ANNUAL REPORT 2018

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CEMEX

Building a better future

Contents

Design and Layout: Paria Publishing Co. Ltd.
Printing: Phoenix Printery Limited

Strategic Framework

Vision

Building
a Brighter
Future

Mission

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 and Environment
Customer Centricity
Operational Efficiencies
One Company
Sustainable Returns

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
Registered Office:
Rockfort, Kingston
Postal Address: P.O. Box 448,
Kingston, Jamaica
Tel: (876) 928-6231-5
Fax: (876) 928 7381
Email: info@caribcement.com
Website: www.caribcement.com

BOARD OF DIRECTORS
Parris A. Lyew-Ayee, CD, Chairman
José Luis Seijo González,
Managing Director – TCL Group
Peter Donkersloot Ponce, General Manager
Hollis N. Hosein
Luis Gilberto Ali Moya
The Hon. Peter Moses, OJ
Dania Jocelyn Heredia Ramirez

COMPANY SECRETARY
Craig Lloyd Neil

MANAGEMENT TEAM
Peter Donkersloot Ponce (General Manager)
Jorge Lizama
Christopher Brown
Carlos Phipps
Andrew Stephenson
Garen Williams
Jorge Herrera
Nelson Sanchez
Ricardo Lopez Quero
Jorge Camelo
Adrian Spencer
Klao Bell-Lewis
Marchel Burrell
Craig Lloyd Neil
Wayne Ballen
Wilson Peña

SUBSIDIARY COMPANIES
Caribbean Gypsum Company Limited
Jamaica Gypsum & Quarries Limited
Rockfort Mineral Bath Complex Limited

ATTORNEYS-AT-LAW
Charles Piper & Associates
13a North Avenue, Kingston 5

Dunn Cox
48 Duke Street, Kingston

Patterson, Mair, Hamilton
Temple Court, 85 Hope Road, Kingston 6

REGISTRAR & TRANSFER AGENT
Sagicor Bank 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
Bank of Nova Scotia Jamaica Limited
Citibank, N.A.
National Commercial Bank Jamaica Limited

BOARD AUDIT COMMITTEE
Hollis N. Hosein, Chairman
Parris A. Lyew-Ayee
Dania Jocelyn Heredia Ramirez

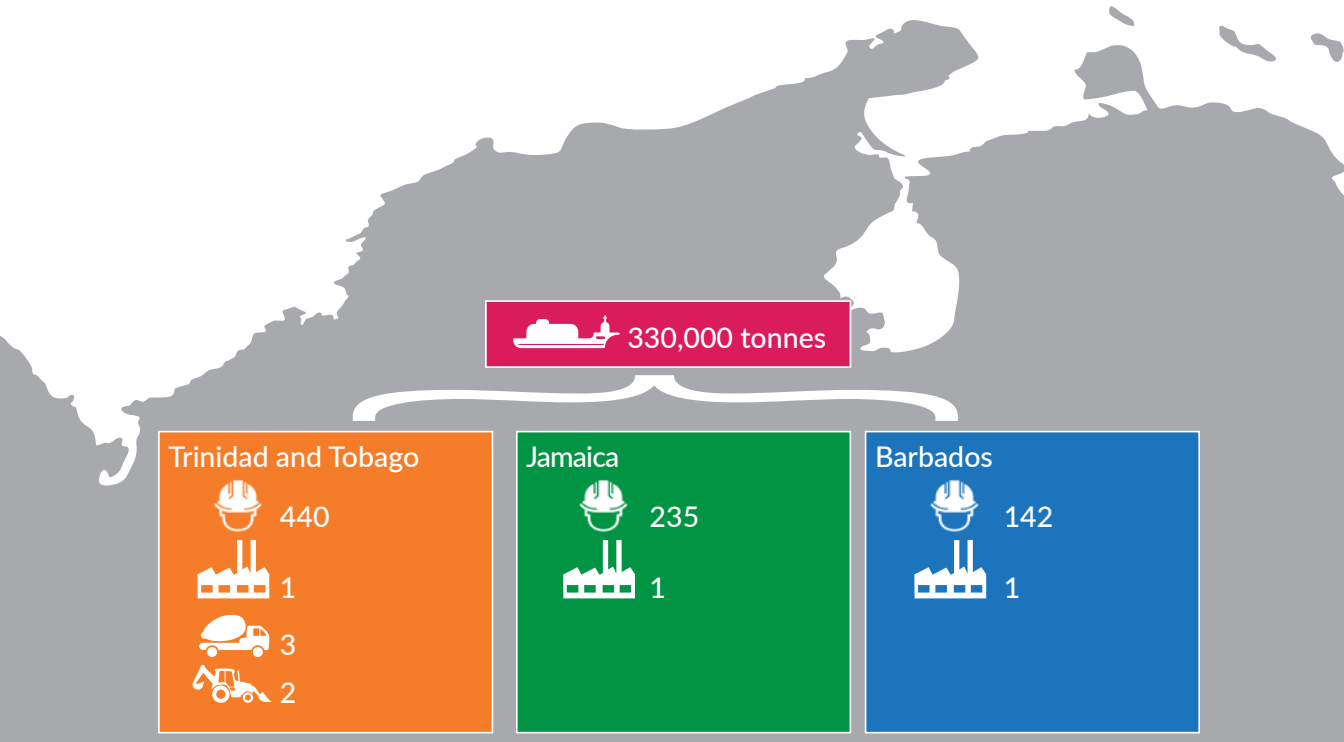
Objectives of the Board Audit Committee

- To increase the credibility and objectivity of financial reports;
- To ensure that an effective system of internal controls is established and maintained by the company;
- To help Directors meet their responsibilities, especially for accountability;
- To strengthen the role of the external Directors by facilitating in-depth discussions between Directors on the committee, management and external auditors;
- To provide better communication between Directors and external auditors.

Corporate Governance Committee
The Corporate Governance Committee was established on March 4, 2005 by Trinidad Cement Limited of which Caribbean Cement Company Limited is a subsidiary.

The Corporate Governance guidelines can be viewed on the company's website – www.caribcement.com.

Regional Footprint (TCL Group)

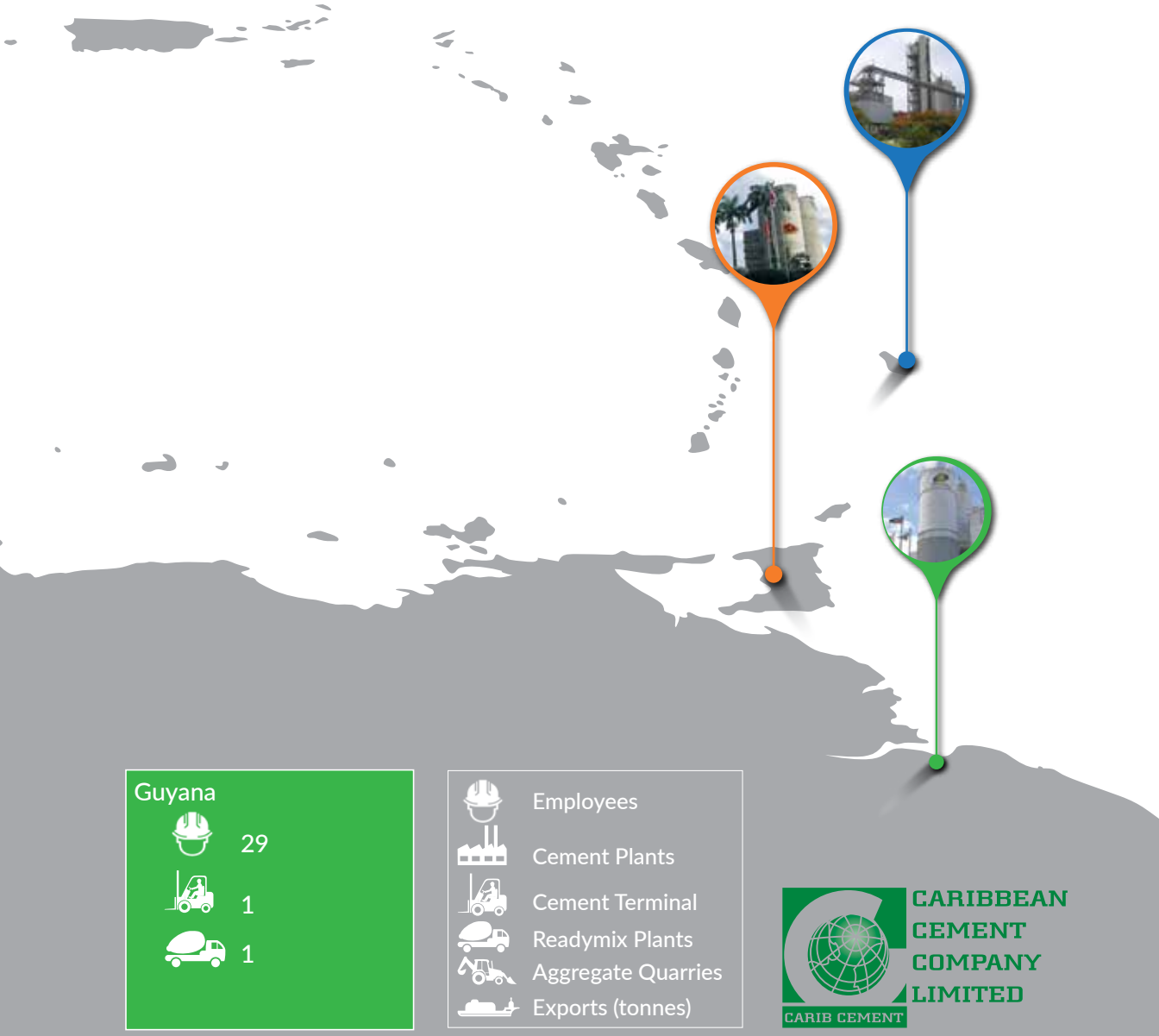


About CEMEX

CEMEX is a global building materials company that provides high-quality products and reliable services to customers and communities in more than 50 countries. CEMEX has a rich history of improving the well-being of those it serves through innovative building solutions, efficiency advancements, and efforts to promote a sustainable future.

About Caribbean Cement Company Limited

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 cements in Jamaica. Our 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, which is owned by CEMEX. The company has three subsidiaries: the Jamaica Gypsum and Quarries Limited, the Caribbean Gypsum Company Limited and the Rockfort Mineral Bath Complex Limited.



Board of Directors

Parris A. Lyew-Ayee, CD
(Chairman)

José Luis Seijo González

Peter Donkersloot Ponce

Hollis N. Hosein

Luis Gilberto
Ali Moya

The Hon.
Peter Moses, OJ

Dania Jocelyn
Heredia Ramirez

About Our Board of Directors

Parris A. Lyew-Ayee, CD
Chairman

Parris A. Lyew-Ayee holds a BSc 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 the Executive Director of the Jamaica Bauxite Institute. In addition to being the Chairman of the Board of Directors of Caribbean Cement Company Limited, he is also a member of the Board of Directors of The Jamaica Bauxite Institute, Noranda Jamaica Bauxite Mining Partners, and The Jamaica National Building Society (including its subsidiary organisations, Jamaica National Building Society Foundation and Jamaica National Small Business Loans Limited, where he serves as the Chairman). At the Mona Campus of The University of the West Indies, he serves on the Mona Campus Council, the Strategy and Policy Committee, the Finance and General Purposes Committee, the Audit Committee and the Grounds and Buildings Committee, and the Board of Directors of the Mona GeoInformatics Institute.

Mr. Lyew-Ayee's contribution to Jamaica's bauxite industry has been acknowledged by the Government of Jamaica, which conferred on him the Order of Distinction in the rank of Officer (OD) in 1988 and the Order of Distinction in the rank of Commander (CD) in 2007.

José Luis Seijo González
Managing Director – TCL Group

José Luis Seijo González Managing Director of the TCL Group, has had many years of experience in the cement industry, having worked in several key cross postings at CEMEX. The most recent, before taking up his appointment at TCL on May 4, 2015 was that of Head - Strategic and Financial Planning for Spain and the Mediterranean region.

Mr. Seijo joined CEMEX in 1999, initially in the area of production before moving to strategic planning at the company's operations in Spain. His vast experience incorporates assignments in Mexico in Corporate Strategic Planning; Israel - Chief Financial Officer; Bangladesh - Chief Executive Officer and Latvia, also as Chief Executive Officer.

He holds a BSc. in Mechanical Engineering with a Master's Degree in Finance from the University of Bath, UK

Peter Donkersloot Ponce
General Manager

Peter Donkersloot Ponce was appointed General Manager of Caribbean Cement Company Limited effective November 7, 2016. Mr. Donkersloot Ponce has held key positions in five different countries (Jamaica, Panama, Peru, El Salvador and Guatemala). His experience ranges in Commercial Operations, Logistics, Risk Assessment, Management Strategic Planning and General Management.

Mr. Donkersloot Ponce holds a Global Masters of Business Administration (MBA) from the Thunderbird School of Global Management along with professional qualifications in Industrial Engineering from the Institute of Technology (ITESM), Mexico. He is fluent in Spanish and English.

Dania Jocelyn Heredia Ramirez

Dania Heredia Ramirez was appointed as a Director on the Board of Caribbean Cement Company Limited on October 12, 2017.

She is a Magna Cum Laude Attorney with a Masters Degree in Business and Economic Law from the Pontificia Universidad Católica Madre y Maestra (PUCMM) and a Masters in Business Administration (MBA) from Barna Management School, both in the Dominican Republic.

Through the years, she has participated in many Corporate Trainings from prestigious institutions, including but not limited to the China Europe International Business School and the Florida International University. She also has experience in Corporate Social Responsibility, Alternative Dispute Resolution and Arbitration, certified by the Instituto Technologic de Monterrey and the Universidad de Valparaiso in Chile, respectively.

Ms Heredia Ramirez has held positions as Corporate Attorney in leading Dominican companies, including Verizon and the Dominican Association of Customs-Free Zone. She has also worked as Director and Defender in the Public Defender's program of the Commissioner in support of the reform and modernisation of justice. In 2005, Ms Heredia Ramirez 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 company policies related to economic competition, code of ethics and anti-corruption.

As an active member of many Business Associations and Justice Commissions in the Dominican Republic, she has been able to significantly contribute to the revision of laws and regulations regarding corporate and environmental law. She presides over the Board of Directors of the National Network of Business Support to Environmental Protection, is a member of the legal committee of the American Chamber of Commerce and Arbitrator of the Commerce and Production Chamber of Santo Domingo.

Hollis N. Hosein

Hollis Hosein is a former Group Finance Manager (June 2009) of the TCL Group and has extensive diverse experience in the areas of Financial Management Systems, Administration and General Management. 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 a Director and Chairman of the Board Audit Committee of Caribbean Cement Company Limited - Jamaica and Chairman of the Board of Directors for TCL Guyana Inc. He currently voluntarily assists with several charitable projects in Trinidad & Tobago

The Hon. Peter Moses, OJ

Peter Moses is a noted banking executive who has worked with Citibank for 42 years. He retired in March 2017 from the posts of CEO of CitiBank Jamaica and Chairman of CitiFinance and CitiMerchant Bank.

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) and Chairman of the Public Sector Reform Oversight Committee.

His contributions to nation building have been recognised by the conferring of the national awards, Commander of the Order of Distinction (CD) and Order of Jamaica (OJ). In 2009, he was appointed to Jamaica's Privy Council by Governor General, Sir Patrick Allen.

