CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

ANNUAL REPORT 2017

TCL GROUP
Building a Brighter Future

CEMEX
Building a better future

Contents

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From the Blue Mountains

Carib Cement manufactures and distributes high-quality Portland Pozzolan cement and Ordinary Portland cement using one hundred percent Jamaican raw material.

Whether hand-mixed or industrially supplied — Carib Cement is always the best choice for building a greater Jamaica.

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 TCL Sustainable Returns
Business Model	We leverage on 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 to all of our stakeholders
Values	Safety Customers Excellence Leadership Integrity

Corporate Data

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, C.D., Chairman
José Luis Seijo González,
Managing Director – TCL Group
Hollis N. Hosein
Luis Gilberto Ali Moya
Peter Moses
Peter Donkersloot Ponce
Dania Jocelyn Heredia Ramirez

COMPANY SECRETARY
Craig Lloyd Neil

MANAGEMENT TEAM
Peter Donkersloot Ponce (General Manager)
Adrian Spencer
Andrew Stephenson
Carlos Phipps
Christopher Brown
Craig Lloyd Neil
Garen Williams
Jorge Herrera
Jose Monge
Marchel Burrell
Ricardo Lopez
Jorge Camelo
Sergio Zazueta
Sophia Lowe Pinnock
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

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.

Board of Directors

José Luis Seijo González | Parris A. Lyew-Ayee (Chairman) | Peter Donkersloot Ponce

Hollis N. Hosein | Luis Gilberto Ali Moya | Peter Moses | Dania Jocelyn Heredia Ramirez

About our Board of Directors

Parris A. Lyew-Ayee, C.D., 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.

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 organizations – 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 is also on 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 more recently, the Order of Distinction in the rank of Commander (CD) in 2007.

José Luis Seijo González, Managing Director – TCL Group

José Luis Seijo González was appointed Managing Director of the TCL Group effective May 20, 2016. Prior to this, he held the position of Chief Executive Officer of the TCL Group, from May 4, 2015. He has had many years of experience in the cement industry, having worked in several key cross postings at CEMEX. The most recent posting, before taking up his appointment at TCL, was that of Head - Strategic and Financial Planning for Spain and the Mediterranean region.

Mr. Seijo González 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, in Israel as Chief Financial Officer, in Bangladesh as Chief Executive Officer and in Latvia, also as Chief Executive Officer.

He holds a B.Sc. in Mechanical Engineering with a Master's Degree in Finance from the University of Bath, United Kingdom.

Hollis N. Hosein, Director

Hollis N. 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 of TCL Guyana Inc. He currently voluntarily assists with several charitable projects in Trinidad & Tobago.

Luis Gilberto Ali Moya

Luis Gilberto Ali Moya was appointed Group Finance Manager effective January 1, 2016. Prior to joining the TCL Group, Mr. Ali Moya served in the positions of Financial and Cost Analyst (CEMEX, Venezuela); Business Process Coordinator (D.H.L, Costa Rica); and most recently, as Business Service Organisation Manager (CEMEX, Costa Rica).

Mr. Ali Moya earned his Bachelor of Accounting degree from the Universidad Católica “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).

Peter Donkersloot Ponce, General Manager – CCCL

Peter Donkersloot Ponce was appointed General Manager of Caribbean Cement Company Limited effective November 7, 2016. Mr. Donkersloot has over twelve years working experience in the cement industry, holding 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 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.

Dania Jocelyn Heredia Ramirez, Director

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

Mrs. Heredia Ramirez 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 corporate training at prestigious institutions, including the China Europe International Business School and the Florida International University. She also has experience in Corporate Social Responsibility and Alternative Dispute Resolution and Arbitration, certified by the Instituto Technologic de Monterrey and the Universidad de Valparaiso in Chile respectively.

Mrs. Heredia Ramirez has held positions as Corporate Attorney in important Dominican companies, including Verizon and the Dominican Association of Customs-Free Zone. She also worked as Director and Defender of the Public Defender’s program of the Commissioner in support of the reform and modernization of justice. In 2005, Mrs. 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 the company's policies related to Economic Competition, Code of Ethics and Anti-Corruption. She has been in the position for twelve years.

She is an active member of many Business Associations and Justice Commissions in the Dominican Republic, through which 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.

Peter Moses, Director

Peter Moses was appointed to the Board of Directors on October 12, 2017. He holds a BA in Economics from Carnegie Mellon University, Pittsburg, Pennsylvania, USA.

Mr. Moses is a career banker with Citibank for 42 years. Positions held include Head of CitiFinance, CitiMerchant Bank, Corporate Bank and Citibank.

