportation, marketing and selling expenses	893,060	804,145	893,060	804,145
Audit fees:				
Current year	22,680	19,242	21,491	19,066
Previous year	4,713	973	4,713	973
Directors' emoluments	8,418	6,538	8,418	6,538
Other operating expenses	984,074	824,317	980,558	819,643
Depreciation and amortisation (v) and (note 14)	1,515,255	1,536,260	1,515,157	1,536,236
Changes in inventories of finished goods and work in progress	2,022,477	557,619	2,022,477	557,619
Total expenses (ii)	16,509,268	13,326,060	16,488,169	13,303,945
Operating earnings before other expenses	\$ 7,330,733	6,781,989	7,351,832	6,801,554

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

5) OPERATING EARNINGS BEFORE OTHER EXPENSES, NET - CONTINUED

(ii) The total expenses are included in the income statement are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Cost of sales	\$ 14,007,828	10,971,463	14,007,828	10,971,463
Operating expenses (iii)	2,501,440	2,354,597	2,480,341	2,332,482
	<u>\$ 16,509,268</u>	<u>13,326,060</u>	<u>16,488,169</u>	<u>13,303,945</u>

(iii) Operating expenses during 2021 and 2020 by functions are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Administrative expenses	\$ 826,718	841,078	805,620	819,023
Selling expenses	196,374	152,312	196,373	152,252
Distribution and logistics expenses	1,478,348	1,361,207	1,478,348	1,361,207
	<u>\$ 2,501,440</u>	<u>2,354,597</u>	<u>2,480,341</u>	<u>2,332,482</u>

(iv) Personnel remuneration and benefits during 2021 and 2020 are detailed as follows:

	The Group		The Company	
	2021	2020	2021	2020
Wages and salaries	\$ 1,984,643	1,778,135	1,972,100	1,766,476
Statutory contributions	160,275	131,582	158,837	130,362
Pension costs (note 18)	53,888	51,602	53,888	51,602
Other personnel costs	303,638	254,196	302,809	253,230
	<u>\$ 2,502,444</u>	<u>2,215,515</u>	<u>2,487,634</u>	<u>2,201,670</u>

(v) Depreciation and amortisation recognised during 2021 and 2020 are detailed as follows:

	The Group		The Company	
	2021	2020	2021	2020
Included in cost of sales	\$ 1,448,491	1,462,455	1,448,491	1,462,455
Included in administrative, selling, distribution and logistics expenses	66,764	73,805	66,666	73,781
	<u>\$ 1,515,255</u>	<u>1,536,260</u>	<u>1,515,157</u>	<u>1,536,236</u>

6) OTHER EXPENSES, NET

The details of the line item "Other expenses, net" in 2021 and 2020 are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Manpower restructuring costs	\$ 102,832	57,289	102,832	57,289
Reversal of stockholding and inventory restructuring provision	(4,977)	(39,885)	(4,977)	(39,885)
Demolition expenses	39,594	22,626	39,594	22,626
Inventory write-offs	184	64,855	184	64,855
Environmental costs	13,461	73,541	13,461	73,541
Management fees	194,949	155,232	208,882	167,289
Property, machinery and equipment write-back	-	(1,334)	-	(1,334)
COVID-19 related expenses	75,800	65,089	75,800	64,679
Other, net (i)	22,087	98,009	19,798	97,780
	<u>\$ 443,930</u>	<u>495,422</u>	<u>455,574</u>	<u>506,840</u>

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

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

7) FINANCIAL EXPENSES

The details of "Financial expenses" in 2021 and 2020 are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Interest expenses	\$ 189,606	500,608	189,606	500,608
Unwinding of discount on preference shares (note 16.2)	376,010	221,169	376,010	221,169
Unwinding of discount on lease liabilities (note 16.2)	22,321	20,063	22,321	20,063
Unwinding of discount on rehabilitation provision (note 17)	4,845	8,091	4,845	8,091
Net interest on employee benefit obligations cost (note 18)	78,113	61,824	78,113	61,824
	\$ 670,895	811,755	670,895	811,755

8) CASH AT BANK AND ON HAND

As of December 31, 2021 and 2020, cash at bank and on hand consisted of:

	The Group		The Company	
	2021	2020	2021	2020
Cash at bank and on hand	\$ 244,900	513,136	244,860	513,092

9) TRADE ACCOUNTS RECEIVABLE, NET

As of December 31, 2021 and 2020, trade accounts receivable consisted of:

	The Group		The Company	
	2021	2020	2021	2020
Trade accounts receivable (note 16.5)	\$ 325,065	141,684	325,059	141,684
Allowance for expected credit losses (note 16.5)	(257)	(283)	(257)	(283)
	\$ 324,808	141,401	324,802	141,401

Allowances are determined upon the origination of the trade accounts receivables. Based on a model that calculates the ECL.

Changes in the allowance for the expected credit losses in 2021 and 2020 are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Allowances for expected credit losses at beginning of the year	\$ 283	1,088	283	1,088
Deductions	(26)	(805)	(26)	(805)
Allowances for expected credit losses at end of the year	\$ 257	283	257	283

10) OTHER ACCOUNTS RECEIVABLE

As of December 31, 2021 and 2020, other accounts receivable consisted of:

	The Group		The Company	
	2021	2020	2021	2020
Non-trade accounts receivable (i)	\$ 29,511	42,953	29,511	42,953
Loans to employees	20,450	20,247	20,450	20,247
Refundable taxes	26,820	25,582	26,820	23,767
	\$ 76,781	88,782	76,781	86,967

Other accounts receivable are deemed to have low credit risk. The expected credit loss on these are therefore considered immaterial.

(i) Non-trade accounts receivables mainly comprise prepayments and security deposits.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

11) INVENTORIES, NET

As of December 31, 2021 and 2020, the balance of inventories, net of provisions for obsolescence, are summarised as follows:

	The Group and Company	
	2021	2020
Finished goods	\$ 227,746	143,914
Work-in-process	28,325	50,428
Raw materials	245,069	167,474
Materials and spare parts	2,869,851	1,974,790
Inventory in transit	69,115	34,102
	\$ 3,440,106	2,370,708

As of December 31, 2021 and 2020, the Group recognised inventory provisions for obsolescence of \$0.158 million and \$0.102 million respectively. The changes in the inventory provisions for obsolescence for the years ended December 31, 2021 and 2020 are as follows:

	The Group and Company	
	2021	2020
Inventory obsolescence provision at beginning of the year	\$ 102,303	138,188
Reversal of stockholding and inventory restructuring provision	(4,977)	(39,885)
Provision during the year	60,489	5,800
Write-offs of inventories during the year	-	(1,800)
Inventory obsolescence provision at end of the year	\$ 157,815	102,303

For the years ended December 31, 2021 and 2020, the Group included the changes in inventory provision for obsolescence as raw materials and consumables costs within "Cost of sales" (see note 5(i)) and the reversal of stockholding and inventory restructuring provision in "Other expenses, net" (see note 6).