Luis Gilberto Ali Moya

Luis Gilberto Ali Moya was appointed TCL Group Finance Manager effective January 01, 2016.

Prior to joining the TCL Group, he 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).

Having earned his Bachelor of Accounting degree from the Universidad Católica "Andres Bello" in Caracas, Venezuela (1997), he then went on to attain a Master of Business Administration degree from the Universidad Latinoamericana de Ciencia y Tecnología in San Jose, Costa Rica (2009).

Notice of Annual General Meeting

NOTICE is hereby given that the **SEVENTIETH ANNUAL GENERAL MEETING** of **CARIBBEAN CEMENT COMPANY LIMITED** will be held on July 18, 2019 at 10:00 a.m. at "The Worthington" at the **Spanish Court Hotel** located at 16 Worthington Avenue, Kingston 5 to transact the following business and to consider and, if thought fit, pass the following Resolutions:

1. AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

To receive the audited accounts for the year ended December 31, 2018, together with the Directors' and Auditors' Reports circulated therewith and declare

THAT the Balance Sheet and Profit and Loss Accounts for the year ended December 31, 2018, together with the Reports of the Directors and Auditors now submitted to this meeting, be and are hereby adopted.

2. APPOINTMENT & REMUNERATION OF AUDITORS

To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

3. ELECTION OF DIRECTORS

In accordance with Article 96 of the Company's Articles of Incorporation, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

- Dania Jocelyn Heredia Ramirez
- Peter Moses, OJ

a) **THAT** the retiring Director, Dania Jocelyn Heredia Ramirez be and is hereby re-elected.

b) **THAT** the retiring Director, Peter Moses be and is hereby re-elected.

PURSUANT to Article 100 (A) of the Company's Articles of Incorporation, members qualified to attend and vote at the meeting who wish to nominate a person (other than a retiring Director who may be re-appointed at the meeting) to stand as a Director shall deposit such nomination, in writing, signed by the member at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" between 8:00 a.m. on July 4, 2019 and 4:00 p.m. on July 11, 2019. Each such nomination shall be accompanied by a notice in writing, signed by the person nominated, indicating his/her willingness to be elected.

4. REMUNERATION OF DIRECTORS

To fix the remuneration of the Directors:

THAT the amount shown in the Accounts of the Company for the year ended December 31, 2018, as remuneration of the Directors for their services as Directors be and is hereby approved.

5. To transact any other business, which may properly be transacted at an Annual General Meeting.

NOTE:

A member may appoint a proxy to attend and vote on his/her behalf. The proxy appointed need not be a member of the Company. A proxy accompanies this Notice.

The proxy form must be signed and deposited duly stamped at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" not less than forty-eight hours before the meeting.

BY ORDER OF THE BOARD

Craig Lloyd Neil
Company Secretary
Rockfort, Kingston

April 30, 2019

REGISTERED OFFICE
Rockfort, Kingston

Directors' Report

The Directors submit this report and the Audited Financial Statements for the year ended December 31, 2018.

FINANCIAL RESULTS

Results for the year are shown on pages 45 to 116 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiaries: Jamaica Gypsum & Quarries Limited, Rockfort Mineral Bath Complex Limited and Caribbean Gypsum Company Limited.

HIGHLIGHTS OF THE YEAR ($ Thousands)	2018	2017
Revenue	17,573,931	16,513,084
Net Profit	2,466,093	1,111,734
Total Net Assets	6,418,181	8,340,030
Profit per Stock Unit	$2.90	$1.31

TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2018

Name	No. of Shares
TCL Nevis Limited	558,688,942
Trinidad Cement Limited	71,876,497
Scancem International (St Lucia) Limited	42,187,482
Mayberry West Indies Bank Limited	24,733,856
Guardian Life Limited	6,674,357
Colin Steele	6,500,000
Michael J. G. Subratie	5,254,965
Sagicor Pooled Equity Fund	5,040,753
National Housing Trust	4,318,904
PAM – Pooled Equity Fund	3,826,305
TOTAL	**729,102,061**

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2018

Name	No. of Shares
Parris A. Lyew-Ayee	10,000
TOTAL	**10,000**

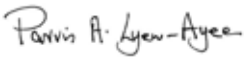
SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2018

Name	No. of Shares
Adrian Spencer	23,750
Klao Bell-Lewis	5,200
TOTAL	**28,950**

With the exception of the Directors listed above, no Director nor their connected parties hold stockholding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2018.

On behalf of the Board of Directors.



Mr. Parris A. Lyew-Ayee, CD
Chairman

Chairman's Statement

Parris A. Lyew-Ayee, CD
Chairman

Dear Shareholders:

On behalf of the Board, it is my signal honour to present Caribbean Cement Company Limited's Annual Report for the year ended December 31, 2018.

We are proud to report to you, our shareholders, that our relentless pursuit of excellence has seen Carib Cement grow from strength to strength. Each year we boldly raise the bar and in 2018 this resulted in: significant improvements in our safety record and productivity, revenues of $17.6 billion (an increase of 6% when compared to 2017) and a domestic sales volume increase of 6% above that which was achieved in 2017. This performance is hinged upon several factors, including the drive and expertise of our team, improvements in customer-centricity, robust retail sales, and demand from new housing construction and ongoing large infrastructure projects.

We continue to enjoy the benefits of leveraging the standards and expertise of CEMEX which has strengthened our foundations and positioned the company for sustainable growth. The company continues to invest in its people through ongoing training and development. This has been backed by further investment in state-of-the-art equipment, machinery and physical infrastructure.

Our human resources are without a shadow of a doubt our most valuable asset. Continuous training is a key pillar of our growth strategy. I am pleased to advise that our empowerment initiatives bore fruit in 2018 and will continue to buttress the capacity of our home-grown talent through exposure to best practice and innovation in action throughout all the business units of our global partner CEMEX.

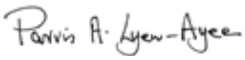
As a responsible corporate citizen we are called to be good stewards of the environment and have devoted considerable resources to ensuring compliance with all local legal and regulatory requirements and maintaining international certifications, which affirm that our plant is operating at world-class standards.

It is my privilege to inform you that our commitment to sustainability partnerships with our community and stakeholders has seen us conduct a vibrant corporate social responsibility programme. Our outreach activities have resulted in transformational interventions through the renovation of parks, sports complexes and community centres, and not just in proximity to our plant. We also continue to promote the benefits to be garnered from concrete roads and have laid concrete roads in several rural communities.

Outlook

Carib Cement remains committed to the promotion of Zero4Life as it goes without saying that our most valued resource, our people, must be kept safe through the observance of the highest safety standards. With that said, in 2019 health and safety will again remain our number one priority. Our valued customers will also hold pride of place in all that we do as we are dedicated to ensuring their satisfaction and further improving how we serve them. As we continue to identify ways of delivering shareholder value, we will continue to focus on efficiency, productivity, expense management, risk management and sound ethical practices, providing world-class products to the market.

The Directors would like to take this opportunity to thank the General Manager, the management team, employees, distributors and all our stakeholders for their loyalty and continued partnership in building a greater Jamaica.



Parris A. Lyew-Ayee, CD

Chairman

Peter Donkersloot Ponce
General Manager

Caribbean Cement Company Limited's journey towards becoming a world-class operation continued unabated in 2018. We remained resolute in our Zero4Life Health and Safety initiatives. These efforts have been accompanied by our commitment to Customer Centricity and the tremendous possibilities that flow from our relationships with CEMEX and the TCL Group. Efforts to foster and enhance culture and performance in health and safety, maintain and improve our fiscal prudence, increase efficiencies and reliability of the plant, and the company's commitment to returns on investments, all featured prominently in the mandate we set for ourselves in 2018.

Throughout the year, planned investments were made in key areas, resulting in continued improvements in safety, our people, the environment, as well as the reliability and productivity of our equipment. We pursued an ambitious agenda for maintenance and installation of new equipment and successfully executed ten major projects. This includes the installation of a new coal mill, reclaimer and transport compressors. The value of this investment was more than US$ 80 million.

Our contribution to and impact on the Jamaican economy are significant in both quantifiable and qualitative ways. Through taxes of more than $1.5 billion per annum, utilisation of the services of more than 350 local suppliers and acquisition of 65% of the services and goods locally, Carib Cement continued to be an active driver of national growth and development.

We cannot emphasize enough how proud we are that we have stayed the course and will remain committed to facilitating the well-being of our most valuable resource, our people. As a Company, we will continue to maintain and attract a high performing, motivated workforce, proud of their place of work and the quality of products produced.

Our Value Indicators

Health, Safety, and Environment

Our Zero4Life initiative means that safety remains our most important priority as we focus our organisation, our practices and our environment to achieve this common objective. We continue to reap the benefits of incorporating CEMEX' best practices into our operations. Our initiatives have resulted in the achievement of 461 days at the Plant and 1,285 days at the Quarries without lost time incidents for our permanent employees. We are committed to maintaining our OHSAS 18001:2007 certification while we partner with the TCL Group and CEMEX in improving safety not only at our main plant, but also through programmes targeting employees and their families, contractors as well as our neighbouring communities.

Critical to our operations is the protection of the environment. We have demonstrated our commitment to this responsibility through the implementation of major investments that will lead to even better performance levels in 2018. These investments have led to improvements that include the dust mitigation program, greater housekeeping activities and the demolition activity where significant volumes of scrap metal continue to be sold to contribute to the cost reduction of the programme. We are excited about the ongoing transformation and greening of our facility and are very pleased to have planted more than 100 trees throughout the year at the Rockfort Plant.

Quality

Our products continue to meet world-class standards and throughout 2018 there were no reported instances of non-conforming product, cement or clinker entering the market locally or overseas. All cement dispatched met the JS and ASTM specifications. Our management systems continue to stay abreast of best practices as we are pleased to have retained several standard certifications including the ISO 9001:2008 quality management systems and ISO/IEC 17025:2005 laboratory accreditations.

Customer Centricity

Our annual customer satisfaction survey yielded a net promoter score of 49%, up from 20% in 2017. We are extremely proud of the fact that every member of the Carib Cement family has embraced the Customer Centricity ethos. We commit to building meaningful relationships with our customers through dialogue and engagement. A special project to review and refine the segmentation of our customer base has borne fruit. We are determined to increasingly understand the needs of our customers and to helping them succeed by efficiently and effectively providing the services that they need.

Market Review

The Domestic Market

Local demand for cement was steady throughout the year and we are pleased to have met the needs of the market. We saw an increase in sales volume of 6 percent over 2017.

The Company has been working with Governments, private developers and other

construction interests to incorporate more concrete solutions into their building projects. This initiative has been gaining traction as many Caribbean countries embrace solutions that can better withstand harsh weather conditions that will increasingly affect the region. These efforts have resulted in increased concrete application amongst private sector developers in hotel and industrial projects across the region. This includes the construction of more concrete houses, concrete roadways, concrete waste water pipes, concrete fencing, concrete driveways, car parks and concrete roofs for houses. We expect continued growth in concrete usage by Governments and private investors.

Export Sales

While there were exports to Guantanamo Bay, exports of cement declined during the year by 87% as we redirected resources to focus on surges of demand in the local market. There has been continued engagement of export customers and opportunities seized whenever the prices and terms were considered attractive.

Financial Performance

The financial performance for the year shows marked improvements when compared to 2017.

Revenue earned for the period was $17.6 billion, representing an increase of 6% year over year. Earnings before interest, tax, depreciation, amortisation and restructuring costs for 2018 was $5.3 billion or 79% higher than the $3.0 billion reported for 2017.

Profit before taxation for 2018 was $3.3 billion, an increase of 118% over the $1.5 billion reached in the previous year. Net profit after taxes for the period amounted to $2.5 billion, up from $1.1 billion at the end of 2017. Earnings per share was $2.90 compared to $1.31 in the corresponding year.

2018 shows positive movement in the net cash generated by operating activities of $1.2 billion, an increase of 36% compared to 2017. This was primarily due to the strong operating results and the strategic working capital management.

Operations

Delivering a product of the highest standard and world-class quality is our uncompromised commitment. To ensure this, our major focus points in 2018 continued to include the pursuit of reliability and efficiency of plant equipment with the ultimate objective being the realisation of the full potential of our main plant equipment. We successfully completed the installation of a new coal mill facility, upgraded the Reclaiming system for raw materials and further modernised the Packing Plant. Our team performed admirably in these major undertakings and have worked very hard to deliver these projects in the interest of ensuring the best quality for our customers. More than $117 million will have been invested in safety initiatives between 2018 and 2019. We have reduced kiln downtime significantly, while increasing production and output.

Human Resources

We have a great team at Carib Cement and are proud of their passion and commitment to the company. This is why we continually invest in training and development through short courses, job rotation, placements at CEMEX operations overseas and by inviting experts to our plant for knowledge transfer. Our team engaged in some 3,000 man hours of developmental programmes including the Health and Safety Academy, Lean Six Sigma, First Aid certification and leadership programmes for senior staff and managers which was delivered through the University of the West Indies.

Part of our health and safety imperative is looking after to the wellness of our employees and this is done by way of a portfolio of initiatives which focus on prevention, healthy eating and exercise.

This is supported by the twice weekly presence of a medical doctor and a nutritionist as well as a full-time nurse located at the Rockfort Plant. Active promotion and reinforcement of a healthy lifestyle is balanced with facilitating recreational activities through our sports club, gym, karaoke nights, Family Fun Day, Christmas Party and participation in 5K events.

Corporate Social Responsibility

Our corporate social responsibility framework positions Carib Cement as a partner in strengthening communities and solving complex national problems. We use our expertise, experience and other resources to move the country closer to its Vision 2030 National Development Plan which aims to make Jamaica a place of choice to live, work and raise families. The nine major projects undertaken this year support the national development goals of: social cohesion, sustainable rural and urban development and quality education. Our interventions also align with three of the 16 United Nations' global Sustainable Development Goals (SDG) in the areas of Good Health and Well Being; Quality Education and, Sustainable Cities and Communities.

Through consultation with stakeholders we identified, funded and constructed a 370-metre jogging trail in Mona Heights, St. Andrew; multi-purpose sports half-court in Maxfield Park, St. Andrew; community centre in Canewood, Portland and made improvements to the Harbour View Community Centre in St. Andrew. We have improved farming and rural communities through concrete road rehabilitation in Bull Bay, and Savage Pen, St. Andrew as well as in Litchfield, Manchester. These projects employed 221 men and women from the communities who also received training in safety and the correct handling and mixing of cement.

With the understanding that the future of Jamaica depends on highly skilled human resources, Carib Cement participates in the development of people through ongoing training at work; facilitation of professionals in development programmes (which provide training for new university graduates) along with scholarships. This year, we were able to offer 44 scholarships valued at $1.9 million. The scholarships are a vote of confidence in students from secondary and tertiary institutions who have the potential to do well. We hope that some of these promising students will pursue education and training that will equip them to work with Carib Cement in the future.

Our other contributions include support for National Labour Day, International Coastal Clean Up Day, Read Across Jamaica and Teachers' Day. We continued to help address waste disposal problems for which there are no other safe alternatives by using our kiln to dispose of hazardous chemicals and the stockpile of discarded automobile tyres around the country.