Mr. Moses has served as President of the Jamaica Bankers Association; President of the Private Sector Organization of Jamaica; President of the American Chamber of Commerce; Chairman of the Salvation Army Advisory Board; Director of the Jamaica Exporters Association; Director of the Calabar High School; Executive President of the Real Mona Football Club; Director of the Jamaica Drug Abuse Committee; Chairman of the Jamaica Foundation for Children; Member of the Review Board for the Jamaica Constabulary Force; and Chairman of the Public Sector Reform Oversight Committee.

The Government of Jamaica conferred on him the Order of Distinction in the rank of Commander (CD) and the Order of Jamaica (OJ).

Notice of Annual General Meeting

NOTICE is hereby given that the **SIXTY-NINTH ANNUAL GENERAL MEETING** of **CARIBBEAN CEMENT COMPANY LIMITED** will be held at Spanish Court Worthington, 16 Worthington Avenue, Kingston 5 on July 26, 2018 at 10:00 a.m. to transact the following business and to consider and, if thought fit, pass the following Resolutions:

1. AUDITED ACCOUNTS FOR YEAR ENDED DECEMBER 31, 2017

To receive the audited accounts for the year ended December 31, 2017, together with the Directors' and Auditors' Reports circulated therewith and declare

THAT the Balance Sheet and Profit & Loss Account for the year ended December 31, 2017, 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:

- Parris A. Lyew-Ayee
- Luis Gilberto Ali Moya

a) **THAT** the retiring Director, Parris A. Lyew-Ayee be and is hereby re-elected.

b) **THAT** the retiring Director, Luis Gilberto Ali Moya be and is hereby re-elected.

In accordance with Article 103 of the Company's Articles of Incorporation, the following Director, having been appointed since the last Annual General Meeting, retires and being eligible, offers herself for re-election:

- Dania Jocelyn Heredia Ramirez

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

In accordance with Article 103 of the Company's Articles of Incorporation, the following Director, having been appointed since the last Annual General Meeting, retires and being eligible, offers himself for re-election:

- Peter Moses

d) **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 12, 2018 and 4:00 p.m. on July 25, 2018. 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, 2017, 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. An appropriate form of 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, 2018

REGISTERED OFFICE
Rockfort, Kingston

Directors' Report

The Directors submit this report and the audited Financial Statements for the year ended December 31, 2017.

FINANCIAL RESULTS

Results for the year are shown on pages 40 to 90 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)	2017	2016
Turnover	16,513,084	15,780,756
Net Profit	1,147,421	1,301,702
Total Net Assets	8,959,769	7,738,876
Profit per Stock Unit	$1.35	$1.53

TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2017

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	25,246,157
Guardian Life Limited	6,674,357
Colin Steele	6,500,000
Michael J. G. Subratie	5,254,965
National Housing Trust	4,318,904
PAM – Pooled Equity Fund	3,955,537
PWL Bamboo Holdings Limited	3,490,690
TOTAL	**728,193,531**

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2017

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

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SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2017

Name	No. of Shares
Adrian Spencer	23,750
TOTAL	**23,750**

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

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2017.

On behalf of the Board of Directors.

Parris A. Lyew-Ayee

Mr. Parris A. Lyew-Ayee, C.D.
Chairman

General Manager Peter Donkersloot Ponce interacting with employee's children on family plant tour 2017.

Chairman's Statement

Parris A. Lyew-Ayee, C.D.
Chairman

Dear Shareholders:

On behalf of the Board, I am honored to present Caribbean Cement Company Limited's Annual Report for the year ended December 31, 2017.

We are proud to indicate to you, our shareholders, that our relentless pursuit of excellence will continue to see Carib Cement grow from strength to strength with revenues of $16.5 billion, a 5% increase compared to 2016. Each year, we boldly raise the bar at Carib Cement, and in 2017 this resulted in a domestic sales volume increase of 6% above the volume achieved in 2016. This sales increase is as a result of our drive to become more customer oriented, robust retail sales, increased demand from new housing construction and continued infrastructural projects.

Accomplishments

We are pleased to advise that the strategies engaged throughout 2017, including the synergies within the TCL Group and CEMEX, have put the company on the path of stability and growth. The company continues to invest in state-of-the-art equipment, machinery and physical infrastructure. We continue to enjoy the benefits of our expansion in kiln capacity from 2,000 tons per day to 2,800 tons per day, while observing all environmental standards as required by law.

CARIBBEAN CEMENT COMPANY LIMITED

CARIB CEMENT

CEMEX external training

The Chairman presents a token to a customer at Carib Cement's annual customer appreciation function.

We are acutely aware of our obligations to maintain world class levels of safety whilst observing local environmental standards without question. We continue to invest in our dust mitigation initiatives whilst minimizing our water usage and noise levels. Our product is world-class and therefore all systems associated with our plant must also be at the same standard.