During the year there were inventory write offs amounting to \$0.184 million (2020: \$64.855 million) which were recorded in other income (expenses) (see note 6).

12) OTHER CURRENT ASSETS

As of December 31, 2021, and 2020, the balances of other current assets are summarised as follows:

	The Group and Company	
	2021	2020
Advances to suppliers	\$ 68,282	74,109

Other current assets are deemed to have low credit risk. The expected credit losses on these are therefore considered immaterial.

13) INVESTMENT IN SUBSIDIARY

As of December 31, 2021, and 2020, the balance of investment in subsidiary is summarised as follows:

	The Company	
	2021	2020
Rockfort Mineral Bath Complex Limited		
21,000,000 ordinary shares	\$ 2,938	2,938
Impairment loss provision	(2,938)	(2,938)
	\$ -	-

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

14) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2021 and 2020, property, machinery and equipment, net include the following:

	The Group		The Company	
	2021	2020	2021	2020
Land and land improvements	\$ 257,467	250,858	257,494	250,885
Buildings	1,689,536	1,659,206	1,677,831	1,649,051
Machinery and equipment	29,833,369	29,649,231	29,828,761	29,644,623
Capital work in progress	2,636,551	1,145,478	2,656,559	1,145,486
Accumulated depreciation	(11,204,916)	(9,723,478)	(11,190,180)	(9,708,840)
	\$ 23,232,007	22,981,295	23,230,465	22,981,205

Included above for the Company and the Group are right-of-use assets, comprising buildings and mobile equipment, at a cost of \$297.612 million (2020: \$248.711 million) with an accumulated depreciation of \$104.148 million (2020: \$74.927 million).

As of December 31, 2021 and 2020, property, machinery and equipment, net and the changes in such line item during 2021 and 2020 are as follows:

	The Group		2021		Total
	Land and land improvements	Buildings	Machinery and equipment	Capital work in progress	
Cost at beginning of year	\$ 250,858	1,659,206	29,649,231	1,145,478	32,704,773
Accumulated depreciation	(109,956)	(784,490)	(8,829,032)	-	(9,723,478)
Net book value at beginning of year	140,902	874,716	20,820,199	1,145,478	22,981,295
Capital expenditures	-	1,550	(33,800)	1,718,554	1,686,304
Additions through capital leases (note 16.2)	-	51,896	33,663	-	85,559
Reclassification	13,424	-	194,057	(207,481)	-
Adjustments - cost	(6,815)	6,815	-	-	-
Retirement of capital lease - cost	-	(29,931)	(9,329)	-	(39,260)
Disposals and adjustments - cost	-	-	(453)	-	(453)
Movement in cost during the year	6,609	30,330	184,138	1,511,073	1,732,150
Disposals - accumulated depreciation	-	-	(209)	-	(209)
Adjustments - accumulated depreciation	66,177	(66,177)	-	-	-
Retirement of capital lease - accumulated depreciation	-	(29,931)	(3,677)	-	(33,608)
Depreciation for the year	4,928	74,001	1,436,326	-	1,515,255
Cost at end of year	257,467	1,689,536	29,833,369	2,656,551	34,436,923
Accumulated depreciation	(181,061)	(762,383)	(10,261,472)	-	(11,204,916)
Net book value at end of year	\$ 76,406	927,153	19,571,897	2,656,551	23,232,007

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

14) PROPERTY, MACHINERY AND EQUIPMENT, NET - CONTINUED

As of December 31, 2021 and 2020, property, machinery and equipment, net and the changes in such line item during 2021 and 2020 are as follows: - continued

	2020				Total
	Land and land improvements	Buildings	Machinery and equipment	Capital work in progress	
Cost at beginning of year	\$ 283,570	1,575,848	28,713,905	1,267,134	31,840,457
Accumulated depreciation	(87,942)	(761,299)	(7,361,671)	-	(8,210,912)
Net book value at beginning of year	195,628	814,549	21,352,234	1,267,134	23,629,545
Capital expenditures	-	-	-	778,029	778,029
Additions through capital leases (Note 16.2)	-	20,784	65,338	-	86,122
Write-back	-	-	-	1,334	1,334
Reclassification	-	31,357	869,662	(901,019)	-
Adjustments - cost	(32,712)	31,217	16,729	-	15,234
Retirement of capital lease - cost.	-	-	(16,403)	-	(16,403)
Movement in cost during the year	(32,712)	83,358	935,326	(121,656)	864,316
Adjustments - accumulated depreciation	17,684	(48,392)	23,417	-	(7,291)
Retirement of capital lease - accumulated depreciation	-	-	(16,403)	-	(16,403)
Depreciation for the year	4,330	71,583	1,460,347	-	1,536,260
Cost at end of year	250,858	1,659,206	29,649,231	1,145,478	32,704,773
Accumulated depreciation	(109,956)	(784,490)	(8,829,032)	-	(9,723,478)
Net book value at end of year	\$ 140,902	874,716	20,820,199	1,145,478	22,981,295

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

14) PROPERTY, MACHINERY AND EQUIPMENT, NET - CONTINUED

As of December 31, 2021 and 2020, property, machinery and equipment, net and the changes in such line item during 2021 and 2020 are as follows: - continued

	2021				
	Land and land improvements	Buildings	Machinery and equipment	Capital work in progress	Total
\$	250,885	1,649,051	29,644,623	1,145,486	32,690,045
	(37,401)	(858,912)	(8,812,527)	-	(9,708,840)
	213,484	790,139	20,832,096	1,145,486	22,981,205
Cost at beginning of year	-	-	(33,800)	1,718,554	1,684,754
Accumulated depreciation	-	51,896	33,663	-	85,559
Net book value at beginning of year	13,424	-	194,057	(207,481)	-
Capital expenditures	(6,815)	6,815	-	-	-
Additions through capital leases (note 16.2)	-	(29,931)	(9,329)	-	(39,260)
Reclassification	-	-	(453)	-	(453)
Adjustments -cost	-	-	-	-	-
Retirement of capital lease - cost	-	-	-	-	-
Disposals and adjustments - cost	-	-	-	-	-
Movement in cost during the year	6,609	28,780	184,138	1,511,073	1,730,600
Disposals - accumulated depreciation	-	-	(209)	-	(209)
Adjustments - accumulated depreciation	66,177	(66,177)	-	-	-
Retirement of capital lease - accumulated depreciation	-	(29,931)	(3,677)	-	(33,608)
Depreciation for the year	4,928	73,903	1,436,326	-	1,515,157
Cost at end of year	257,494	1,677,831	29,828,761	2,656,559	34,420,645
Accumulated depreciation	(108,506)	(836,707)	(10,244,967)	-	(11,190,180)
Net book value at end of year	148,988	841,124	19,583,794	2,656,559	23,230,465