Between 2016 and 2018 we have invested $265 million in CSR initiatives which have had an impact on an estimated 233,000 Jamaicans. Our work in this area stems simply from our commitment to a sustainable future for this country.

Outlook

The macroeconomic outlook remains positive, with expected acceleration in economic activity over the medium term. It has been reported that improvements in the main components of both the Goods Producing and Services industries are anticipated to be the driver of growth in the economy. It has also been reported that the attendant increase in production of crude bauxite and refined alumina that are projected will provide additional fillip to economic growth. This expansion in the economy is expected to be bolstered by continued improvements in the economies of Jamaica's major trading partners. Additionally, the positive trends in business, consumer confidence and improvements in

the labour market are anticipated to continue into the medium term. It is anticipated that the reduction in external vulnerabilities coupled with the existing three-year precautionary Stand-By Arrangement with the IMF will serve to further strengthen investor confidence and increase the scope of investment activities within the economy.

Of course, the downside risks to these reported projections include the possibility of weaker external demand arising from slower than anticipated global growth and Jamaica's vulnerability to adverse weather hazards.

With that said, it has been reported that the average growth in real GDP for the four-year period between FY 2018/19 and FY 2021/22 is projected to be 2.0%. A slight increase in the inflation rate is expected for FY 2018/19 and FY 2019/20, followed by stabilisation around the 5.0% mark for the two fiscal years thereafter. The current account deficit as a percentage of GDP is projected to average about 4.2% between FY 2018/19 and FY 2021/22.

Globally, average oil prices are projected at just below US$60 per barrel in 2019 and 2020 (down from about US$69 and US$66, respectively, in the last World Economic Outlook). Metals prices are expected to decrease 7.4 percent year-over-year in 2019 (a deeper decline than anticipated last October), and to remain roughly unchanged in 2020. It is anticipated that G7 countries including some of Jamaica's closest trading partners will see their economies growth rates return to their long-run averages.

As Carib Cement looks to what 2019 has to offer, we are confident that the construction industry will continue to grow, driven by the demand for housing and reported plans that Jamaica is set to add more than 7,500 new hotel rooms over the next two years, with Kingston seeing the addition of 500 new rooms by the end of 2019.

We have a positive view of 2019, notwithstanding the continued challenges intrinsic within our sector the local market and the global economy. We are working in a focused and coordinated way to build on the gains made in our improved safety record, customer service, production capacity and consistently high quality product. Among our key goals in 2019 is continuing the transition from being a product-centred organisation to being more customer oriented. Our goal is to be a true partner who helps our customers succeed, and through our committed and talented team, we expect solid results in this area.

I appreciate the leadership of the Board and Management Team and also thank our staff, regulators, shareholders and community for continuing to support this important Jamaican company.

Peter Donkersloot Ponce
General Manager

Executive Team

Left-right:

1. Mr. Peter Donkersloot Ponce - General Manager
2. Mr. Jorge Lizama - Operations Director
3. Mr. Christopher Brown - Production Manager
4. Mr. Carlos Phipps - Maintenance Manager

Left-right:

5. Mr. Andrew Stephenson - Quality, Quarry & Environment Manager
6. Mr. Garen Williams - Sales Manager, Domestic Sales Distribution
7. Mr. Jorge Herrera - Supply Chain Manager
8. Mr. Nelson Sanchez - Strategic Planning Manager

Left-right:

9. Mr. Adrian Spencer - Procurement Manager
10. Mr. Jorge Camelo - Human Resource Manager
11. Mr. Ricardo Lopez Quero - Business Services Organisation/Finance Manager
12. Mrs. Klao Bell-Lewis - Communication, Community Management & Media Strategy Manager

Left-right:

13. Mr. Marchel Burrell - Health & Safety Manager
14. Mr. Craig Lloyd Neil - Legal Counsel/Company Secretary
15. Mr. Wayne Ballen - Security Manager
16. Mr. Wilson Peña - Industrial Sales Manager

Subsidiary Companies

Jamaica Gypsum & Quarries Limited

Jamaica Gypsum & Quarries Limited (JGQ), a wholly owned subsidiary of Caribbean Cement Company Limited, is located in St. Andrew, Jamaica. The company was acquired from the National Investment Bank of Jamaica in 1990. JGQ produces gypsum. anhydrite and two types of shale and pozzolan which are supplied to Caribbean Cement Company Limited for use in the manufacture of cement.

The company also exports its products to various markets including South America and the Caribbean.

Caribbean Gypsum Company Limited

Caribbean Gypsum Company Limited (CGC), a wholly owned subsidiary of Caribbean Cement Company Limited, is located in the new Halberstadt Quarry in Bull Bay, St. Andrew. Mining at CGC commenced in August 2014.

Caribbean Gypsum Company's major asset is its 167 acres of gypsum/anhydrite quarry lands, which considerably enhance the reserves of raw material available to Caribbean Cement Company Limited.

Rockfort Mineral Bath Complex Limited

Rockfort Mineral Bath Complex Limited (RMBC) is a certified property by the Jamaica Tourist Board and is currently leased from the Jamaica National Heritage Trust (JNHT) by Caribbean Cement Company Limited. Caribbean Cement Company Limited has been operating the facility since 2009.

Mona Jogging Trail

Carib Cement donated a 370-metre jogging trail at a cost of just under $5 million to the Mona Heights community in St Andrew. From left, Peter Donkersloot Ponce, General Manager; Dr Christopher Tufton, Minister of Health; Parris Lyew-Ayee Sr, Chairman and Fayval Williams, Minister without Portfolio in the Ministry of Finance and the Public Service and Member of Parliament for St Andrew Eastern (where Mona Heights is located) celebrate the handover with placement of a starting marker.

Coastal CleanUp

Team Caribbean Cement participated in Coastal Cleanup in September 2018 at the Palisadoes Stretch located a few miles away from the Rockfort plant.

Tree Planting

Carib Cement planted 45 palm trees at the Rockfort Plant on National Tree Planting Day on October 4. Throughout the year more than 100 trees and plants were placed at different parts of the property as part of the ongoing greening and beautification initiative.

Labour Day

Enthusiastic team members participated in Jamaica's National Labour Day activity by improving the community centre of neighbouring Harbour View.

Scholarships

Carib Cement awarded 44 scholarships valued at $1.9 million to students for the 2018-2019 academic year. Seventy per cent of the scholarships were granted to students from communities neighbouring the plant based in Rockfort, Kingston; while 30 per cent were granted to children of staff members. Peter Donkersloot Ponce, General Manager interacts with Shanna-Lee Clarke, Shadah McDonald, Ramona Smith and Jordan Williams who are pursuing first degrees in Business Administration, Marine Biology and Electrical Engineering at the University of the West Indies, University College of the Caribbean, and the Caribbean Maritime University.

Customer Appreciation – Central and Eastern Region

Peter Donkersloot Ponce and Parris Lyew-Ayee present a gift to Norman Horne, Chairman & Managing Director of ARC Manufacturing Ltd. Norman Horne was recognised at Carib Cement's "Kingston Customer Appreciation" event for being awarded the national honour, the Order of Distinction in the rank of Commander for his "contribution to entrepreneurship and community development".

Customer Appreciation - Central Region

Charles and Andrea Phillips of George Kirby Hardware in May Pen, Clarendon were among customers who attended the company's Central Region customer appreciation event held at the Golf View Hotel in Manchester.

Customer Appreciation - Western Region

Vilma Whorms, proprietor of Plumbline Hardware, Runaway Bay, St. Ann receives a basket from Garen Williams – Sales Manager, Domestic Sales Distribution at the Western Region customer appreciation function held in Montego Bay.

Sigma

Some 200 team members participated in the annual Sigma Corporate Run which raised $50 million in 2018 to help the Spanish Town Hospital's Neonatal Unit and the St Christopher's School for the Deaf.

Employees of the Year

Top performing employees

From left: Ricardo Hemmings, Laboratory Technician; Mark Watson, Dispatch and Depot Coordinator and Jeremiah Kettle, Patroller, pose with their awards and certificates after being named Carib Cement's employees of the year. The three were commended for outstanding leadership, performance and commitment.

2018 Outstanding Awardees:

Brian Craig, Negotiator

Christopher Bryan – Senior Mechanical Engineer

Rayon Markland, Customer Service Representative

Fitzroy Riley, Bearer, receives his gift for the "People's Choice Award" from Khelley Green, HR Business Partner

Andre Haynes – Health and Safety Coordinator

Kenneth Adams – Cost Accountant

Ten Year Financial Summary

(In $'000 except for items *)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
SALES	17,573,931	16,513,084	15,780,756	15,431,897	14,356,017	12,089,484	9,084,600	8,033,786	7,929,783	8,869,260
Profit (loss) before taxation	3,294,661	1,510,411	1,350,862	1,726,388	255,985	(3,079)	(2,672,105)	(2,983,995)	(2,242,360)	(241,028)
Taxation	(828,568)	(398,677)	(49,160)	(180,248)	(117,000)	117,000	(676,160)	370,635	685,167	96,516
Net profit/(loss)	2,466,093	1,111,734	1,301,702	1,546,140	138,985	113,921	(3,348,265)	(2,613,360)	(1,557,193)	(144,512)
*Net profit/(loss) per share	2.90	1.31	1.53	1.82	0.16	0.13	(3.93)	(3.07)	(1.83)	(0.17)
EBITDA	5,318,949	2,979,450	2,702,838	2,576,658	961,070	1,470,090	(750,438)	(1,760,893)	(1,623,526)	465,889
Shareholders' equity	6,418,181	8,340,030	7,738,876	6,437,174	4,891,034	4,752,049	(2,939,072)	409,193	3,022,553	3,240,096
*Shareholders' equity per share	7.54	9.80	9.09	7.56	5.75	5.58	(3.45)	0.48	3.55	3.81
Capital expenditure - other	-	-	-	-	-	-	-	-	-	-
Capital expenditure - CWIP	16,663,006	2,234,050	1,699,091	810,904	599,091	578,530	149,217	98,093	362,160	972,132
Total Capital Expenditure	16,663,006	2,234,050	1,699,091	810,904	599,091	578,530	149,217	98,093	362,160	972,132
Depreciation	1,153,830	531,602	495,688	396,931	364,828	319,207	430,695	518,402	386,852	317,835
Working Capital	(1,470,873)	789,965	1,053,992	1,286,956	793,628	1,245,920	191,424	(588,543)	(839,251)	(47,509)
Property, plant & equipment before depreciation	31,626,947	14,973,590	12,739,772	11,048,229	10,243,474	9,665,926	9,136,341	9,286,740	9,201,962	8,852,624
Long term debt	11,387,028	-	-	-	-	739,476	797,712	3,827	4,006	3,178
Total third party debt	832,804	826,320	-	-	779,600	808,810	832,173	560,100	684,533	793,155
Parent and related party debt	3,771,539	547,931	104,041	1,715,593	1,752,224	1,232,104	7,881,126	5,210,290	3,107,745	2,424,062
Total debt	15,991,371	1,374,251	104,041	1,715,593	2,531,824	2,040,914	8,713,299	5,770,390	3,792,278	3,217,217
*Cement imported (tonnes)	106,132	36,802	-	-	-	-	-	-	-	-
*Clinker imported (tonnes)	48,004	-	-	-	-	-	-	-	-	-
*Production (tonnes)										
Cement	787,411	845,932	911,325	807,817	830,061	824,893	760,296	766,274	723,489	736,560
Clinker	612,988	691,588	761,061	804,296	795,042	696,077	652,579	628,287	629,444	742,208
*Cement sold (tonnes)										
Local	876,964	829,802	785,056	672,042	598,165	594,764	536,349	553,157	531,605	652,651
Export	4,526	35,052	119,098	151,146	232,766	231,865	218,722	216,757	195,163	88,912
Total cement sold (tonnes)	881,490	864,854	904,154	823,188	830,931	826,629	755,071	769,914	726,768	741,563
*Clinker Export (tonnes)	-	33,467	39,540	180,385	155,423	36,570	12,673	31,228	69,418	88,259

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders 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 subsidiaries ("the Group"), set out on pages 45 to 116 which comprise the Group's and Company's statements of financial position as at December 31, 2018, the Group's and Company's statements of profit or loss and other 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, 2018, 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 Code of Ethics for Professional Accountants (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 Shareholders 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.

Credit risk and impairment of trade receivables

See note 13 of the consolidated financial statements

Key audit matter	**How the matter was addressed in our audit**
The Group has significant concentration of credit risk with large credit customers with material balances both individually and in aggregate, which account for 89% of trade receivables at the reporting date. Recoverability of trade receivables is assessed as a key audit matter as the carrying value may not be recoverable due to any deterioration in the business and economic environment in which these specific customers operate. There is judgment involved in determining the levels of allowance for impairment on these balances, because of the inherent uncertainty involved in estimating the timing and amount of future collections.	Our audit procedures in response to this matter, included: • Testing manual and automated controls over the ageing of receivables. Our testing of automated controls involved using our own Information Technology Audit specialist to test the design, implementation and operating effectiveness of automated controls. • Using the appropriate KPMG specialist, we reviewed the expected credit loss (ECL) model calculations and agreed the data inputs. • Comparing the entity's definition of default for the ECL measurement, as outlined in the accounting policy against the definition that management uses for credit risk management. • Evaluating the appropriateness of economic parameters including the use of forward looking information. • Testing the accuracy of the ECL calculation. • Evaluating the adequacy of the Group's allowance for impairment recognised in respect of the trade receivables by assessing management's assumptions including determining compliance with the new requirements of IFRS 9, *Financial Instruments*. • Considering the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the allowance for impairment.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Carrying amount of inventories

See note 12 of the consolidated financial statements

Key audit matter

The Group's inventories consist of plant spares, consumables, raw materials, work in progress, finished goods and goods in transit.

The estimation of the physical quantities of stockpiles is a key audit matter because significant judgment is required to be exercised by management in assessment of the physical quantities of raw materials such as gypsum, clinker which are combined to produce cement.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Attending the year-end physical stock counts for all significant locations, where the Group engaged independent quantity 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 quantity surveyors, 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 prices by reference to suppliers' invoices.
- 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 Shareholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition

See note 24 of the consolidated financial statements

Key audit matter

The principal activities of the Group are the manufacture and sale of cement products. The Group recognised revenue from the sale of cement products for the year ended December 31, 2018, which was mainly generated from domestic sales.

We have identified recognition of revenue as a key audit matter because there is a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions 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.
- 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders 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**
	• 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.

Accounting treatment for redeemable preference shares

See note 22 of the consolidated financial statements

Key audit matter	**How the matter was addressed in our audit**
The Company restructured the terms of the existing redeemable preference shares during the year, which resulted in its reclassification from equity to debt. The classification of financial instruments as debt or equity involves subjective judgments and requires special audit consideration because of the likelihood and potential magnitude of misstatements to the classification as well as measurement of the liability at the date of restructuring.	Our audit procedures in response to this matter, included: • Using the appropriate KPMG specialist to assist in evaluating whether the classification and measurement adopted by management is consistent with the requirements of IFRSs. • Recomputing the fair value of the debt liability at initial recognition and at the transaction date. • Evaluating whether the accounting treatment is consistent with the requirements of the Companies Act. • Considering the adequacy of the accounting policies and disclosures.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Estimation of employee benefits obligation

See note 20 of the consolidated financial statements

Key audit matter	**How the matter was addressed in our audit**
The employee benefits obligation was not recognised in the prior years' financial statements. The current year financial statements have been restated to recognize the obligation. The actuarial calculation of the obligation which is material to the financial statements is based on assumptions that involve subjective judgement and material uncertainties which require special audit consideration. Management uses an external actuary to assist in determining the assumptions and valuing the obligation.	Our audit procedures in response to this matter, included: • Conducting discussions with personnel from the human resource department and the service providers to verify the full range of benefits offered. • Performing an assessment of the reasonableness of the estimate in accordance with the requirements of IFRSs. • Obtaining the source data of the underlying calculations and vouching a sample to underlying systems and reports. • Evaluating the actuarial valuation report by considering whether the assumptions and methods used were appropriate and consistent with the guidance, inter alia, from the Institute of Chartered Accountants of Jamaica. • Considering the competency and objectivity of the appointed Actuary. • Considering the adequacy of the accounting policies and disclosures.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

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.