We consider our people to be our most important asset. We continue to empower our employees through training and exposure to world-class standards and best practice. In 2017, several members of staff were given the opportunity to visit CEMEX facilities around the globe. This initiative is an effort not just to bolster the production capacity of our plant, but also to increase the capacity of our people. We stand to benefit tremendously from this drive for many years to come.

As a leading producer in Jamaica, we are sensitive to the fact that we must stay true to our corporate social responsibilities (CSR). In observance of these obligations, we are pleased to advise that in 2017 our CSR initiatives had a positive impact on thousands of Jamaicans. Our projects focused on the renovation of community parks, sports complexes and community centres. We are particularly pleased about our water harvesting project at the Percy Junor Hospital. Rehabilitation of more than 70 percent of a two-acre catchment area was completed in less than two months, using a special concreting technique that is expected to last for generations. This initiative has returned the facility to its full storage capacity of more than 750,000 gallons of water. We also embarked upon concrete road rehabilitation initiatives, whilst maintaining our relationships with our immediate community.

Dividends

Even though the company has seen improvement in Earnings before interest, tax, depreciation, amortization and restructuring costs (EBITDA) for the year 2017, we are still unable to declare a dividend at this time. This is due to the significant amounts that have been invested in capital projects, such as the coal mill, the limestone reclaimer upgrade and the dust mitigation programme. We have also taken the bold step of ending our Operating Lease Arrangement with TCL.

Directors' Farewell and Welcome

I take this opportunity to thank our outgoing Director Mr. Alejandro Vares. We thank him for his service as a member of our Board of Directors and wish him the very best in all his future endeavours. We welcome our new Directors, Mr. Peter Moses and Mrs. Dania Jocelyn Heredia Ramirez, who were appointed since our last Annual General Meeting. We are confident that with their different skill sets and years of experience, Carib Cement will benefit greatly from their leadership and insight.

Outlook

Carib Cement is committed and confident that we will continue to offer world-class services to our valued customers and shareholders. Our focus for 2018 is to continue to make health and safety our number one priority, engage our customers in meaningful ways so that they can feel assured that they are our partners, strive for excellence, increase our profit margins and maintain international quality standards.

According to all indicators, Jamaica's projected GDP will continue to improve in 2018. We are projecting that our cost in energy will also remain reasonably stable, which will be reflected in our cost structure.

The Directors would like to take this opportunity to thank the general manager, management team, employees, distributors and all our stakeholders for their loyalty and continued support, as together, we continue to build a greater Jamaica.

Parris A. Lyew-Ayee

Mr. Parris A. Lyew-Ayee, C.D.
Chairman

Management Discussion and Analysis

Peter Donkersloot Ponce
General Manager

Caribbean Cement Company Limited continued to make steady progress towards becoming a world-class operation during 2017. We remain focused on our Zero4Life targets, customer-centricity and the benefits to be derived from the CEMEX-TCL Group integration. Critical to our operations is the relentless effort to enhance our health and safety culture and performance, maintaining and improving our fiscal prudence, increased operational excellence and the company's commitment to make a return on investments.

Throughout 2017, Carib Cement made key investments in a variety of areas, resulting in improvements in safety, environmental performance, people development as well as the reliability and productivity of our equipment. We continue to reap the benefits of making health and safety a number one priority through the continued demolition of obsolete equipment and buildings. We are also pleased to advise that we continue to make good progress in relation to the investments made in a new Coal Mill. A major milestone achieved was the increased reliability of the main plant. We have stayed true to our promise to focus on the well-being of our main competitive advantage: Our people. This is borne out by the efforts made to create a welcoming space at our sports and wellness club for employees and their families as well as numerous opportunities for travel and intensive training that were undertaken during 2017.

Our Value Indicators

Health, Safety and Environment

Employee signing his commitment to safety, both at the plant and on the road.

Our Zero4Life commitment means that safety remains our most important priority as we focus our organization and our practices to achieve this common objective. We continue to enjoy the benefits of incorporating CEMEX best practices into our operations. We reiterate the point that we will become world-class, and we will do so safely. 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 programs targeting employees and their families, contractors as well as our neighbouring communities.

Critical to our operations is reaching environmental excellence. 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 our demolition drive where significant volumes of scrap metal continue to be sold to contribute to the cost reduction of the program. Caribbean Cement Company Limited will continue to be transformed into a greener, healthier workplace that facilitates employee development whilst positively impacting surrounding communities and stakeholders.

Quality

We are happy to advise that our products continue to meet world-class standards, as throughout 2017 there were no reported instances of non-conforming product, cement or clinker entering the market locally or overseas and all cement dispatched met the JS and ASTM specifications. Our management systems continue to show improvement and add value as we were re-certified in 2017 for both ISO 9001:2008 quality management systems and ISO/IEC 17025:2005 laboratory accreditations.