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020
(Thousands of Jamaican Dollars)

14) PROPERTY, MACHINERY AND EQUIPMENT, NET - CONTINUED

As of December 31, 2021 and 2020, property, machinery and equipment, net and the changes in such line item during 2021 and 2020 are as follows: - continued

	2020				Total
	Land and land improvements	Building	Machinery and equipment	Capital work in progress	
Cost at beginning of year	\$ 283,597	1,565,693	28,709,298	1,267,142	31,825,730
Accumulated depreciation	(15,387)	(835,721)	(7,345,190)	-	(8,196,298)
Net book value at beginning of year	268,210	729,972	21,364,108	1,267,142	23,629,432
Capital expenditures	-	-	-	778,029	778,029
Additions through capital leases (note 16.2)	-	20,784	65,338	-	86,122
Write-back	-	-	-	1,334	1,334
Reclassification	-	31,357	869,662	(901,019)	-
Adjustments - cost	(32,712)	31,217	16,728	-	15,233
Retirement of capital lease - cost	-	-	(16,403)	-	(16,403)
Movement in cost during the year	(32,712)	83,358	935,325	(121,656)	864,315
Adjustment - accumulated depreciation	17,684	(48,392)	23,417	-	(7,291)
Retirement of capital lease - accumulated depreciation	-	-	(16,403)	-	(16,403)
Depreciation for the year	4,330	71,583	1,460,323	-	1,536,236
Cost at end of year	250,885	1,649,051	29,644,623	1,145,486	32,690,045
Accumulated depreciation	(37,401)	(858,912)	(8,812,527)	-	(9,708,840)
Net book value at end of year	\$ 213,484	790,139	20,832,096	1,145,486	22,981,205

15) INTANGIBLE ASSETS, NET

As of December 31, 2021 and 2020, the consolidated intangible assets are as follows:

	2021		2020	
	Cost	Accumulated amortisation	Cost	Accumulated amortisation
Intangible assets of definite useful life:				
Exploration cost	\$ 26,715	(26,715)	26,715	(26,715)
Dredging cost	38,091	(38,091)	38,091	(38,091)
	\$ 64,806	(64,806)	64,806	(64,806)

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS**16.1) LONG-TERM DEBT**

As of December 31, 2021 and 2020, consolidated debt summarised by interest rates, were as follows:

	The Group and Company			
	2021		2020	
	Amount	Effective rate	Amount	Effective rate
Floating rate	\$ -	-	\$ 1,366,650	4.95%
Fixed rate	-	-	3,076,000	7.45%
	\$ -		\$ 4,442,650	

The equivalent amounts in Jamaican dollars of debt held by the Group by currency as at September 30, 2021 and 2020 were as follows:

	The Group and Company	
	2021	2020
US\$	\$ -	1,366,650
Jamaican \$	-	3,076,000
	\$ -	4,442,650

As of December 31, 2021 and 2020, Caribbean Cement Company Limited's debt summarised by holders, were as follows:

	The Group and Company	
	2021	2020
CEMEX Espana (a)	\$ -	1,366,650
National Commercial Bank Jamaica Limited (b)	-	3,076,000
	\$ -	4,442,650

Changes in debt for the years ended December 31, 2021 and 2020 were as follows:

	The Group and Company	
	2021	2020
Debt at beginning of year	\$ 4,442,650	9,155,656
Debt repayments, net	(4,442,650)	(4,733,485)
Foreign currency translation effects	-	20,479
Debt at end of year	\$ -	4,442,650

- a) This was an unsecured revolving loan with a related party to lend to the Company up to US\$52 million. This loan attracted interest at an annual rate equal to the 3-month London Inter-Bank offered rate (LIBOR) plus 420 basis points over a 7-year period. The net effect of the loan drawn down as at December 31, 2021 and 2020 was US\$nil and US\$36 million, respectively. The company exercised the option to make early repayment and paid the balance in full during the year.
- b) National Commercial Bank Jamaica Limited loan represented a bilateral unsecured revolving credit line which attracted interest at a rate of 7.45% per annum over a 5-year period. The repayment was on completion of the 5-year period. The company exercised the option to make early repayment and paid the balance in full during the year.

Financial Covenants

On November 30, 2018, the Group negotiated a 5-year loan facility with National Commercial Bank Jamaica Limited (NCBJL). The terms of this loan are disclosed below:

	Maximum/principal amount	Interest rate	Maturity date
Term loan	\$3.1 billion	7.45%	November 30, 2023

The loan from NCBJL has some financial covenants which mainly include a) the ratio of debt to operating EBITDA (the "Leverage ratio"); and b) the ratio of operating EBITDA to interest expense (the "Coverage ratio"). These financial ratios are calculated according to the formulas established in the debt agreement. The Group must comply with a coverage ratio and a leverage ratio for each quarter as follows:

Coverage ratio	-	1.20
Leverage ratio	-	4.00

As at December 31, 2020, the Group was in compliance with the financial covenants. As at December 31, 2021 the loans have been fully repaid.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS – CONTINUED

16.2) OTHER FINANCIAL OBLIGATIONS

As of December 31, 2021 and 2020, other financial obligations in the consolidated statement of financial position are detailed as follows:

Other financial obligations in the statement of financial position of the Group and the Company as of December 31, 2021 and 2020, are as follows:

	2021			2020		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Redeemable preference shares (a)	\$ 1,446,582	-	1,446,582	1,057,619	989,459	2,047,078
Lease liabilities (b)	67,571	137,234	204,805	50,495	132,957	183,452
	\$ 1,514,153	137,234	1,651,387	1,108,114	1,122,416	2,230,530

(a) Changes in redeemable preferences shares for the years ended December 31, 2021 and 2020 were as follows:

	The Group and Company	
	2021	2020
Balance at beginning of year	\$ 2,047,078	3,022,930
Partial redemption	(1,167,440)	(1,451,891)
	879,638	1,571,039
Unwinding of discount on preferences shares (note 7)	376,010	221,169
Foreign exchange movement	190,934	254,870
Balance at end of year	\$ 1,446,582	2,047,078

The redemption period for the preference shares is from September 30, 2018, through to September 30, 2026. If the amount is not fully paid, the payback period will be automatically extended annually, without penalty, until all the preference shares have been redeemed and the total consideration is paid to the parent company (see also note 20.1).