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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders 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 9 to 10, 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.

KPMG

Chartered Accountants
Kingston, Jamaica

February 16, 2019

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 Shareholders 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

Consolidated Statement of Financial Position
As at December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	December 31, 2018 $'000	Restated* December 31, 2017 $'000	Restated* January 1, 2017 $'000
NET ASSETS				
Non-current assets				
Property, plant and equipment	7	23,783,937	8,282,950	6,571,104
Intangible assets	8	-	-	9,460
Deferred tax asset	10	-	126,063	298,890
Due from related companies	11	-	2,106	-
		23,783,937	8,411,119	6,879,454
Current assets				
Due from related companies	11	58,294	92,972	205,460
Inventories	12	1,733,265	1,461,695	2,095,803
Taxation recoverable		177,028	98,197	118,451
Receivables and prepayments	13	619,123	594,976	569,929
Cash and cash equivalents	14	420,790	1,673,067	717,568
		3,008,500	3,920,907	3,707,211
Current liabilities				
Due to parent and related companies	15	749,734	546,315	104,041
Current portion of loan obligations	21	21,110	-	-
Payables and accruals	16	2,875,361	2,578,620	2,544,019
Provision	18	6,521	6,007	5,159
Current portion of redeemable preference shares	19	826,647	-	-
		4,479,373	3,130,942	2,653,219
Working capital (deficit)/surplus		(1,470,873)	789,965	1,053,992
Non-current liabilities				
Long-term portion of redeemable preference shares	19	3,021,805	-	-
Employee benefits obligation	20	832,804	826,320	668,707
Due to parent and related companies	15	-	1,616	-
Long-term portion of loan obligations	21	11,387,028	-	-
Deferred tax liability	10	614,128	-	-
Provision	18	39,118	33,118	27,393
		15,894,883	861,054	696,100
TOTAL NET ASSETS		6,418,181	8,340,030	7,237,346
SHAREHOLDERS' EQUITY				
Share capital:				
Ordinary shares	22	1,808,837	1,808,837	1,808,837
Preference shares	22	-	5,077,760	5,077,760
Capital contribution	22	3,839,090	3,839,090	3,839,090
Reserves:				
Realised capital gain	22(b)	1,413,661	1,413,661	1,413,661
Other reserves	23(b)	350,864	73,472	-
Accumulated losses	27	(994,271)	(3,872,790)	(4,902,002)
TOTAL SHAREHOLDERS' EQUITY		6,418,181	8,340,030	7,237,346

The financial statements on pages 45 to 116 were approved by the Board of Directors on February 16, 2019 and signed on its behalf by:

Parris A. Lyew-Ayee Director
Parris Lyew-Ayee

Director
Peter Dunkersloot Ponce

* See note 36.

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	2018 $'000	Restated* 2017 $'000
Revenue	24	17,573,931	16,513,084
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	24	5,318,949	2,979,450
Depreciation, impairment and amortisation	24	(1,159,187)	(531,602)
Stockholding and inventory restructuring costs	24	-	(457,818)
Manpower restructuring costs	24	-	(416,848)
Operating profit	24	4,159,762	1,573,182
Interest income		12,442	5,095
Finance costs	26	(877,543)	(67,866)
Profit before taxation		3,294,661	1,510,411
Taxation charge	10	(828,568)	(398,677)
Profit for the year	27	2,466,093	1,111,734
Other comprehensive loss:			
Item that are or may be reclassified subsequently to profit or loss:			
(Realised)/unrealised gain on hedge of fuel price	23(a)	(73,472)	73,472
Item that will not be reclassified to profit or loss:			
Remeasurement of employee benefits obligation	20(iii)	29,149	(110,030)
Related deferred tax charge	10	(7,287)	27,508
		21,862	(82,522)
Other comprehensive loss, net of tax		(51,610)	(9,050)
Total comprehensive income attributable to equity holders		2,414,483	1,102,684
Earnings per share (expressed in $ per share)	28	2.90	1.31

* See note 36.

.

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Consolidated Statement of Changes in Equity
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Ordinary share capital $'000 (note 22)	Preference share capital $'000 (note 22)	Capital contribution $'000 (note 22)	Reserves: Realised capital gain $'000 [note 22(b)]	Reserves: Accumulated losses $'000 (note 27)	Reserves: Other reserves $'000 (note 23)	Reserves: Total reserves $'000	Total capital & reserves $'000
Balance as at January 1, 2017, as previously reported	1,808,837	5,077,760	3,839,090	1,413,661	(4,400,472)	-	(2,986,811)	7,738,876
Impact of correction of error [Note 36(a)]	-	-	-	-	(501,530)	-	(501,530)	(501,530)
Balance as at January 1, 2017, as restated	1,808,837	5,077,760	3,839,090	1,413,661	(4,902,002)	-	(3,488,341)	7,237,346
Profit for the year, as restated [Note 36(b)]	-	-	-	-	1,111,734	-	1,111,734	1,111,734
Other comprehensive loss:								
Unrealised gain on hedge of fuel price	-	-	-	-	-	73,472	73,472	73,472
Remeasurement of employee benefits obligation, net of tax [Note 36(b)]	-	-	-	-	(82,522)	-	(82,522)	(82,522)
Total comprehensive income for the year	-	-	-	-	1,029,212	73,472	1,102,684	1,102,684
Balance as at December 31, 2017, as restated	1,808,837	5,077,760	3,839,090	1,413,661	(3,872,790)	73,472	(2,385,657)	8,340,030
Adjustment on initial application of IFRS 9 [note 4(a)]	-	-	-	-	(7,497)	-	(7,497)	(7,497)
Restated balance as at January 1, 2018	1,808,837	5,077,760	3,839,090	1,413,661	(3,880,287)	73,472	(2,393,154)	8,332,533
Profit for the year	-	-	-	-	2,466,093	-	2,466,093	2,466,093
Other comprehensive loss:								
Remeasurement of employee benefits obligation, net of tax	-	-	-	-	21,862	-	21,862	21,862
Realised gain on hedge of fuel price	-	-	-	-	-	(73,472)	(73,472)	(73,472)
Total comprehensive income for the year	-	-	-	-	2,487,955	(73,472)	2,414,483	2,414,483
Transaction with owners of the company:								
Transfer to capital redemption fund reserve [Note 23(b)]	-	-	-	-	(350,864)	350,864	-	-
Fair value adjustment associated with redemption of preference shares (Note 19)	-	-	-	-	748,925	-	748,925	748,925
Reclassification of preference shares (Note 22)	-	(5,077,760)	-	-	-	-	-	(5,077,760)
	-	(5,077,760)	-	-	398,061	350,864	748,925	(4,328,835)
Balance as at December 31, 2018	1,808,837	-	3,839,090	1,413,661	(994,271)	350,864	770,254	6,418,181

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Consolidated Statement of Cash Flows
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	2018 $'000	Restated * 2017 $'000
Cash flows from operating activities			
Profit for the year		2,466,093	1,111,734
Adjustments for:			
Taxation charge	10	828,568	398,677
Depreciation and amortisation	7	1,153,830	531,602
Impairment on property, plant and equipment	7	5,357	-
Stockholding and inventory restructuring costs	24	-	457,818
Net recovery of impaired receivables		(1,568)	(7,650)
Interest income		(12,442)	(5,095)
Loss on disposal of property, plant and equipment		2,832	50
Interest expense	26	665,438	155
Employee benefit obligation		72,742	70,364
Unwinding of discount on rehabilitation provision	26	(661)	2,617
Unrealised foreign exchange (gains)/losses, net		(164,709)	9,481
		5,015,480	2,569,753
(Increase)/decrease in inventories		(271,570)	176,290
Increase in receivables and prepayments		(32,940)	(20,303)
(Increase)/decrease in due from related companies		(36,687)	185,960
Increase in payables and accruals		308,305	37,152
Increase in provision		7,175	3,956
Increase in due to parent and related companies		220,208	446,699
Cash provided by operations		5,209,971	3,399,507
Employee benefits paid		(37,109)	(22,781)
Interest received		12,442	5,095
Interest paid		(644,328)	(155)
Taxation paid		(174,496)	(178,088)
Net cash provided by operating activities		4,366,480	3,203,578
Cash flows from investing activities			
Additions to property, plant and equipment	7	(16,663,006)	(2,234,050)
Proceeds from disposal of property, plant and equipment		-	12
Net cash used in investing activities		(16,663,006)	(2,234,038)
Cash flows from financing activities			
Loan obligation, net		11,446,224	-
Redeemable preference shares		(399,760)	-
Due to/from related companies		-	(490)
Net cash provided by/(used in) financing activities		11,046,464	(490)
(Decrease)/increase in cash and cash equivalents		(1,250,062)	969,050
Cash and cash equivalents at beginning of year		1,673,067	717,568
Effect of foreign exchange rate changes		(2,215)	(13,551)
Cash and cash equivalents at end of year		420,790	1,673,067
Represented by:			
Cash and cash equivalents	14	420,790	1,673,067

* See note 36.

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Financial Position
As at December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	December 31, 2018 $'000	Restated* December 31, 2017 $'000	January 1, 2017 $'000
NET ASSETS				
Non-current assets				
Property, plant and equipment	7	23,674,963	8,168,865	6,450,759
Investment in subsidiaries	9	4,000	15,000	47,000
Deferred tax asset	10	-	126,063	298,890
Due from related companies	11	-	2,106	-
		23,674,963	8,312,034	6,796,649
Current assets				
Due from related companies	11	58,294	92,972	205,460
Inventories	12	1,719,239	1,445,897	2,083,834
Taxation recoverable		177,028	98,197	118,451
Due from subsidiaries	17	148,860	94,335	137,403
Receivables and prepayments	13	521,435	512,917	500,097
Cash and cash equivalents	14	413,781	1,655,336	658,626
		3,038,637	3,899,654	3,703,871
Current liabilities				
Due to parent and related companies	15	749,734	546,315	104,041
Current portion of loan obligations	21	21,110	-	-
Payables and accruals	16	2,839,157	2,504,248	2,493,333
Current portion of redeemable preference shares	19	826,647	-	-
		4,436,648	3,050,563	2,597,374
Working capital (deficit)/surplus		(1,398,011)	849,091	1,106,497
Non-current liabilities				
Long-term portion of redeemable preference shares	19	3,021,805	-	-
Employee benefits obligation	20	832,804	826,320	668,707
Due to parent and related companies	15	-	1,616	-
Long-term portion of loan obligations	21	11,387,028	-	-
Deferred tax liability	10	614,128	-	-
		15,855,765	827,936	668,707
TOTAL NET ASSETS		6,425,187	8,333,189	7,234,439
SHAREHOLDERS' EQUITY				
Share capital:				
Ordinary shares	22	1,808,837	1,808,837	1,808,837
Preference shares	22	-	5,077,760	5,077,760
Capital contribution	22	3,839,090	3,839,090	3,839,090
Reserves:				
Realised capital gain	22(b)	1,413,656	1,413,656	1,413,656
Other reserves	23(b)	350,864	73,472	-
Accumulated losses	27	(987,260)	(3,879,626)	(4,904,904)
TOTAL SHAREHOLDERS' EQUITY		6,425,187	8,333,189	7,234,439

The financial statements on pages 45 to 116 were approved by the Board of Directors on February 16, 2019 and signed on its behalf by:

Parris A. Lyew-Ayee Director
Parris Lyew-Ayee

Director
Peter Donkersloot Ponce

* See note 36.

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	2018 $'000	Restated* 2017 $'000
Revenue	24	17,517,875	16,469,482
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	24	5,360,782	2,984,041
Depreciation and amortisation	24	(1,146,702)	(510,702)
Impairment of investment in subsidiary	24	(39,951)	(32,000)
Stockholding and inventory restructuring costs	24	-	(457,818)
Manpower restructuring costs	24	-	(416,848)
Operating profit	24	4,174,129	1,566,673
Interest income		12,442	5,053
Finance costs	26	(878,063)	(65,249)
Profit before taxation		3,308,508	1,506,477
Taxation	10	(828,568)	(398,677)
Profit for the year	27	2,479,940	1,107,800
Other comprehensive loss:			
Item that are or may be reclassified subsequently to profit or loss:			
(Realised)/unrealised gain on hedge of fuel price	23(a)	(73,472)	73,472
Item that will not be reclassified to profit or loss:			
Remeasurement of employee benefits obligation	20	29,149	(110,030)
Related deferred tax charge	10	(7,287)	27,508
		21,862	82,522
Other comprehensive loss, net of tax		(51,610)	(9,050)
Total comprehensive income attributable to equity holders		2,428,330	1,098,750

* See note 36.