(b) The right-of-use assets under lease contracts are detailed in note 14. Changes in lease liabilities for the year ended December 31, 2021 and 2020 arising from cash flows and other changes were as follows:

	The Group and Company	
	2021	2020
Balance at beginning of year	\$ 183,452	146,843
Lease liabilities arising from new leases during the year (note 14)	85,559	86,122
Unwinding of the discount on lease liabilities (note 7)	22,321	20,063
Payment of lease liabilities	(79,537)	(73,210)
Adjustment during the year	(6,990)	3,634
Balance at end of year	\$ 204,805	183,452

As of December 31, 2021 and 2020, the maturities of lease financial liabilities were as follows:

	The Group and Company			
	Present Value		Future Minimum Lease Payments	
	2021	2020	2021	2020
No later than 1 year	\$ 67,571	50,495	86,205	79,537
Later than 1 year and not later than 5 years	108,116	100,196	134,794	212,992
Later than 5 years	29,118	32,761	39,000	47,008
	\$ 204,805	183,452	259,999	339,537

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's Treasury function.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS – CONTINUED**16.3) FAIR VALUE OF FINANCIAL INSTRUMENTS****Financial assets and liabilities**

The carrying amounts of cash, trade accounts receivable, other accounts receivable, accounts receivable from related parties, accounts receivable from subsidiary, other current assets, trade payable, other financial obligations, accounts payable to related parties and other current liabilities, approximate their corresponding estimated fair values due to the short-term maturity and revolving nature of these financial assets and liabilities.

The estimated fair value of the Group's long-term debt is level 2 and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for the Group to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to the Group.

The fair value hierarchy level determined by the Group for its derivative financial instruments are level 2. There is no direct measure for the risk of the Group or its counterparties in connection with the derivative instruments. Therefore, the risk factors applied for the Group's liabilities originated by the valuation of such derivatives were extrapolated from publicly available risk discounts for other public debt instruments of the Group and its counterparties.

The estimated fair value of derivative instruments fluctuates over time and is determined by measuring the effect of future relevant economic variables according to the yield curves shown in the market as of the reporting date. These values should be analysed in relation to the fair values of the underlying transactions and as part of the Group's overall exposure attributable to fluctuations in interest rates and foreign exchange rates. The notional amounts of derivative instruments do not represent amounts of cash exchanged by the parties, and consequently, there is no direct measure of the Group's exposure to the use of these derivatives. The amounts exchanged are determined on the basis of the notional amounts and other terms included in the derivative instruments.

As of December 31, 2021 and 2020, the carrying amounts of financial assets of the Group and the Company and their respective fair values are as follows:

		2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets					
Derivative financial instruments (note 16.4)	\$	48,989	48,989	8,634	8,634
		48,989	48,989	8,634	8,634

16.4) DERIVATIVE FINANCIAL INSTRUMENTS

During the reported periods, in compliance with the guidelines established by its Risk Management Committee, the restrictions set forth by its debt agreements and its hedging strategy, the Group held derivative instruments, with the objectives of changing the risk profile or fixing the price of fuels and electric energy.

As of December 31, 2021 and 2020, the carrying amounts and fair values of the Group's derivative instruments was as follows:

		2021		2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fuel price hedging	\$	48,989	48,989	8,634	8,634

Up to December 31, 2021, the Company maintained a forward contract negotiated with CEMEX S.A.B. de C.V. to hedge the price of diesel fuel with the objective of changing the risk profile and fixing the price of fuel. The carrying value of hedging the price of diesel fuel is included in accounts receivable from related party.

CARIBBEAN CEMENT COMPANY LIMITED
Notes to the Group and Company Financial Statements
As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS - CONTINUED
16.4) DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

At December 31, 2021, the aggregate notional amount of the contract is \$48,989 million (US\$0.316 million) [2020: \$8.634 million (US\$0.061 million)], with an estimated aggregate fair value of \$48,989 million (US\$0.316 million) [2020: \$8.634 million (US\$0.061 million)]. The contract is designated as a cash flow hedge diesel fuel consumption, and as such, changes in its fair value are recognised initially in other comprehensive income and are recycled to the income statement as the related diesel volumes are consumed. Fair value gains of a hedge contract recognised in other comprehensive income in 2020 amounting to \$22.349 million (US\$0.152 million) [2020: \$13.715 million (US\$0.103 million)] were recycled through the income statement.

16.5) RISK MANAGEMENT

Enterprise risks may arise from any of the following situations: i) the potential change in the value of assets owned or reasonably anticipated to be owned, ii) the potential change in value of liabilities incurred or reasonably anticipated to be incurred, iii) the potential change in value of services provided, purchased or reasonably anticipated to be provided or purchased in the ordinary course of business, iv) the potential change in the value of services, inputs, products or commodities owned, produced, manufactured, processed, merchandised, leased or sold or reasonably anticipated to be owned, produced, manufactured, processed, merchandised, leased or sold in the ordinary course of business, or v) any potential change in the value arising from interest rate or foreign exchange rate exposures arising from current or anticipated assets or liabilities.

In the ordinary course of business, the Group is exposed to commodities risk, including the exposure from inputs such as fuel, coal, gypsum and other industrial materials which are commonly used by the Group in the production process, and this exposes the Group to variations in prices of the underlying commodities. To manage this and other risks, such as credit risk, interest rate risk, foreign exchange risk and liquidity risk, considering the guidelines set forth by the Board of Directors, which represent the Group's risk management framework and which is supervised by several Committees, the Group's management establishes specific policies that determine strategies oriented to obtain natural hedges to the extent possible, such as avoiding customer concentration on a determined market or aligning the currencies portfolio in which the Group incurred its debt, with those in which the Group generates its cash flows.

As of December 31, 2021, these strategies are sometimes complemented with the use of derivative financial instruments as mentioned in note 16.4, such as the commodity forward contracts on fuels negotiated to fix the price of these underlying commodities. The main risk categories are mentioned below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates which only affect the Group's results if the fixed rate long-term debt is measured at fair value. The Group's fixed-rate long-term debts are carried at amortised cost and therefore is not subject to interest rate risk. The Group's accounting exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and the results for the period.

Nonetheless, it is not economically efficient to concentrate on fixed rates in a high point when the interest rates market expects a downward trend, this is because there is an opportunity cost for remaining long periods paying a determined fixed interest rate when the market rates have decreased and the entity may obtain improved interest rate conditions in a new loan or debt issuance. The Group manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs. In addition, when the interest rate of a debt instrument has turned relatively high as compared to current market rates, the Group intends to renegotiate the conditions or repurchase the debt, to the extent the net present value of the expected future benefits from the interest rate reduction would exceed the incentives that would have to be paid in such renegotiation or repurchase of debt.

As of December 31, 2021 and 2020, the net monetary assets (liabilities) by interest profile are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Monetary Assets:				
Cash at bank and on hand	\$ 244,900	513,136	244,860	513,092
	<u>244,900</u>	<u>513,136</u>	<u>244,860</u>	<u>513,092</u>
Monetary liabilities:				
Floating rate debt	\$ -	(1,366,650)	-	(1,366,650)
Fixed rate debt	-	(3,076,000)	-	(3,076,000)
	<u>-</u>	<u>(4,442,650)</u>	<u>-</u>	<u>(4,442,650)</u>
Net monetary assets (liabilities)	\$ 244,900	(3,929,514)	244,860	(3,929,558)

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT – CONTINUED

Foreign currency risk - continued

Monetary position by foreign currency risk - continued

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Group's profit before taxation, with all other variables held constant.

		2021	
		Change in exchange rate	Effect on profit before tax
US\$	+8.00%	-2.00%	\$ (310,994) 77,749
Euro	+8.00%	-2.00%	\$ (924) 231
		2020	
		Change in exchange rate	Effect on profit before tax
US\$	+6.00%	-2.00%	\$ (283,533) 94,511
Euro	+6.00%	-2.00%	\$ (138) 46

Credit risk

Credit risk is the risk of financial loss faced by the Group if a customer or counterparty of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2021, and 2020, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorisation of credit to customers. The accounting exposure to credit risk is monitored constantly according to the payment behaviour of debtors. Credit is assigned on a customer by customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behaviour regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Group's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk tolerance which analyses the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery. The review includes external ratings, when references are available, and in some cases bank references. Thresholds of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by the Group can only carry out transactions by paying cash in advance. In response to the COVID-19 pandemic, the Group has updated the forward-looking analysis in its ECL model with the applicable macroeconomics projections. As of December 31, 2021, considering the Group's best estimate of potential expected losses based on the ECL model developed by the Group (note 9), the allowance for expected credit losses was \$0.257 million (2020: \$0.283 million).

The Group sells its products primarily to distributors and retailers in the construction industry. The Group manages its concentration risk by frequent and diligent reviews of its largest customers operations to ensure that they remain economically viable and will be able to settle liabilities in a timely manner.

The aged receivable balances are regularly monitored. Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the ECL of the trade accounts receivable and are recognised over their term.

The Group estimates expected credit losses ECL on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL for accounts receivables as at December 31 2021 and 2020.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS - CONTINUED**16.5) RISK MANAGEMENT – CONTINUED****Credit risk – continued****The Group**

		2021			
Aged buckets (days)		Weighted average loss rate	Carrying gross amount	Impairment loss allowance	Credit impaired
Current (not past due)	\$	0.0610%	325,065	257	No
31-60 days		0.0000%	-	-	No
61-90 days		0.0000%	-	-	No
91-120 days		0.0000%	-	-	No
121-365 days		0.0000%	-	-	No
Over 365 days		100.0000%	-	-	Yes
	\$		325,065	257	

		2020			
Aged buckets (days)		Weighted average loss rate	Carrying gross amount	Impairment loss allowance	Credit impaired
Current (not past due)	\$	0.1498%	141,684	283	No
31-60 days		0.0000%	-	-	No
61-90 days		0.0000%	-	-	No
91-120 days		0.0000%	-	-	No
121-365 days		0.0000%	-	-	No
Over 365 days		100.0000%	-	-	Yes
	\$		141,684	283	

The Company

		2021			
Aged buckets (days)		Weighted average loss rate	Carrying gross amount	Impairment loss allowance	Credit impaired
Current (not past due)	\$	0.0610%	325,059	257	No
31-60 days		0.0000%	-	-	No
61-90 days		0.0000%	-	-	No
91-120 days		0.0000%	-	-	No
121-365 days		0.0000%	-	-	No
Over 365 days		100.0000%	-	-	Yes
	\$		325,059	257	

		2020			
Aged buckets (days)		Weighted average loss rate	Carrying gross amount	Impairment loss allowance	Credit impaired
Current (not past due)	\$	0.1498%	141,684	283	No
31-60 days		0.0000%	-	-	No
61-90 days		0.0000%	-	-	No
91-120 days		0.0000%	-	-	No
121-365 days		0.0000%	-	-	No
Over 365 days		100.0000%	-	-	Yes
	\$		141,684	283	

As at December 31, 2021, the Group had 2 customers (2020: 2 customers) that owed the Group more than \$20 million each (2020: \$20 million each), which accounted for 96% (2020: 57%) of all trade receivables owing.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS - CONTINUED
16.5) RISK MANAGEMENT – CONTINUED
Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds available to meet its obligations. In addition to cash flows provided by its operating activities, in order to meet the Group's overall liquidity needs for operations, servicing debt and funding capital expenditures and acquisitions, the Group relies on cost-cutting and operating improvements to optimise capacity utilisation and maximise profitability, as well as borrowing under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. The Group is exposed to risks from changes in foreign currency exchange rates, prices and currency controls, interest rates, inflation, governmental spending, social instability and other political, economic and or social developments, any one of which may materially affect the Group's results and reduce cash from operations.

The table below summarises the maturity profile of the financial liabilities at the reporting date based on contractual undiscounted payments.

The Group	2021				
	Carrying amount	Contractual cashflows	Less than 1 year	1 - 5 years	Over 5 years
Lease liabilities	\$ 204,805	259,999	86,205	134,794	39,000
Redeemable preference shares	1,446,582	1,856,791	1,856,791	-	-
Accounts payable to related parties	872,852	872,852	872,852	-	-
Trade payables	4,451,098	4,451,098	4,451,098	-	-
Total	\$ 6,975,337	7,440,740	7,266,946	134,794	39,000
	2020				
	Carrying amount	Contractual cashflows	Less than 1 year	1 - 5 years	Over 5 years
Lease liabilities	\$ 183,452	339,537	79,537	212,992	47,008
Redeemable preference share	2,047,078	2,833,297	976,506	1,856,791	-
Long-term debt	4,442,650	4,632,256	4,632,256	-	-
Accounts payable to related parties	585,169	585,169	585,169	-	-
Trade payables	3,058,807	3,058,807	3,058,807	-	-
Total	\$ 10,317,156	11,449,066	9,332,275	2,069,783	47,008
	2021				
The Company	Carrying amount	Contractual cashflows	Less than 1 year	1 - 5 years	Over 5 years
Lease liabilities	\$ 204,805	259,999	86,205	134,794	39,000
Redeemable preference shares	1,446,582	1,856,791	1,856,791	-	-
Accounts payable to related parties	872,852	872,852	872,852	-	-
Trade payables	4,448,875	4,448,875	4,448,875	-	-
Total	\$ 6,973,114	7,438,517	7,264,723	134,794	39,000
	2020				
	Carrying amount	Contractual cashflows	Less than 1 year	1 - 5 years	Over 5 years
Lease liabilities	\$ 183,452	339,537	79,537	212,992	47,008
Redeemable preference share	2,047,078	2,833,297	976,506	1,856,791	-
Long-term debt	4,442,650	4,632,256	4,632,256	-	-
Accounts payable to related parties	585,169	585,169	585,169	-	-
Trade payables	3,053,952	3,053,952	3,053,952	-	-
Total	\$ 10,312,301	11,444,211	9,327,420	2,069,783	47,008