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Ordinary share capital $'000 (note 22)	Preference share capital $'000 (note 22)	Capital contribution $'000 (note 22)	Reserves: Realised capital gain $'000 [note 22(b)]	Reserves: Accumulated losses $'000 (note 27)	Reserves: Other reserves $'000 (note 23)	Reserves: Total reserves $'000	Total capital & reserves $'000
Balance as at January 1, 2017,as previously reported	1,808,837	5,077,760	3,839,090	1,413,656	(4,403,374)	-	(2,989,718)	7,735,969
Impact of correction of error [Note 36(a)]	-	-	-	-	(501,530)	-	(501,530)	(501,530)
Balance as at January 1, 2017, as restated	1,808,837	5,077,760	3,839,090	1,413,656	(4,904,904)	-	(3,491,248)	7,234,439
Profit for the year, as restated [Note 36(b)]	-	-	-	-	1,107,800	-	1,107,800	1,107,800
Other comprehensive loss:								
Unrealised gain on hedge of fuel price	-	-	-	-	-	73,472	73,472	73,472
Remeasurement of employee benefits obligation, net of tax [Note 36(b)]	-	-	-	-	(82,522)	-	(82,522)	(82,522)
Total comprehensive income for the year	-	-	-	-	1,025,278	73,472	1,098,750	1,098,750
Balance as at December 31, 2017 as restated	1,808,837	5,077,760	3,839,090	1,413,656	(3,879,626)	73,472	(2,392,498)	8,333,189
Adjustment on initial application of IFRS 9 [Note 4(a)]	-	-	-	-	(7,497)	-	(7,497)	(7,497)
Restated balance as at January 1, 2018	1,808,837	5,077,760	3,839,090	1,413,656	(3,887,123)	73,472	(2,399,995)	8,325,692
Profit for the year	-	-	-	-	2,479,940	-	2,479,940	2,479,940
Other comprehensive loss:								
Remeasurement of employee benefits obligation, net	-	-	-	-	21,862	-	21,862	21,862
Realised gain on hedge of fuel price	-	-	-	-	-	(73,472)	(73,472)	(73,472)
Total comprehensive income for the year	-	-	-	-	2,501,802	(73,472)	2,428,330	2,428,330
Transaction with owners of the company:								
Transfer to capital redemption fund reserve [Note 23(b)]	-	-	-	-	(350,864)	350,864	-	-
Fair value adjustment associated with redemption of preference shares (Note 19)	-	-	-	-	748,925	-	748,925	748,925
Reclassification of preference shares	-	(5,077,760)	-	-	-	-	-	(5,077,760)
	-	(5,077,760)	-	-	398,061	350,864	748,925	(4,328,835)
Balance as at December 31, 2018	1,808,837	-	3,839,090	1,413,656	(987,260)	350,864	777,260	6,425,187

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Company Statement of Cash Flows
Year ended December 31, 2018
(Expressed in Jamaican Dollars)

	Notes	2018 $'000	As Restated* 2017 $'000
Cash flows from operating activities			
Profit for the year		2,479,940	1,107,800
Adjustments for:			
Taxation charge	10	828,568	398,677
Depreciation	7	1,146,702	510,702
Impairment allowance	24	39,951	32,000
Stockholding and inventory restructuring costs	24	-	457,818
Loss on disposal of property, plant and equipment		2,831	38
Net recovery of impaired receivables		(1,568)	(7,650)
Interest income		(12,442)	(5,053)
Employee benefit expenses		72,742	70,364
Interest expense	26	665,438	155
Unrealised foreign exchange (gains)/losses, net		(164,708)	9,481
		5,057,454	2,574,332
(Increase)/decrease in inventories		(273,342)	180,119
(Increase)/decrease in due from subsidiaries		(83,476)	43,068
Increase in receivables and prepayments		(17,311)	(8,076)
(Increase)/decrease in due from related companies		(36,688)	185,960
Increase in payables and accruals		346,472	13,466
Increase in due to parent and related companies		203,419	446,699
Cash provided by operations		5,196,528	3,435,568
Interest received		12,442	5,053
Interest paid		(644,328)	(155)
Employee benefits paid		(37,109)	(22,781)
Tax paid		(174,495)	(178,088)
Net cash provided by operating activities		4,353,038	3,239,597
Cash flows from investing activities			
Additions to property, plant and equipment	7	(16,655,631)	(2,228,858)
Proceeds from disposal of property, plant and equipment		-	12
Net cash used in investing activities		(16,655,631)	(2,228,846)
Cash flows from financing activities			
Loan obligation, net		11,446,224	-
Redeemable preference share		(399,760)	-
Due to/from related companies		16,789	(490)
Net cash provided by/(used in) financing activities		11,063,253	(490)
(Decrease)/increase in cash and cash equivalents		(1,239,340)	1,010,261
Cash and cash equivalents at beginning of year		1,655,336	658,626
Effect of foreign exchange rate changes		(2,215)	(13,551)
Cash and cash equivalents at end of year		413,781	1,655,336
Represented by:			
Cash at bank and cash equivalents	14	413,781	1,655,336

* See note 36.

The accompanying notes form an integral part of these financial statements.

1. Corporate information

Caribbean Cement Company Limited (the "Company") and its subsidiaries (Note 3) 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 (the "Parent Company") which also owns 8.45% of the ordinary shares 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 shares of Trinidad Cement Limited (TCL) and on that date increased its shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary share of Trinidad Cement Limited. 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 subsidiaries (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. Statement of compliance and basis of preparation

(i) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant provisions of the Jamaican Companies Act ("the Act"). This is the first set of the Group's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 4.

(ii) *Basis of measurement*

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

(iii) *Functional and presentation currency*

The financial statements are presented in Jamaican dollars, which is the functional currency of the Company and its subsidiaries.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2018. Subsidiaries are entities controlled by the Company. The Company, directly or indirectly, controls an entity if it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2018	2017
Jamaica Gypsum & Quarries Limited	Mining and the management of port facilities	Jamaica	100	100
Rockfort Mineral Bath Complex Limited	Spa facility	Jamaica	100	100
Caribbean Gypsum Company Limited	Mining	Jamaica	100	100

All subsidiaries have a December 31 year end for financial reporting purposes.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. Changes in accounting policies and disclosures and future changes in accounting standards

New and amended standards and interpretations that became effective during the year

Certain new, and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

The Group has initially adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018.

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that became effective during the year (continued)

The effect of initially applying these standards is mainly attributed to the following:

– an increase in impairment losses recognised on financial assets;
– additional disclosures related to IFRS 9 (see notes 5(j) and 13);
– additional disclosures related to IFRS 15 [see note 5(n)].

Due to the transition method chosen by the Company in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 5 to all periods presented in these financial statements.

(a) IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments*: *Recognition and Measurement*. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments*: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information.

The key changes to the Group's accounting policies and the full impact resulting from its adoption of IFRS 9 are summarized below.

The impact of transition to IFRS 9 on the opening accumulated losses is as follows:

	Group $'000	Company $'000
Closing balance under IAS 39 (December 31, 2017)	(3,872,790)	(3,879,626)
Recognition of expected credit losses under IFRS 9:		
Trade receivables	(7,497)	(7,497)
Opening balance under IFRS 9 (January 1, 2018)	(3,880,287)	(3,887,123)

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that became effective during the year (continued)

(a) IFRS 9, *Financial Instruments* (continued)

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at January 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements.

	Group				
	Original Classification	**New classification under IFRS 9**	**IAS 39 carrying amount at December 31, 2017**	**Re-measurement**	**IFRS 9 carrying amount at January 1, 2018**
			$'000	**$'000**	**$'000**
Financial assets					
Due from related companies	Loans and receivables	Amortised cost	95,078	-	95,078
Receivable and prepayments	Loans and receivables	Amortised cost	594,976	(7,497)	587,479
Cash and cash equivalents	Loans and receivables	Amortised cost	1,673,067	-	1,673,067
			2,363,121	(7,497)	2,355,624

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that became effective during the year (continued)

(a) IFRS 9, *Financial Instruments* (continued)

	Company				
	Original Classification	**New classification under IFRS 9**	**IAS 39 carrying amount at December 31, 2017**	**Re-measurement**	**IFRS 9 carrying amount at January 1, 2018**
			$'000	**$'000**	**$'000**
Financial assets					
Due from related companies	Loans and receivables	Amortised cost	95,078	-	95,078
Due from subsidiaries	Loans and receivables	Amortised cost	94,335	-	94,335
Receivable and prepayments	Loans and receivables	Amortised cost	512,917	(7,497)	505,420
Cash and cash equivalents	Loans and receivables	Amortised cost	1,655,336	-	1,655,336
			2,357,666	(7,497)	2,350,169

Trade receivable that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $7,497,000 in the allowance for impairment over these receivables was recognised in opening retained earnings at January 1, 2018, on transition to IFRS 9.

Impairment of financial assets

IFRS 9 replace the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that became effective during the year (continued)

(a) IFRS 9, *Financial Instruments* (continued)

Transition

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that application to IFRS 9's impairment requirements at January 1, 2018, results in an additional allowance for impairment as follow:

	Group $'000	Company $'000
Loss allowance under IAS 39 (December 31, 2017)	14,233	14,209
Additional impairment recognised at January 1, 2018:		
Trade receivables	7,497	7,497
Loss allowance under IFRS 9 (January 1, 2018)	21,730	21,706

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except that comparative periods generally have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017, does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

(b) IFRS 15, *Revenue Recognition*

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that became effective during the year (continued)

(b) IFRS 15*, Revenue Recognition* (continued)

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 was effective on January 1, 2018, and supersedes all existing guidance on revenue recognition.

The adoption of IFRS 15 did not impact the timing or amount of sales from contracts with customers and the related assets and liabilities recognised by the Group. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

(c) IFRIC 22, Foreign Currency Transactions and Advance Consideration, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

The interpretation clarifies that the transaction date is the date on which the group initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The adoption of this interpretation did not result in any change to the amounts recognised, presented and disclosed in the financial statements.

New and amended standards and interpretations that are not yet effective

Certain new and amended interpretation and interpretations have been issued which are not yet effective for the current year and which the Group has not early adopted. The Group has assessed them and determined that the following are relevant:

- Amendments to IFRS 9, *Financial Instruments,* effective retrospectively for annual periods beginning on or after January 1, 2019, clarifies the treatment of:

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that are not yet effective (continued)

- Amendments to IFRS 9, *Financial Instruments* (continued)

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

  (ii) Modifications to financial liabilities:

  If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified (but not substantially) - these are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

  The Group is assessing the impact that these amendments will have on its 2019 financial statements.

- IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that are not yet effective (continued)

- IFRIC 23, *Uncertainty Over Income Tax Treatments* (continued)

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

  The Group is assessing the impact that the interpretation will have on its 2019 financial statements.

- IFRS 16*, Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  The Group plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

New and amended standards and interpretations that are not yet effective (continued)

- IFRS 16, *Leases* (continued)

  The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 16 and IFRIC 4. The effects of adoption of IFRS 16 on January 1, 2019 will result in an estimated increase in property, plant and equipment of approximately $72,903,000.

5. Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or a liability, within the scope of IFRS 9, '*Financial Instruments*, is measured at fair value with the changes in fair value recognised in either profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity.

5. Significant accounting policies (continued)

(a) Business combinations and goodwill (continued)

Goodwill is initially measured as being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group assesses at each reporting date whether there is an indication that goodwill may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Foreign currency translation

The Group's functional and presentation currency is the Jamaican dollar. Transactions in currencies other than the Jamaican dollar are initially recorded at the currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the statement of financial position. Non-monetary assets and liabilities that are measured in terms of historical cost in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the initial transaction. Exchange differences on foreign currency translations are recognised in profit and loss. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

5. Significant accounting policies (continued)

(c) Current assets versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is (i) expected to be realised or intended to be sold or consumed in the normal operating cycle; (ii) held primarily for the purpose of trading; (iii) expected to be realised within twelve months after the reporting period or (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when (i) it is expected to be settled in the normal operating cycle (ii) it is primarily held for the purpose of trading (iii) it is due to be settled within twelve months after the reporting period or (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets.

(d) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services or for administrative purposes are stated in the statement of financial position at their historical cost, less any subsequent accumulated depreciation and impairment losses.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. Likewise, when a major assessment is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Interest on loans specific to capital projects is capitalised during the period of construction. [see Borrowing costs at Note 5(q)]

Depreciation is calculated on the straight-line method over the useful lives of the assets. Current annual rates of depreciation are:

Buildings	2.5% to 5.0%
Plant, machinery and equipment	3.0% to 33.3%
Office furniture and equipment	25.0% to 33.3%
Motor vehicles	20.0% to 33.3%

5. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Leasehold land and improvements are amortised over the shorter of the useful life or term of the lease.

Land and capital work in progress are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(e) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, they are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on the straight line method over the economic useful life of the asset. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate at each financial year end.

Current annual amortisation rates are:

Exploration costs	33.3%
Dredging costs	33.3%

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are separately disclosed in profit or loss.

5. Significant accounting policies (continued)

(f) Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amounts. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Taxation

The taxation charge is based on the results for the year adjusted for items, which are non-assessable or disallowed. The taxation charge is calculated using the tax rate in effect at the reporting date.

A deferred tax charge is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

5. Significant accounting policies (continued)

(g) Taxation (continued)

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improve. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow this deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(h) Inventories

Plant spares, raw materials and consumables are valued at the lower of weighted average cost and net realizable value. Work in progress and finished goods are valued at the lower of cost, including attributable production overheads, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale.

(i) Investments in subsidiaries

Equity investments in subsidiaries, classified as non-current, are stated at cost less any impairment.

(j) Receivables and payables

Trade receivables are stated at amortised cost less impairment loss. An impairment loss is 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.

Liabilities for trade and other accounts payable, which are normally settled on 30 to 90 days terms, are recorded initially at amounts representing the fair value of the consideration to be paid for goods and services received by the reporting date, whether or not billed. Thereafter they are measured at amortised cost.

5. Significant accounting policies (continued)

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of bank overdraft.

(l) Interest bearing loans and borrowings

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 profit or loss over the period of the borrowings.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. The expense relating to any provision is charged to profit or loss net of any reimbursement.

(n) Revenue recognition

Policy applicable after January 2018

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Sales of goods

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the company for goods and services supplied as a result of their 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 granted to customers. Transactions between related parties are eliminated on consolidation.

Variable consideration is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

5. Significant accounting policies (continued)

(n) Revenue recognition (continued)

Sales of goods (continued)

For contracts that permit 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.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on 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 expected credit loss allowance (or impairment allowance before January 1, 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

5. Significant accounting policies (continued)

(n) Revenue recognition (continued)

Port fees income

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

Policy applicable before January 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of goods have been passed to the buyers, which is usually on the delivery of goods, and the amounts of revenue can be measured reliably.

Interest income is recognised as it accrues unless collectability is in doubt.

(o) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, 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.

(i) Benefits other than pensions

Employee benefits 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 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 (iii) below.

(ii) Pension plan

The Group has a defined contribution pension scheme for all permanent employees. The scheme is managed by a third party agency. The Group's liability is limited to its contributions which are accounted for on the accrual basis and charged to profit or loss in the period to which they relate.

5. Significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Post-retirement medical benefits

Employee benefits, comprising post-employment 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. In carrying out their audit, the auditors rely on the actuary's report.

The Group's obligation in respect of its post-retirement medical plan (see note 20) is calculated by estimating the amount 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.

Re-measurements 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 then-net defined benefit liability, taking into account any changes in the defined benefit liability during the year as a result of the contributions and benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

(p) Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss over the period of the lease on a straight line basis.

5. Significant accounting policies (continued)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time 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 occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

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

Up to July 6, 2018 (see note 22), redeemable preference shares were classified as equity because they conferred discretion on the company in respect of dividends and redemptions.

(s) Preference shares

Effective July 6, 2018 (see note 22), the Company's redeemable preference shares are classified as liabilities at the fair value upon reclassification because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(t) Earnings per share

The earnings per share is computed by dividing profit attributable to ordinary stockholders by the weighted average number of ordinary shares in issue during the year.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other segments. The Group bases its segment reporting on business segments whose results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available and, from which it earns income and incurs expenses.

(v) Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables, due from/to related parties, payables and accruals, redeemable preference shares and loan obligation.

5. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial assets

Initial recognition and measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its 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 net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Receivables
- Due from related companies

Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Impairment of financial assets

Impairment losses of financial assets, including receivables, 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 their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

5. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which include payables and accruals, loan obligations, due to parent and related companies and redeemable preference shares which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(w) Dividends

Dividends are recognised in the period in which they are declared.

6. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Use of estimates and judgements (continued)

The effect of revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the financial statements are:

(i) Allowance for impairment losses on trade receivables

Allowances for doubtful accounts were established until December 31, 2017 based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Effective January 1, 2018, such 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 this ECL model, the Group segments its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 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 period.

(iii) Residual value and expected useful life of property, plant and equipment and intangibles

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. The useful life of an asset is determined in terms of the asset's expected utility to the Group.

(iv) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

6. Use of estimates and judgements (continued)

(iv) Taxes (continued):

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is also required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Based on an assessment made after considering the above mentioned factors, a net deferred tax asset was recognised as at the reporting date. (Note 10).