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

16) FINANCIAL INSTRUMENTS - CONTINUED**16.5) RISK MANAGEMENT – CONTINUED****Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business activities, maximise stockholder value. As at the reporting date, there were no externally imposed capital ratio requirements.

The Group manages its capital structure and make adjustments, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to stockholders, return capital to stockholders or issue new stock units.

17) OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2021 and 2020, the balance of other current liabilities are summarised as follows:

	The Group		The Company	
	2021	2020	2021	2020
Provisions (i)	\$ 296,534	494,851	295,306	495,818
Rehabilitation provision	7,994	7,265	7,994	7,265
Interest Payable	1,774	628	1,774	628
Advances from customers	232,297	213,136	232,297	213,136
Tax payable	696,348	917,233	697,083	917,233
Other account payable and accrued expenses	476,841	205,380	477,314	204,926
	\$ 1,711,788	1,838,493	1,711,768	1,839,006

- (i) Provisions primarily consist of utilities and production related accruals, along with accrued employee benefits. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

As of December 31, 2021 and 2020, the balance of other non-current liabilities are summarised as follows:

	The Group and Company	
	2021	2020
Rehabilitation provision	\$ 40,903	57,386

Changes in rehabilitation provision for the years ended December 31, 2021 and 2020, are as follows:

	The Group and Company	
	2021	2020
Balance at beginning of the year	\$ 57,386	54,867
Decrease in estimates	(13,879)	(5,572)
Payments	(7,449)	-
Unwinding of discount on rehabilitation provision	4,845	8,091
Balance at end of the year	40,903	57,386
Out of which:		
Current provision	(7,994)	(7,265)
Non-current provision	\$ 32,909	50,121

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

18) PENSIONS AND POST-EMPLOYMENT BENEFITS

Defined contribution pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's and Company's contributions in the year amounted to \$53.888 million (2020: \$51.602 million) and \$53.888 million (2020: \$51.602 million) respectively.

Employee benefits obligation

The Group offers a post-retirement medical benefit to its employees and retirees whereby the company covers a portion of the cost for active members and full medical coverage for retired employees and their spouses, provided they were already covered by the scheme at the time of retirement. Employees who had fifteen (15) years' service and are age 50 and above, shall remain on the medical scheme provided that they were not re-employed.

	The Group and Company	
	2021	2020
Net period cost (income)		
Recorded in operating expenses		
Current service cost	\$ 15,198	13,675
Recorded in financial expenses		
Interest cost (note 7)	78,113	61,824
Recorded in other comprehensive income		
Actuarial losses (gains) for the year	\$ 179,630	(3,142)

For the years 2021 and 2020, actuarial losses (gains) for the period were generated by the following main factors as follows:

	2021	2020
Changes in financial assumptions	\$ 171,920	(163,654)
Experience adjustments	7,710	160,512
	\$ 179,630	(3,142)

As of December 31, 2021 and 2020, the reconciliation of the actuarial benefits' obligations and pension plan assets, are presented as follows:

	2021	2020
Change in benefits obligation:		
Projected benefit obligation at beginning of the year	\$ 882,360	839,047
Service cost	15,198	13,675
Interest cost (note 7)	78,113	61,824
Actuarial losses (gains)	179,630	(3,142)
Benefits paid	(31,585)	(29,044)
Projected benefit obligation at end of the year	\$ 1,123,716	882,360

The principal actuarial assumptions used are as follows:

	2021	2020
Assumptions:		
Discount rate	8.00%	9.00%
Inflation rate	5.00%	6.00%
Medical growth rate	10.50%	10.50%

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality Tables (GAM 94 table) (U.S.mortality tables) with no age setback.

At December 31, 2021, the weighted average duration at the defined benefit obligation was 27 years (2020: 26 years).

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

18) PENSIONS AND POST-EMPLOYMENT BENEFITS - CONTINUED**Sensitivity analysis on projected benefits obligation**

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the projected benefit obligation measured at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the health cost inflation rate.

	2021			
	Change		Effect on health cost	
Assumptions:				
Discount rate sensitivity	+1.00%	-1.00%	\$ (174,683)	229,283
Medical growth rate	+1.00%	-1.00%	\$ 229,283	(172,586)
Life expectancy	+1 year	-1 year	\$ 52,374	(50,787)
	2020			
	Change		Effect on health cost	
Assumptions:				
Discount rate sensitivity	+1.00%	-1.00%	\$ (128,371)	165,824
Medical growth rate	+1.00%	-1.00%	\$ 165,824	(127,854)
Life expectancy	+1 year	-1 year	\$ 37,213	(36,355)

In 2019, the Group embarked on an exercise to determine whether all retirees, who are in receipt of medical benefits are alive. One hundred and sixty-four (164) retirees have not collected the medical cards which are needed to access the benefits. While this does not directly imply that these members are not alive, it has been assumed, for the purpose of the valuation, twenty-one (21) retirees who are aged 75 years and over, are deceased and as a result they were removed from the data. This resulted in a reduction in the medical obligation of \$30.3 million. If any of these members present themselves, the related obligation will be included in the subsequent valuation of the medical benefit obligation. There was no amendment to the plan in 2021.

19) TAXATION**19.1) TAXATION CHARGE FOR THE PERIOD**

The amounts of tax expense in the statement of profit or loss for 2021 and 2020 are summarised as follows:

	The Group		The Company	
	2021	2020	2021	2020
Current tax	\$ 1,121,224	796,006	1,121,224	796,006
Previous year tax adjustment	19,108	17,753	19,108	17,687
Deferred tax	229,463	414,448	229,463	414,448
	\$ 1,369,795	1,228,207	1,369,795	1,228,141

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

19) TAXATION - CONTINUED
19.2) DEFERRED TAX

The effect of deferred tax for the year represents the difference between the tax balances at the beginning and end of the year.