(v) Rehabilitation provision:

The provision for restoration and rehabilitation associated with environmental damage represent 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 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 result.

Provision for future restoration 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 at reporting date represents management's best estimate of the present value of the future rehabilitation costs required (Note 18).

(vi) Post-employment benefits:

The amounts recognised in the Group's statements of financial position and profit or loss and 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.

6. Use of estimates and judgements (continued)

(vi) Post-employment benefits (continued)

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 Group's 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 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.

(vii) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its statement of financial position. The fair values of financial instruments measured at amortised cost are disclosed in Note 35. 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

(viii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its fuel price exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in other reserves. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is reversed in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

6. Use of estimates and judgements (continued)

(viii) Derivative financial instruments and hedge accounting (continued)

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

7. Property, plant and equipment

Group:

	2018				
	Land and Buildings $'000	**Plant Machinery equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital work-in-progress $'000**	**Total $'000**
At Cost					
January 1, 2018	1,571,503	9,479,351	374,752	3,547,984	14,973,590
Additions	-	434	70	16,662,502	16,663,006
Impairment	(5,357)	-	-	-	(5,357)
Disposals and adjustments	-	326	(4,602)	(16)	(4,292)
Transfers	195,969	17,968,110	1,602	(18,165,681)	-
December 31, 2018	1,762,115	27,448,221	371,822	2,044,789	31,626,947
Accumulated depreciation					
January 1, 2018	821,196	5,550,283	319,161	-	6,690,640
Charges during the year	40,697	1,096,296	16,837	-	1,153,830
Disposals and adjustments	(13,448)	7,632	4,356	-	(1,460)
December 31, 2018	848,445	6,654,211	340,354	-	7,843,010
Net book value					
December 31, 2018	913,670	20,794,010	31,468	2,044,789	23,783,937

7. Property, plant and equipment (continued)

Group:

	2017				
	Land and Buildings $'000	**Plant Machinery equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital work-in-progress $'000**	**Total $'000**
At cost					
January 1, 2017	1,445,921	8,850,948	358,634	2,084,269	12,739,772
Additions	-	57,644	-	2,176,406	2,234,050
Disposals	(14)	-	(218)	-	(232)
Transfers	125,596	570,759	16,336	(712,691)	-
December 31, 2017	1,571,503	9,479,351	374,752	3,547,984	14,973,590
Accumulated depreciation					
January 1, 2017	778,635	5,087,743	302,290	-	6,168,668
Charges during the year	42,561	462,540	17,041	-	522,142
Disposals	-	-	(170)	-	(170)
December 31, 2017	821,196	5,550,283	319,161	-	6,690,640
Net book value					
December 31, 2017	750,307	3,929,068	55,591	3,547,984	8,282,950

7. Property, plant and equipment (continued)

Company:

	2018				
	Land and Buildings $'000	**Plant Machinery equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At Cost					
January 1, 2018	1,368,780	9,361,604	373,408	3,546,616	14,650,408
Additions	-	303	-	16,655,328	16,655,631
Disposals and adjustments	-	326	(4,602)	(16)	(4,292)
Transfers	182,048	17,967,448	1,833	(18,151,329)	-
December 31, 2018	1,550,828	27,329,681	370,639	2,050,599	31,301,747
Accumulated depreciation					
January 1, 2018	727,932	5,437,321	316,290	-	6,481,543
Charges during the year	35,767	1,094,098	16,837	-	1,146,702
Disposals and adjustments	(13,449)	7,632	4,356	-	(1,461)
December 31, 2018	750,250	6,539,051	337,483	-	7,626,784
Net book value					
December 31, 2018	800,578	20,790,630	33,156	2,050,599	23,674,963

CARIBBEAN CEMENT COMPANY LIMITED

Notes to the Consolidated and Company Financial Statements (Continued)
December 31, 2018
(Expressed in Jamaican Dollars)

7. Property, plant and equipment (continued)

Company:

	2017				
	Land and Buildings $'000	**Plant Machinery equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At Cost					
January 1, 2017	1,248,273	8,733,304	357,290	2,082,901	12,421,768
Additions	-	57,541	-	2,171,317	2,228,858
Disposals	-	-	(218)	-	(218)
Transfers	120,507	570,759	16,336	(707,602)	-
December 31, 2017	1,368,780	9,361,604	373,408	3,546,616	14,650,408
Accumulated depreciation					
January 1, 2017	693,959	4,977,632	299,418	-	5,971,009
Charges during the year	33,973	459,689	17,040	-	510,702
Disposals	-	-	(168)	-	(168)
December 31, 2017	727,932	5,437,321	316,290	-	6,481,543
Net book value					
December 31, 2017	640,848	3,924,283	57,118	3,546,616	8,168,865

7. Property, plant and equipment (continued)

(a) In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln were owned by TCL and the rest were owned by the Company. On December 1st, 2008, the Company entered into a lease arrangement with TCL ending in 2028, in respect of the units that TCL owned [Note 32(a)].

Cement Mill 5 assets were partly owned by TCL and the rest owned by the Company. On commissioning of the Mill in January 2010, the Company entered into a lease arrangement with TCL in respect of the units that TCL owned [Note 32(a)].

In April 2018, the company terminated the lease agreements with TCL and completed the acquisition of the Kiln 5 and Mill 5 for J$14.9 billion.

(b) On April 26, 2017, Trinidad Cement Limited repaid the Amended and Restated Credit Agreement loan ("5-yr syndicated loan") with the proceeds of a revolving loan from a related party, therefore, the Group's assets which were pledged as security are expected to be released once the discharge instruments are lodged at the relevant Government Agency.

8. Intangible assets

	The Group		
	Exploration cost $'000	**Dredging cost $'000**	**Total $'000**
At cost			
December 31, 2017 and December 31, 2018	26,715	38,091	64,806
Accumulated amortization			
January 1, 2017	22,011	33,335	55,346
Amortisation	4,704	4,756	9,460
December 31, 2017 and December 31, 2018	26,715	38,091	64,806
Net book value			
December 31, 2018	-	-	-
December 31, 2017	-	-	-

9. Investment in subsidiaries

	Company	
	2018	**2017**
	$'000	**$'000**
At cost:		
Jamaica Gypsum and Quarries Limited		
375,000,000 ordinary shares	79,000	79,000
Impairment loss provision	(79,000)	(68,000)
	-	11,000
Rockfort Mineral Bath Complex Limited		
21,000,000 ordinary shares	2,938	2,938
Impairment loss provision	(2,938)	(2,938)
	-	-
Caribbean Gypsum Company Limited		
1,000 ordinary shares	4,000	4,000
	4,000	15,000

During the year, an impairment provision of $11,000,000 (2017: $32,000,000) was recognised against the Company's investments in Jamaica Gypsum & Quarries Limited, due to recurring losses from operations. The Company's investment in Rockfort Mineral Bath Complex Limited was fully impaired in 2014.

10. Taxation

	Group and Company	
		Restated*
	2018	**2017**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Taxation consists of:		
Current:		
Provision for charge on current year's profit	95,664	198,342
Deferred:		
Origination and reversal of temporary differences	1,078,326	487,527
Tax losses	(345,422)	(287,192)
Deferred tax charge	732,904	200,335
	828,568	398,677

* See note 36.

10. Taxation (continued)

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

	Group		Company	
		Restated*		Restated*
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit before taxation	3,294,661	1,510,411	3,308,508	1,506,477
Taxed at 25%	(823,665)	(377,603)	(827,127)	(376,619)
Tax on non-allowable expenses	(47,540)	(67,784)	(47,540)	(67,709)
Employment tax credit	40,998	85,325	40,998	85,090
Other	1,639	(31,670)	5,101	(51,335)
Increase in tax benefits not recognised	-	(18,841)	-	-
Prior year adjustment [Note 36(b)]	-	11,896	-	11,896
Taxation	(828,568)	(398,677)	(828,568)	(398,677)

	The Group and Company	
		Restated*
	2018 $'000	2017 $'0000
Deferred tax (liability)/asset		
Balance at beginning of year	126,063	298,890
Recognised income	(732,904)	(200,335)
Recognised in other comprehensive income	(7,287)	27,508
Balance at end of year, net	(614,128)	126,063

* See note 36.

10. Taxation (continued)

	2018			
	The Group and Company			
	January 1, 2017 $'000	Recognised in income $'000	Recognition in other comprehensive income $'000	December 31, 2018 $'000
Deferred tax liability:				
Property, plant and equipment	(671,630)	(563,289)	-	(1,234,919)
Unrealised gain on exchange	(7,430)	7,430	-	-
	(679,060)	(555,859)	-	(1,234,919)
Deferred tax asset:				
Tax losses	501,954	(156,532)	-	345,422
Accrued vacation	19,156	(19,156)	-	-
Accrued charges and rewards	75,514	(10,443)	-	65,071
Post-retirement benefit obligation	206,581	8,908	(7,287)	208,202
Unrealised exchange losses	1,918	178	-	2,096
	805,123	(177,045)	(7,287)	620,791
	126,063	(732,904)	(7,287)	(614,128)

	2017 Restated*			
	The Group and Company			
	January 1, 2017 $'000	Recognised in income $'000	Recognition in other comprehensive income $'000	December 31, 2017 $'000
Deferred tax liability:				
Property, plant and equipment	(772,619)	100,989	-	(671,630)
Unrealised gain on exchange	(2,146)	(5,284)	-	(7,430)
	(774,765)	95,705	-	(679,060)
Deferred tax asset:				
Tax losses	789,146	(287,192)	-	501,954
Accrued vacation	23,886	(4,730)	-	19,156
Accrued charges and rewards	86,016	(10,502)	-	75,514
Post-retirement benefit obligation	167,177	11,896	27,508	206,581
Unrealised exchange losses	7,430	(5,512)	-	1,918
	1,073,655	(296,040)	27,508	805,123
	298,890	(200,335)	27,508	126,063

(a) At December 31, 2018, subject to agreement with the Taxpayer Audit and Assessment Department, tax losses amounted to approximately $1,606,712,000 (2017: $2,198,096,000) for the Group and 1,381,688,000 (2017: $2,007,816,000) for the Company. The amount that can be utilised in any one assessment year is restricted to 50% of chargeable income (before utilising any prior year losses) of that assessment year.
.

10. Taxation (continued)

(b) A deferred tax asset of $75,366,000 (2017: $64,408,000) has not been recognised by the Group for its subsidiaries as management does not believe that the asset will be realised in the foreseeable future

11. Due from related companies

Due from related companies consists of the following:

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Arawak Cement Company Limited	3,980	4,859
Trinidad Cement Limited	6,374	514
TCL (Nevis) Limited	253	-
TCL Guyana Limited	12	196
CEGYS	30,433	-
CEMEX S.A.B de C.V.	9,075	87,628
CEMEX Jamaica Limited	8,167	1,881
	58,294	95,078
Short-term	58,294	92,972
Long-term	-	2,106
	58,294	95,078

These balances are unsecured and carry no fixed repayment terms. These amounts are to be settled within 30 days of the reporting date. No impairment allowance has been recognised in the current year or prior year in respect of amounts owed by these related companies.

12. Inventories

Inventories consist of the following:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Plant spares	487,045	571,649	487,045	571,649
Consumables	651,803	515,333	651,803	515,333
Raw materials and work in progress	373,143	397,545	373,143	387,570
Finished goods	363,185	277,200	349,159	271,377
Goods in transit	8,507	28,947	8,507	28,947
	1,883,683	1,790,674	1,869,657	1,774,876
Allowance for obsolescence and impairment	(150,418)	(328,979)	(150,418)	(328,979)
	1,733,265	1,461,695	1,719,239	1,445,897

Included in the allowance for obsolescence and impairment is $Nil (2017: $104,000,000) for spares relating to the idle Kiln #4 asset which was fully impaired in December 31, 2012.

During the year, aggregate inventory write-offs and allowance for obsolescence amounted to $13,215,000 (2017: $457,818,000).

13. Receivables and prepayments

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Trade receivables	357,197	447,148	349,725	436,290
Sundry receivables and prepayments	267,085	162,061	176,845	90,836
	624,282	609,209	526,570	527,126
Less:				
Impairment allowance	(5,159)	(14,233)	(5,135)	(14,209)
	619,123	594,976	521,435	512,917

Allowances for doubtful accounts were established until December 31, 2017 based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Effective January 1, 2018 such 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 and are recognised over their term.

Under this ECL model, the company uses its accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate used as at December 31, 2018 to apply against the accounts receivable balance less 365 days was 0.4905% [Note 35 (a)].

Changes in impairment allowance

	Group		Company	
	Individually impaired		**Individually impaired**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Balance as at January 1	14,233	21,883	14,209	21,859
Transitional adjustment [Note 4 (a)]	7,497	-	7,497	-
Reduction in allowance	(3,672)	8,596	(3,672)	8,596
Write-off	(5,393)	-	(5,393)	-
Recoveries	(7,506)	(16,246)	(7,506)	(16,246)
Balance as at December 31	5,159	14,233	5,135	14,209

14. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank and in hand	420,790	1,673,067	413,781	1,655,336

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

15. Due to parent and related companies

The amount due to parent and related companies consist of the following:

	Group and Company	
	2018 $'000	2017 $'000
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	10,879	10,829
Arawak Cement Company Limited	414	-
Trinidad Cement Limited	93,969	19,768
TCL (Nevis) Limited	-	15,625
TCL Packaging Limited	27,878	37,720
CEMEX Jamaica Limited	17,491	20,394
CEMEX Transenergy	369,221	428,053
CEMEX De PUERTO RICO	1,735	-
Sunbulk Shipping	14,708	-
CEGYS	118,501	-
CEMEX Superquimicos	-	2,175
CEMEX International	94,939	7,144
CEMEX S.A.B de C.V.	-	4,607
	749,735	546,315
The long-term amount comprises the following:		
CEMEX S.A.B de C.V.	-	1,616

16. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables	2,198,833	1,522,866	2,188,320	1,478,112
Sundry payables and accruals	429,605	681,579	403,874	652,318
Statutory obligations	246,923	374,175	246,963	373,818
	2,875,361	2,578,620	2,839,157	2,504,248

16. Payables and accruals (continued)

Payables and accruals consist of the following (continued):

Sundry payables and accruals include $104,525,000 (2017: $146,336,000) representing withholding tax payable on the conversion of US$37,000,000 of the Company's debt to preference shares (Note 22). On June 28, 2013, the Company was granted a period of six years to pay the withholding taxes, with an assessment to be completed at the end of three years to determine the Company's ability to commence payment. On November 12, 2018, the company entered into a payment plan with the Ministry of Finance and the Public Service, to settle the amount by way of seven (7) equal monthly equal installments of $20,905,143 effective November 29, 2018.

17. Due from subsidiaries

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

During the year, an impairment allowance of $28,951,000 (2017: $Nil) was recognised.

18. Provision

This represents the present value of the cost of rehabilitating the quarries of a subsidiary to their original state, which are expected to be incurred between 2019 and 2025. This provision has been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. The discount rate used in the calculation of the provision as at December 31, 2018 was 17.5% (2017: 17%). The unwinding of the discount associated with this cost is recorded in finance costs (Note 26).