As of December 31, 2021 and 2020, the temporary differences that generated the deferred tax assets and liabilities of the Group are presented below:

	2021			
	January 1	Recognised in the income statement	Recognised in OCI	December 31
Deferred tax assets:				
Interest accrual	\$ 199	244	-	443
Other accrual	(1,504)	1,504	-	-
Inventory accrual	51,021	18,647	-	69,668
Lease liabilities	45,863	3,685	-	49,548
Accrued vacation	36,182	15,674	-	51,856
Post-retirement benefit obligation	220,590	15,432	44,908	280,930
Unrealised exchange (gains) losses	(9,485)	27,460	-	17,975
Total deferred tax assets	\$ 342,866	82,646	44,908	470,420
Deferred tax liabilities:				
Property, machinery and equipment	(2,043,823)	(312,109)	-	(2,355,932)
Total deferred tax liabilities	(2,043,823)	(312,109)	-	(2,355,932)
Net deferred tax liabilities	\$ (1,700,957)	(229,463)	44,908	(1,885,512)
	2020			
	January 1	Recognised in the income statement	Recognised in OCI	December 31
Deferred tax assets:				
Tax losses	\$ 62,121	(62,121)	-	-
Interest accrual	417	(218)	-	199
Other accrual	36,983	(38,487)	-	(1,504)
Inventory accrual	61,016	(9,995)	-	51,021
Lease liabilities	-	45,863	-	45,863
Accrued vacation	39,493	(3,311)	-	36,182
Post-retirement benefit obligation	209,761	11,615	(786)	220,590
Unrealised exchange losses	364	(9,849)	-	(9,485)
Total deferred tax assets	\$ 410,155	(66,503)	(786)	342,866
Deferred tax liabilities:				
Property, machinery and equipment	\$ (1,695,878)	(347,945)	-	(2,043,823)
Total deferred tax liabilities	(1,695,878)	(347,945)	-	(2,043,823)
Net deferred tax liabilities	\$ (1,285,723)	(414,448)	(786)	(1,700,957)

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

19) TAXATION - CONTINUED**19.3) RECONCILIATION OF EFFECTIVE TAX RATE**

For the years ended December 31, 2021 and 2020, the effective tax rates were as follows:

	The Group		The Company	
	2021	2020	2021	2020
Earnings before taxation	\$ 5,711,427	4,424,900	5,720,882	4,433,047
Taxation	\$ 1,369,795	1,228,207	1,369,795	1,228,141
Effective tax rate	24%	28%	24%	28%

The current tax charge differs from the theoretical amount that would arise using the tax rate as follows:

	The Group		The Company	
	2021	2020	2021	2020
Earnings before taxation	\$ 5,711,427	4,424,900	5,720,882	4,433,047
Taxed at 25%	(1,427,857)	(1,106,225)	(1,430,221)	(1,108,262)
Tax on non-allowable expenses	(183,099)	(278,521)	(183,099)	(278,521)
Employment tax credit	231,362	197,823	231,362	197,823
Others	9,799	(41,284)	12,163	(39,181)
	\$ (1,369,795)	(1,228,207)	(1,369,795)	(1,228,141)

20) SHARE CAPITAL & RESERVES**20.1) SHARE CAPITAL**

As of December 31, 2021 and 2020, the breakdown of authorised share capital was as follows:

	Number of units ('000)	
	2021	2020
Ordinary stock units at no par value	1,335,000	1,335,000
Preference shares of US\$1 par value	115,000	115,000

As of December 31, 2021 and 2020 the share capital of the Group is as follows:

	2021		2020	
	Number of units ('000)	Value (\$)	Number of units ('000)	Value (\$)
Issued and fully paid:				
Ordinary stock at no par value	\$ 851,138	1,808,837	851,138	1,808,837
Preference shares of US\$1 par value (i)				
January 1	24,960	-	37,800	-
Less amount redeemed [note 20.1(i)]	(9,629)	-	(12,840)	-
December 31	15,331	-	24,960	-
Capital contribution (ii)	\$ -	3,839,090	-	3,839,090

(i) Preference shares

On January 5, 2010, at an Extraordinary General Meeting the members approved a resolution for the conversion of US\$15 million of the Company's indebtedness to TCL into fifteen million (15,000,000) redeemable preference shares of US\$1 each.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

20) SHARE CAPITAL & RESERVES - CONTINUED

20.1) SHARE CAPITAL - CONTINUED

(i) Preference shares - continued

On June 25, 2013, at a General Meeting the stockholders approved a resolution for the creation of 100,000,000 new preference shares and further authorised the Board to issue to TCL allotments of new preference shares for the purpose of discharging debts owed by the Company to TCL. Subsequently, on June 29, 2013, the Board approved the conversion of US\$37 million due to TCL into thirty-seven million (37,000,000) redeemable preference shares of US\$1 each.

The preference shares conferred upon the holders thereof no right at any time to receive any dividend beyond such dividend as the Company may have, at its discretion, declared upon the preference shares provided that if the Company had declared any dividend on its ordinary stock units it should have at the same time declared a dividend on the preference shares at a rate no lower than the rate declared on the ordinary stock units. All dividends declared upon the preference shares should have been paid in United States dollars.

On July 6, 2018, a preference share agreement was made between the Company and the holder of the preference shares TCL for the redemption of 15,000,000 redeemable preference shares issued on January 5, 2010, and 37,000,000 redeemable preference shares issued on June 29, 2013.

The number of preference shares to be redeemed on each partial redemption (the Partially Redeemed Preference Shares") shall be the result of multiplying: (i) an amount equal to at least 33 1/3% ("the Conversion Factor") of the US Dollar equivalent of the profits of Issuer (which under Jamaican law would otherwise have been available for dividend payment) for the fiscal year prior to the fiscal year in which the Partial Redemption is taking place (with the annual profits being based on the latest year end financial statements of the Issuer) (the "Annual Consideration"); by (ii) 1.283950 (the "Discount Factor") shall always be rounded down to the nearest whole number.

The redemption period for the preference shares is from September 30, 2018 through to September 30, 2026. The redemption period based on the full terms and conditions of the agreement will be automatically extended annually, without penalty, until all the preference shares have been redeemed and the total consideration is paid to holder provided that the Conversion Factor shall be increased to at least 66.6% for the Partial Redemption occurring after the first such extension. The preference shares shall be redeemed in the following order: (i) the number of 2010 Preference Shares that corresponds to each Annual Consideration until all 2010 preference shares have been redeemed; and (ii) only after all the 2010 preference shares have been fully redeemed, the number of 2013 preference shares that correspond to each Annual Consideration until all the 2013 preference shares have been redeemed.