	Group	
	2018	**2017**
	$'000	**$'000**
As at January 1	39,125	32,552
Rehabilitation provision recognised during the year	7,175	3,956
Unwinding of discount (Note 26)	(661)	2,617
As at December 31	45,639	39,125

	2018	**2017**
	$'000	**$'000**
Short term	6,521	6,007
Long term	39,118	33,118
	45,639	39,125

19. Redeemable preference shares

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Redeemable preference shares	5,077,760	-
Partial redemption	(350,864)	-
	4,726,896	-
Foreign exchange movement on partial redemption	(40,152)	-
Fair value adjustment	(748,925)	-
Foreign exchange movement	(89,367)	-
	3,848,452	-
Less current portion	(826,647)	-
	3,021,805	-

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 Holder (TCL) (see also note 23).

20. Employee benefits obligation

The Company 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.

(i) Movement in the present value of the obligations:

	Group and Company *	
	2018	**2017**
	$'000	**$'000**
Balance at beginning of year	826,320	668,707
Current Service costs	8,092	11,183
Interest cost	64,650	59,181
Benefits paid	(37,109)	(22,781)
Actuarial (gains)/losses arising from:		
Changes in demographic assumptions	-	(49,483)
Changes in financial assumptions	133,079	127,969
Experience adjustments	(162,228)	31,544
Balance at end of year	832,804	826,320

* See note 36.

20. Employee benefits obligation (continued)

(ii) Expenses recognised in the statement of profit or loss:

	Group and Company *	
	2018	**2017**
	$'000	**$'000**
Current service costs	8,092	11,183
Interest cost	64,650	59,181
	72,742	70,364

(iii) Items recognised in other comprehensive income:

	Group and Company *	
	2018	**2017**
	$'000	**$'000**
Changes in demographic assumptions	-	(49,483)
Changes in financial assumptions	133,079	127,969
Experience adjustments	(162,228)	31,544
	(29,149)	110,030

(iv) The principal actuarial assumptions used were as follows:

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Discount rate	7%	8%
Inflation rate	3%	5%
Medical claims growth	6%	7%

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, 2018, the weighted average duration at the defined benefit obligation was 29 years (2017: 29 years).

(v) Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes 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 analysis 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.

* See note 36.

20. Employee benefits obligation (continued)

Sensitivity analysis on projected benefit obligation (continued):

	Group and Company *			
	2018		2017	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(114,156)	146,144	(112,999)	144,364
Medical claims growth	146,144	(116,079)	144,364	(114,886)
Life expectancy	25,262	(25,150)	25,221	(25,110)

21. Loan obligations

	Group and Company	
	2018 $'000	2017 $'000
CEMEX Espana (a)	3,918,146	-
CEMEX Espana Jamaica Limited (b)	4,394,529	-
National Commercial Bank Jamaica Limited (c)	3,095,463	-
	11,408,138	-
Less:		
Short-term portion	(21,110)	-
	11,387,028	-

(a) This is an unsecured revolving loan with a related party to lend to the Company up to US$52,000,000. This loan attracts 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. As at the December 31, 2018, US$32,019,000 of this loan was drawn down.

(b) This is an unsecured non-revolving loan with a related party which attracts interest at a rate of 7.25% per annum over a 7 year period. The loan is expected to be repaid by May 17, 2025.

(c) This loan represents a bilateral unsecured revolving credit line which attracts interest at a rate of 7.45% per annum over a 5 year period.

* See note 36.

22. Share capital and reserves

Authorised consists of the following:

	Number of units 2018 (000)	Number of units 2017 (000)
Ordinary shares of no par value	1,350,000	1,350,000
Preference shares of US$1 par value	115,000	115,000

	Number of units 2018 (000)	Number of units 2017 (000)	Group and Company 2018 $'000	Group and Company 2017 $'000
Issued and fully paid:				
Ordinary stock units of no par value				
January 1 and December 31	851,138	851,138	1,808,837	1,808,837
Preference shares in issue (a)				
January 1	52,000	52,000	5,077,760	5,077,760
Less amount redeemed [Note 23(b)]	(3,929)	-	(350,864)	-
	48,071	52,000	4,726,896	5,077,760
Preference share reclassified to liability (see Note 19)	-	-	(4,726,896)	-
December 31	48,071	52,000	-	5,077,760
Total ordinary and preference shares			1,808,837	6,886,597
Capital contribution			3,839,090	3,839,090

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

On June 25, 2013, at a General Meeting the shareholders 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$37,000,000 due to TCL into thirty-seven million (37,000,000) redeemable preference shares of US$1 each.

22. Share capital and reserves (continued)

(a) (Continued)

Additionally, on this date the TCL Board approved that intercompany balances of US$38,000,000 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.

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 shares 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 shares. 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 Trinidad Cement Company Limited (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 consolidated 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 share 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.

22. Share capital and reserves (continued)

(a) (Continued)

On December 21, 2018, the company redeemed 3,928,603 preference shares out of the 15,000,000 total preference shares that were issued to TCL in 2010. The amount of the consideration paid for the first partial redemption was US$3,059,780. After this partial redemption, TCL still holds an aggregate number of 48,071,397 preference shares.

(b) The Group and the Company realised capital gains of $1,413,661,000 and $1,413,656,000, respectively, which represent the profit from the sale of certain machinery and equipment in August 1999. This was credited to profit or loss over the 10 year period of the original operating lease.

23. Other reserves

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Fuel price hedge (a)	-	73,472
Capital redemption (b)	350,864	-
	350,864	73,472

(a) Up to December 31, 2018, the Company maintained a forward contract negotiated with CEMEX S.A. de C.V. to hedge the price of diesel fuel with the objective of changing the risk profile and fixing the price of fuel. At December 31, 2018, the aggregate notional amount of the contract is $Nil [2017: $363,876,000 (US$2,911,000)], with an estimated aggregate fair value of $Nil [2017: $73,472,000 (US$566,000)]. The contract was designated as a cash flow hedge of diesel fuel consumption, and as such, changes in fair value were recognised initially in other comprehensive income and were recycled to profit or loss as the related diesel volumes are consumed. Gains or losses in fair value of this contract recognised in other comprehensive income for 2017, amounted to a gain of $73,472,000 (US$566,000). In 2018, the gains were recycled through profit or loss.

(b) Capital redemption reserve

This represents preference shares redeemed during the year, being transferred to the capital redemption reserve fund pursuant to Section 64 (d) of the Jamaica Companies Act.

24. Operating profit consists of the following:

	Group		Company	
	2018 $'000	Restated* 2017 $'000	2018 $'000	Restated* 2017 $'000
Revenue	17,573,931	16,513,084	17,517,875	16,469,482
Expenses:				
Raw materials and consumables	1,460,709	1,464,326	1,709,774	1,751,095
Fuels and electricity	3,480,111	3,085,658	3,473,862	3,074,309
Personnel remuneration and benefits (Note 25)	1,967,124	1,991,407	1,925,337	1,964,664
Repairs and maintenance	799,346	833,320	791,849	825,634
Operating lease	828,371	3,322,694	828,371	3,322,694
Marketing and selling expenses	141,237	211,384	140,629	199,248
Cement transportation	637,898	546,844	558,342	472,576
Insurance	133,458	222,873	127,608	212,908
Training and staff development	131,896	86,329	131,896	86,329
Technical assistance fees and related charges	272,845	196,023	273,232	194,947
Security	111,782	110,220	100,561	100,247
Equipment hire	586,908	515,947	454,570	401,011
Other operating expenses	621,952	548,189	614,363	539,301
Changes in inventories of finished goods and work in progress	1,364,452	398,420	1,369,806	400,478
Total expenses	12,538,089	13,533,634	12,500,200	13,545,441
Profit before other income	5,035,842	2,979,450	5,017,675	2,924,041
Other income	283,107	-	343,107	60,000
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring carried forward	5,318,949	2,979,450	5,360,782	2,984,041

* See note 36 .

24. Operating profit (continued)

	Group		Company	
	2018 $'000	Restated* 2017 $'000	2018 $'000	Restated* 2017 $'000
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring brought forward	5,318,949	2,979,450	5,360,782	2,984,041
Depreciation, impairment and amortisation	(1,159,187)	(531,602)	(1,146,702)	(510,702)
Impairment loss	-	-	(39,951)	(32,000)
Stockholding and inventory restructuring costs	-	(457,818)	-	(457,818)
Manpower restructuring costs	-	(416,848)	-	(416,848)
Operating profit	4,159,762	1,573,182	4,174,129	1,566,673

Change in accounting estimates:

Stockholding and inventory restructuring costs

Stockholding and inventory restructuring costs comprises write down of overstocked items identified in a comprehensive review of inventory quantities on hand. In accordance with IAS 2: "Inventories," management has recorded an expense of $Nil (2017: $169 million) in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, resulting from new developments.

During the year the company recorded an adjustment of $Nil (2017: $157 million) representing clinker which cannot be used in its current state and is therefore referred to as aged stock. An adjustment was also made for $Nil (2017: $131.8 million) representing dead stock of cement and clinker in silos. These adjustments were included in "Stockholding and inventory restructuring costs".

Operating profit is arrived at after charging:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Audit fees				
Current year	11,834	10,157	10,470	9,194
Directors' emoluments:				
Fees	6,541	2,344	6,541	2,344

* See note 36.

25. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
		Restated *		Restated *
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Wages and salaries	1,482,534	1,492,797	1,444,206	1,471,205
Statutory contributions	131,685	156,090	129,219	153,900
Pension costs (Note 30)	49,376	51,471	48,919	50,913
Other personnel costs	303,529	291,049	302,993	288,646
	1,967,124	1,991,407	1,925,337	1,964,664

26. Finance costs

Finance costs consist of the following:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Interest expense	665,438	155	665,438	155
Loss on currency exchange	212,766	65,094	212,625	65,094
Unwinding of discount on rehabilitation provision (Note 18)	(661)	2,617	-	-
	877,543	67,866	878,063	65,249

27. Profit after taxation and accumulated losses

		2018	Restated* 2017
		$'000	$'000
(a)	The net profit is dealt with in the financial statements as follows:		
	Company	2,479,940	1,107,800
	Subsidiaries	(13,847)	3,934
	Group	2,466,093	1,111,734
(b)	The accumulated losses are reflected in the financial statements as follows:		
	Company	(987,260)	(3,879,626)
	Subsidiaries	(7,011)	6,836
	Group	(994,271)	(3,872,790)

* See note 36.

28. Earnings per share

	Group	
	2018	**Restated* 2017**
Profit attributable to shareholders ($'000)	2,466,093	1,111,374
Number of ordinary shares in issue (thousands)	851,138	851,138
Earnings per ordinary share (expressed in $ per share)	2.90	1.31

29. Related party transactions

Terms and conditions of transactions with related parties:

Parties are considered to be related if they are members of the same group or are jointly controlled by the same entity. Related parties also include those who have the ability to exercise significant influence over the entity or are members of key management. The Company and its subsidiaries are part of the Trinidad Cement Limited Group which, in itself is a part of the wider CEMEX Group. For the year ended December 31, 2018 and 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group provides normal services to its connected persons on terms similar to those offered to persons not connected to the Company.

(a) Definition of a related party:

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).

(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.

* See note 36.

29. Related party transactions (continued)

(a) Definition of related party (continued):

(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.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Included in profit or loss:		
(Income)/expenses -		
Sale of cement	-	(254,072)
Sale of clinker	-	(197,192)
Technical fee charges	96,905	96,283
Purchase of goods and materials	757,510	527,050
Operating lease (Note 7)	821,853	3,322,694
Included in the statement of financial position:		
Capital expenditure	14,926,000	-

29. Related party transactions (continued)

(c) Transactions with CEMEX S.A.B. de C.V. related entities:

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Included in profit or loss:		
Sale of clinker	-	(86,582)
Sale of cement	(128,108)	(68,042)
Purchase of cement	986,908	131,965
Purchase of grinding aids	336,345	2,093
Purchase of iron silicate	142,477	-
Technical service	106,428	-
Purchase of coal	638,476	716,183
Interest on loan	665,369	-
Other purchases	80,648	8,173
Included in the statement of financial position:		
Capital expenditure	103,103	300,413

(d) Compensation of directors and key management personnel

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	152,905	126,877	152,905	126,877
Post-retirement benefits	5,453	5,595	5,453	5,595
Directors' fees	6,541	2,344	6,541	2,344
	164,899	134,816	164,899	134,816

(e) Transactions between the Company and its subsidiaries:

	Company	
	2018	**2017**
	$'000	**$'000**
Included in profit or loss:		
Purchase of gypsum, shale and pozzolan	249,425	268,727
Port fees paid	-	6,370
Management fee received	(60,000)	(60,000)
Subvention	13,298	6,044

30. 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 $49,376,000 (2017: $51,471,000) and $48,919,000 (2017: $50,913,000) respectively.

31. Contingencies

There were several pending legal actions and other claims estimated at $359,261,000 (2017: $378,438,000), in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's attorneys, that liability, if any, arising out of these claims is not considered significant. Accordingly, no provision has been made in these financial statements in respect of these matters.

32. Commitments

(a) Operating leases

The Company had commitments of $Nil [2017: $2,750,000,000 (US$22,000,000)] under the operating leases with Trinidad Cement Limited (TCL), which was payable semi-annually in United States dollars (Note 7). In April 2018, the Company terminated the lease agreement with TCL and completed the acquisition of the Kiln 5 and Mill 5.

As at December 31, future minimum lease payments are:

	2018 $'000	2017 $'000
Within one year	-	2,750,000

(b) Other operating leases

(i) Lease commitments of the Company, and the accumulated future minimum payments are as below:

	2018 $'000	2017 $'000
Within one year	41,398	31,940
Within one to five years	64,626	58,723
	106,024	90,663

(ii) Lease commitments of the subsidiaries, and the accumulated future minimum lease payments are as below:

	2018 $'000	2017 $'000
Within one year	5,000	3,500
After one year, but less than five years	20,000	13,813
More than five years	42,083	46,383
	67,083	63,696

32. Commitments (continued)

(c) Capital commitment

An aggregate amount of $613,038,000 (US$4,800,000) [2017:$2,346,082,000 (US$18,769,000)] was approved and contracted for as at December 31, 2018 in respect of capital projects.

33. 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 $1,200,000 and the lease term has 30 years remaining and exploitable reserves are expected to have a life of 30 years based on the current extraction rate. These limestone reserves are not recorded in these financial statements.

34. Segment information

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. The Group has identified the Group General Manager as its CODM.

Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

Financial information related to the operating segment results for the year ended December 31, 2018, can be found in the Group income statement and related notes. There are no differences in the measurement of the reportable segment results and the Group's results.

Details of the segment assets and liabilities for the year ended December 31, 2018, can be found in the Group's statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

Revenue

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

	2018 $'000	2017 $'000
Local	17,515,541	16,011,612
Caribbean countries	58,390	447,547
South American countries	-	53,925
	17,573,931	16,513,084

Revenue from five customers (2017: five customer) amounted to $7,599,799,000 (2017: $6,104,928,000), arising from cement sales.

35. Financial risk management objectives and policies

The Group's principal financial liabilities comprise payables and accruals, provisions, redeemable preference shares and related party balances. The Group has various financial assets such as trade receivables, cash and short-term deposits and related party balances which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risks arises primarily from its trade receivables and from its financing activities of short term deposits with banks and financial institutions and foreign exchange transactions.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position:

	Group		Company	
	Gross maximum exposure		Gross maximum exposure	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables	357,197	447,198	349,725	436,290
Cash and cash equivalents	420,790	1,673,067	413,781	1,655,336
Due from related companies	58,294	95,078	58,294	95,078
Due from subsidiary	-	-	148,860	94,335
	836,281	2,215,343	970,660	2,281,039

(a) Trade and other receivables

The Group's main exposure to credit risk is managed by an established credit policy under which each customer has to be assessed individually for credit worthiness before the customer can be considered for a credit limit. Credit limits are established for all customers and are based on internal rating criteria which are reviewed annually.

As at December 31, 2018, the Group had 3 customers (2017: 3 customers) that owed the Group more than $20,000,000 each (2017: $60,000,000 each), which accounted for 89% (2017: 75%) of all trade receivables owing.

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.

35. Financial risk management objectives and policies (continued)

Credit risk (continued)

(a) Trade and other receivables (continued)

The aged receivable balances are regularly monitored. 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 and are recognized over their term.

Expected credit loss assessment for trade receivables as at 31 December 2018

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's for trade receivables as at 31 December 2018.

Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'000	
Current (not past due)	0.4905%	230,306	1,129	No
1 - 30 days	0.4905%	82,154	403	No
31-60 days	0.4905%	33,627	165	No
61-90 days	0.4905%	-	-	No
91-180 days	0.4905%	201	1	No
181-365 days	0.4905%	-	-	No
Over 366 days	100%	3,437	3,437	No
		349,725	5,135	

(b) Cash and cash equivalents

This risk is managed in line with the Group's policy. Excess funds are invested for short periods of time depending on the Group's cash flow requirements. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

Annual reviews of the policy are undertaken and approved at the Group's Board of Directors level.

Interest rate risk

Interest rate risk for the Group centers on the risk that debt service cash outflow will increase due to changes in market interest rates. At the reporting date, the Group's exposure to changes in interest rates relates primarily to bank loans which have a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed, variable rate debt and financial derivatives.

35. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

At the reporting date, the interest profile of the Group and Company's interest bearing financial instruments was:

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Asset:				
Cash and cash equivalents	420,790	1,673,267	413,781	1,655,336
Liabilities:				
Loan obligation:				
Fixed rate	(7,489,992)	-	(7,489,992)	-
Variable rate	(3,918,146)	-	(3,918,146)	-
	(11,408,138)	-	(11,408,138)	-
Net (liabilities)/asset	(10,987,348)	1,673,067	(10,994,357)	1,655,336

Interest rate risk table

The following table shows the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

	Group		Company	
	Increase/decrease in basis points $'000	**Effect on profit before tax $'000**	**Increase/decrease in basis points $'000**	**Effect on profit before tax $'000**
2018	+100	34,974	+100	35,044
	–100	(34,974)	–100	(35,044)
2017	+100	16,731	+100	16,553
	–100	(16,731)	–100	(16,553)

35. Financial risk management objectives and policies (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from purchases by the Group in currencies other than its functional currency. Approximately sixty percent (60%) of the Group's purchases are denominated in or sensitive to currencies other than its functional currency. Accordingly, the Group has a net foreign currency exposure as at the reporting date.

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Group's and the Company's profit before tax (expressed in Jamaican dollars), with all other variables held constant.

	US $'000	TT $'000
2018		
Assets:		
Trade receivable	1,020	-
Cash and cash equivalents	1,470	-
	2,490	-
Liabilities:		
Due to parent and related parties	4,143	2,386
Trade payables	1,341	-
Loan obligation	65,074	-
Redeemable preference shares	37,440	-
	107,998	2,386
Net liabilities	105,508	2,386

		Change in exchange rate	Group and company effect on profit before tax $'000
2018	US$	+4%	(532,465)
	US$	-2%	269,502
	TT$	+4%	(1,793)
	TT$	-2%	897

35. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

	US $'000	EURO $'000
2017		
Assets:		
Trade receivables	111	-
Cash and cash equivalents	11,380	-
	11,491	-
Liabilities:		
Due to parent and related parties	705	-
Trade payables	451	7
	1,156	7
Net liabilities	10,335	7

		Change in exchange rate	Group and Company effect on profit before tax $'000
2017	US$	+2%	25,847
	US$	- 4%	(51,694)
	Euro	+2%	22
	Euro	- 4%	(45)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group maintains a balance between continuity of funding and flexibility through the use of bank loans and related party financing.

35. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

	The Group				
As at December 31, 2018	**Less than 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
Redeemable preference shares	-	826,647	3,021,805	-	3,848,452
Loan obligation	21,110	-	3,076,000	8,311,028	11,408,138
Due to parent and related companies	749,734	-	-	-	749,734
Payables and accruals	-	2,875,361	-	-	2,875,361
	770,844	3,702,008	6,097,805	8,311,028	18,881,685

	The Group				
As at December 31, 2017	**Less than 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
Due to parent and related companies	546,315	-	1,616	-	547,931
Payables and accruals	-	2,578,620	-	-	2,578,620
	546,315	2,578,620	1,616	-	3,126,551

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

	The Company				
As at December 31, 2018	**Less than 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
Redeemable preference shares	-	826,647	3,021,805	-	3,848,452
Loan obligation	21,110	-	3,076,000	8,311,028	11,408,138
Due to parent and related companies	749,734	-	-	-	749,734
Payable and accruals	-	2,839,157	-	-	2,839,157
	770,844	3,665,804	6,097,805	8,311,028	18,845,481

35. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments (continued).

	The Company					
As at December 31, 2017	**On Demand $'000**	**Less than 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 years $'000**	**Total $'000**
Due to parent and related companies	-	546,315	-	1,616	-	547,931
Payables and accruals	-	-	2,504,248	-	-	2,504,248
	-	546,315	2,504,248	1,616	-	3,052,179

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, maximize shareholder value. As at the reporting date, there were no externally imposed capital ratio requirements.

The Group manages its capital structure and makes adjustments, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

Fair values

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 23 the diesel fuel hedge was carried at fair value using the valuation technique below.

35. Financial risk management objectives and policies (continued)

Fair values (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.

Fair values in 2017 were classified as Level 3.

36. Correction of error

During 2018, the Group restated its 2017 financial statements to reflect the impact of the post-retirement medical benefit obligation which was not recorded in the financial statements since inception. In accordance in with IAS 8 *Accounting Policies*, Changes in Accounting Estimates and Errors the financial statements have been restated to account for the Employee benefits liability and expenses arising from commitments to provide this post-retirement medical obligation consistently with IAS 19 *Employee Benefits*.

(a) Statement of financial position:

The Group:

	Impact of the correction of error		
	As previously reported	**Adjustments**	**As restated**
	$'000	**$'000**	**$'000**
December 31, 2017			
Non-current assets:			
Property, plant and equipment	8,282,950	-	8,282,950
Deferred tax assets	-	126,063	126,063
Due from related companies	2,106	-	2,106
	8,285,056	126,063	8,411,119
Current assets	3,920,907	-	3,920,907
Current liabilities	(3,130,942)	-	(3,130,942)
Working capital surplus	**789,965**	-	**789,965**
Non-current liabilities:			
Due to parent and related Companies	1,616	-	1,616
Deferred tax liability	80,518	(80,518)	-
Provision	33,118	-	33,118
Employee benefits obligation	-	826,320	826,320
Total non-current liabilities	**115,252**	**745,802**	**861,054**
Total net assets	**8,959,769**	**(619,739)**	**8,340,030**

36. Correction of error (continued)

(a) Statement of financial position (continued):

The Group (continued):

	Impact of the correction of error		
	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
Shareholders' equity:			
Ordinary shares	1,808,837	-	1,808,837
Preference shares	5,077,760	-	5,077,760
Capital contribution	3,839,090	-	3,839,090
Realised capital	1,413,661	-	1,413,661
Other reserves	73,472	-	73,472
Accumulated losses	(3,253,051)	(619,739)	(3,872,790)
Total equity	**8,959,769**	**(619,739)**	**8,340,030**
January 1, 2017			
Non-current assets:			
Property, plant and equipment	6,571,104	-	6,571,104
Intangible assets	9,460	-	9,460
Deferred tax assets	131,713	167,177	298,890
	6,712,277	167,177	6,879,454
Current assets	3,707,211	-	3,707,211
Current liabilities	(2,653,219)	-	(2,653,219)
Working capital surplus	**1,053,992**	**-**	**1,053,992**
Non-current liabilities:			
Provision	27,393	-	27,393
Employee benefits obligation	-	668,707	668,707
Total non-current liabilities	**27,393**	**668,707**	**696,100**
Total net assets	**7,738,876**	**(501,530)**	**7,237,346**
Shareholders' equity:			
Ordinary shares	1,808,837	-	1,808,837
Preference shares	5,077,760	-	5,077,760
Capital contribution	3,839,090	-	3,839,090
Realised capital	1,413,661	-	1,413,661
Accumulated losses	(4,400,472)	(501,530)	(4,902,002)
Total equity	**7,738,876**	**(501,530)**	**7,237,346**

36. Correction of error (continued)

(a) Statement of financial position (continued):

The Company:

	Impact of the correction of error		
	As previously reported	**Adjustments**	**As restated**
	$'000	**$'000**	**$'000**
December 31, 2017			
Non-current assets:			
Property, plant and equipment	8,168,865	-	8,168,865
Investment in subsidiaries	15,000	-	15,000
Deferred tax assets	-	126,063	126,063
Due from related companies	2,106	-	2,106
	8,185,971	126,063	8,312,034
Current assets	3,899,654	-	3,899,654
Current liabilities	(3,050,563)	-	(3,050,563)
Working capital surplus	**849,091**	-	**849,091**
Non-current liabilities:			
Due to parent and related companies	1,616	-	1,616
Deferred tax liability	80,518	(80,518)	-
Employee benefit obligation	-	826,320	826,320
Total non-current liabilities	**82,134**	**745,802**	**827,936**
Total net assets	**8,952,928**	**(619,739)**	**8,333,189**
Shareholders' equity:			
Ordinary shares	1,808,837	-	1,808,837
Preference shares	5,077,760	-	5,077,760
Capital contribution	3,839,090	-	3,839,090
Realised capital	1,413,656	-	1,413,656
Other reserves	73,472	-	73,472
Accumulated losses	(3,259,887)	(619,739)	(3,879,626)
Total equity	**8,952,928**	**(619,739)**	**8,333,189**

36. Correction of error (continued)

(a) Statement of financial position (continued):

The Company (continued):

	Impact of the correction of error		
	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
January 1, 2017			
Non-current assets:			
Property, plant and equipment	6,450,759	-	6,450,759
Investment in subsidiaries	47,000	-	47,000
Deferred tax assets	131,713	167,177	298,890
	6,629,472	167,177	6,796,649
Current assets	3,703,871	-	3,703,871
Current liabilities	(2,597,374)	-	(2,597,374)
Working capital surplus	**1,106,497**	**-**	**1,106,497**
Non-current liability:			
Employee benefit obligation	-	668,707	668,707
Total non-current liabilities	**-**	**668,707**	**668,707**
Total net assets	**7,735,969**	**(501,530)**	**7,234,439**
Shareholders' equity:			
Ordinary shares	1,808,837	-	1,808,837
Preference shares	5,077,760	-	5,077,760
Capital contribution	3,839,090	-	3,839,090
Realised capital	1,413,656	-	1,413,656
Accumulated losses	(4,403,374)	(501,530)	(4,904,904)
Total equity	**7,735,969**	**(501,530)**	**7,234,439**

36. Correction of error (continued)

(b) Effect on the statement of profit or loss and other comprehensive income:

The Group:

	Impact of correction of error		
	As previously reported	**Adjustment**	**As restated**
	$'000	**$'000**	**$'000**
December 31, 2017			
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	3,027,033	(47,583)	2,979,450
Others	(1,469,039)	-	(1,469,039)
Taxation charge	(410,573)	11,896	(398,677)
Profit for the year	1,147,421	(35,687)	1,111,734
Item that may never be reclassified to profit or loss:			
Re-measurement of employee benefits obligation	-	(110,030)	(110,030)
Related deferred tax charge	-	27,508	27,508
Other comprehensive income	73,472	(82,522)	(9,050)
Total comprehensive attributable to equity holders	**1,220,893**	**(118,209)**	**(1,102,684)**
Earnings per share (expressed in $ per share)	**1.35**	**(0.04)**	**1.31**

The Company:

	Impact of correction of error		
	As previously reported	**Adjustment**	**As restated**
	$'000	**$'000**	**$'000**
December 31, 2017			
Earnings before interest, depreciation, amortisation, tax, stockholding and inventory restructuring and manpower restructuring costs	3,031,624	(47,583)	2,984,041
Others	(1,477,564)	-	(1,477,564)
Taxation charge	(410,573)	11,896	(398,677)
Profit for the year	1,143,487	(35,687)	1,107,800
Item that may never be reclassified to profit or loss:			
Re-measurement of employee benefits obligation	-	(110,030)	(110,030)
Related deferred tax charge	-	27,508	27,508
Other comprehensive income	73,472	(82,522)	(9,050)
Total comprehensive attributable to equity holders	**1,216,959**	**(118,209)**	**(1,098,750)**

There is no material impact on total operating, investing or financing cash flows for the year ended December 31, 2017.

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

Form of Proxy

PLEASE AFFIX $100 POSTAGE STAMP HERE

I/We_____

(Name of Shareholder)

of _____

(Address)

being a member(s) of the above named Company, hereby appoint

_____

(Name of Proxy)

of _____or failing him/her

(Address)

_____

(Name of Proxy)

of _____

(Address)

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on July 18, 2019 at 10:00 a.m. at "The Worthington" at the Spanish Court Hotel located at 16 Worthington Avenue, Kingston 5, and at any adjournment thereof.

Signed this _____ day of _____ 2019

_____

(Signature)

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the resolutions listed below. Unless otherwise instructed, the Proxy will vote as he thinks fit.

RESOLUTION	For	Against
Resolution 1 – Adoption of Accounts Be it resolved that the Financial Statements for the year ended December 31, 2018 and the Reports of the Directors and Auditors thereon be adopted.		
Resolution 2 – Be it Resolved that KPMG be appointed as the Auditors for the year 2019 and that the Board be authorized to fix their remuneration.		
Resolution 3 – Election of Directors Be it resolved as follows: (a) Dania Heredia That Ms. Dania Heredia, who retires by rotation and being eligible, be and is hereby re-elected as a Director in accordance with Article 96 of the Company's Articles of Incorporation. (b) Peter Moses That Mr. Peter Moses, who retires by rotation and being eligible, be and is hereby re-elected as a Director in accordance with Article 96 of the Company's Articles of Incorporation.		
Resolution 4 – Remuneration of Directors Be it resolved that the Board of Directors of the Company be authorized to fix the remuneration of the Directors in accordance with the Company's Articles of Incorporation.		

Note:

1. To be valid, this Form of Proxy must be lodged at the Registered Office of the Company not less than forty-eight hours before the meeting.
2. Any alteration in this Form of Proxy shall be initialed.
3. In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which the names stand on the register.
4. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal.
5. Please affix a $100.00 postage stamp in the space provided above.

Postal address: CARIBBEAN CEMENT COMPANY LIMITED
P.O. Box 448 Kingston

Registered Office: Rockfort, Kingston

CEMEX
Building a better future

TCL GROUP
Building a Brighter Future

CARIBBEAN CEMENT COMPANY LIMITED
CARIB CEMENT

www.caribcement.com