As of December 31, 2021, the company has made four partial redemptions of its preference shares amounting to 36,669,329 units, which comprised 15,000,000 units out of the total preference shares that were issued to TCL in 2010 and 21,669,329 units out of the total preference shares that were issued to TCL in 2013. The amount of the consideration paid for the four partial redemptions as of December 31, 2021 was US\$28.560 million. After this partial redemption, TCL still holds an aggregate number of 15,330,671 units of preference shares. See note 16.2 for details related to amounts paid for the redemption of the preference shares during the year.

(ii) Capital contribution

On June 25, 2013, the TCL Board approved that intercompany balances of US\$38 million due by the Company to TCL be forgiven. The debt forgiven was credited to capital contribution by the Company.

This restructuring was designed to strengthen the equity position of the Company.

20.2) RESERVES

(a) Realised capital gain

The Group and the Company realised capital gains of \$1.414 billion and \$1.414 billion, respectively, which represent the profit from the sale of certain machinery and equipment in August 1999. This was credited to the income statement over the 10 year period of the original operating lease.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

20) SHARE CAPITAL & RESERVES - CONTINUED**20.2) RESERVES - CONTINUED****(b) Other equity reserves**

As of December 31, 2021 and 2020 other equity reserves are summarised as follows:

	The Group and Company	
	2021	2020
Capital redemption fund reserve (i)	\$ 3,528,903	2,556,022
Fuel price hedge (16.4)	48,989	8,634
	\$ 3,577,892	2,564,656

(i) Capital redemption fund reserve

This represents amount being transferred to capital redemption reserve fund on redemption of the preference shares pursuant to Section 64(d) of the Jamaica Companies Act. The movement in the reserve during the year was as follows:

	The Group and Company	
	2021	2020
Balance at beginning of the year	\$ 2,556,022	1,268,221
Amount transferred during the year	972,881	1,287,801
Balance at end of the year	\$ 3,528,903	2,556,022

(c) Accumulated net income and total comprehensive income:

(i) The total net income for the years ended December 31, 2021 and 2020 was dealt with in the financial statements as follows:

	The Group and Company	
	2021	2020
Company	\$ 4,351,087	3,204,906
Subsidiary	(9,455)	(8,213)
	\$ 4,341,632	3,196,693

(ii) The accumulated net income (losses) as of December 31, 2021 and 2020 are reflected in the financial statements as follows:

	2021	2020
	Company	\$ 5,154,293
Subsidiary	(14,586)	(5,131)
	\$ 5,139,707	1,905,678

(iii) Changes in accumulated net income (losses) for the years ended December 31, 2021 and 2020 are as follows:

	The Group		The Company	
	2021	2020	2021	2020
Balance at beginning of the year	\$ 1,905,678	(5,570)	1,910,809	(8,652)
Net income	4,341,632	3,196,693	4,351,087	3,204,906
Actuarial (loss) gains for the year	(134,722)	2,356	(134,722)	2,356
Transfer to capital redemption fund reserve	(972,881)	(1,287,801)	(972,881)	(1,287,801)
Balance at end of the year	\$ 5,139,707	1,905,678	5,154,293	1,910,809

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES – CONTINUED**22.1) ACCOUNTS RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES - CONTINUED**

Short-term assets relate to management fees, sales, purchases and reimbursable expenses. Amounts receivables are deemed to have low credit risk. They are short-term in nature and due on demand. Additionally, they are interest free, unsecured and do not have any set repayment terms.

22.2) MAIN OPERATIONS WITH RELATED PARTIES

	CEMEX SAB de CV and related entities		Trinidad Cement Limited and its subsidiaries		Caribbean Cement Company Limited's subsidiary	
	2021	2020	2021	2020	2021	2020
Included in the income statement						
Revenue:						
Management fees	\$ 52,698	42,951	-	-	-	-
Other	1,238	83,952	13,635	5,477	-	-
Cost of sales and operating expenses:						
Purchase of cement	(1,383,338)	(1,170)	(96,236)	(36,813)	-	-
Purchase of coal	(1,150,561)	(1,088,444)	-	-	-	-
Purchase of goods and Other materials	-	-	(231,697)	(815,085)	-	-
Purchase of iron silicate	(133,539)	(66,014)	-	-	-	-
Technical service and management fees	(199,318)	(153,461)	(194,949)	(155,232)	-	-
Subvention	-	-	-	-	(13,933)	(12,055)
Freight charges	(77,329)	(10,535)	-	-	-	-
Other purchases	(199,313)	-	290	-	-	-
Financing costs:						
Financial expenses	(13,773)	(225,732)	-	-	-	-
Included in the statement of financial position:						
Capital expenditure	\$ (250,598)	(114,661)	-	-	-	-

22.3) COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	The Group		The Company	
	2021	2020	2021	2020
Short-term employee benefits (i)	\$ 180,998	153,461	180,998	153,461
Directors' emoluments (ii)	8,418	6,538	8,418	6,538
	\$ 189,416	159,999	189,416	159,999

- (i) Compensation to key management personnel are included in the technical service and management fees paid to related parties.
(ii) Director's emoluments includes an amount for health insurance paid for the Chairman of the Board.

22.4) ACCOUNTS RECEIVABLE FROM AND PAYABLE TO SUBSIDIARY

This amount represents recharges net of trade amounts due to and from subsidiary which are interest free, unsecured and have no fixed repayment period.

Accounts receivable from subsidiary is deemed to have a low credit risk. The expected credit loss on these are therefore considered immaterial.

23) CAPITAL COMMITMENTS

An aggregate amount of \$604.687 million (US\$3.899 million) [(2020: \$nil (US\$nil))] was approved and contracted for as at December 31, 2021 in respect of capital projects.

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Group and Company Financial Statements

As of December 31, 2021 and 2020

(Thousands of Jamaican Dollars)

24) CONTINGENCIES

There is one claim against the company by a former employee and two threatened claims by employees of the Company's contractors. The Directors are of the opinion that if the Claimants are successful, liability should not exceed JMD \$20,000,000.

25) LIMESTONE RESERVES

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Group are met from reserves in land leased from the Government of Jamaica. The annual lease charge is \$1.2 million and the lease term has 27 years remaining and exploitable reserves are expected to have a life of 28 years based on the current extraction rate. These limestone reserves are not recorded in these financial statements.

26) 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.

27) 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 7, 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.



www.caribcement.com