Customer-Centricity

We are extremely proud of the fact that every member of the Carib Cement family has bought into our customer-centricity ethos. We commit to building meaningful relationships with our customers through dialogue and engagement. Segmentation of our customer base, along with the efforts of our energised sales team, continue to bear fruit. The key to this initiative is understanding the needs of our customers and facilitating their growth through providing the services that they need, efficiently and effectively. It is through the fostering of these partnerships that we intend to solidify our position for many years to come.

Market Review

The Domestic Market

Caribbean Cement Company Limited's domestic sales volume for 2017 increased by 6% over 2016. This increase resulted from robust retail sales, increased demand due to new housing construction and continued infrastructural projects. Total cement sales declined by 4%, primarily as a result of cement export sales being curtailed to satisfy the surging local demand.

Carib Cement has been diversifying its products and solutions offered to the market by accessing the wider CEMEX network. This has resulted in the addition of sulphate-resistant Type V cement being supplied for port construction and white cement for decorative applications.

With our commitment to providing resilient infrastructure for the local and export markets, Carib Cement's potential opportunities abound. The company has been working with Governments, private developers and other construction interests to incorporate more concrete solutions into their building projects. Many Caribbean countries have embraced building solutions that could better withstand the harsh weather conditions that recently impacted the region, which has resulted in the increased use of concrete by private sector developers in hotel and industrial projects across the region. Builders increasingly opt for concrete co construct houses, roadways, waste water pipes, fencing, driveways, car parks and roofs for houses. As Governments and private sector interests work to improve the quality of infrastructure in the region, we expect continued growth in the demand for concrete.

Export Sales

Cement exports declined during the year by 71% while clinker exports slipped by 15%. These decreases in export volumes were anticipated based on the strategic focus on the local market. There has been continued engagement of export customers and opportunities seized whenever the prices and terms were considered attractive. Cement export sales were distributed mainly to Cayman and Guyana, while clinker export sales were sent to Haiti, Panama and Barbados.

There are continued efforts to spot and supply attractive export opportunities whenever they emerge.

Financial Performance

In terms of the financial year, we achieved significant improvement during 2017, with revenues of $16.5 billion, a 5% increase compared to 2016. Earnings before interest, tax, depreciation, amortization and restructuring costs (adjusted EBITDA) was $3.0 billion for 2017 and the adjusted EBITDA margin was 18% in 2017, vs 17% in 2016. This performance was achieved via lower operating expenses as restructuring and efficiency initiatives begin to bear fruit.

Through more effective working capital management, we were able to achieve Net Cash generated by operating activities of $3.2 billion. This result is an improvement of 86% compared to 2016.

Despite restructuring costs of $875 million, along with increases in energy and fuel-related expenses, CCCL's Profit before tax was $1.56 billion, 15% higher than 2016 ($1.35 billion).

Operations Review

High productivity remains a key performance indicator at Carib Cement. We continue to build on the gains of 2016 in terms of reliability and efficiency of plant and equipment, with the ultimate objective being the realization of the full potential of our operational assets through continued heavy investment. Our capacity of 1.2MT exceeds the requirements of the Jamaican cement market. In light of this excess capacity, we intend to renew our efforts in the export market in 2018.

We will leverage our relationship with CEMEX to take advantage of best practices and adopt innovations required to guarantee the constant improvement of our operations. Our capital investment in 2017 has resulted in important progress in a number of significant projects, including the installation of a new coal mill, the upgrade of the reclaiming system for raw materials and the modernization of the packing plant.

Human Resource Review

In 2017, training and the launch of new initiatives were the hallmarks of our efforts to develop our human capital. Several programs were launched, with specific training oriented towards the development of commercial expertise. Other developmental programs focused on the fostering of 'Lean & Six Sigma' skills which will improve our business processes and deliver exceptional results while achieving operational excellence. Additionally, we focused on building a better work environment, promoting family activities and placing safety as our number one priority.

2017 GSAT scholarship recipients with Sophia Lowe Pinnock and Craig Neil.

Corporate Social Responsibility

Our dedication to the Jamaican people continues to be the driving force of our Corporate Social Responsibility initiatives. In 2017, Carib Cement touched over 200,000 persons through our robust program of giving back to our communities. Our focus entailed the building of sustainable communities through renovation of community parks, sports complexes and community centers; building lasting infrastructure through our concrete road rehabilitation initiatives as well as maintaining our relationships with the community and other stakeholders.

Carib Cement participated in IMAJ

The synergies between CEMEX and CCCL have afforded us access to even more innovative technologies. These technologies will allow us to harness the knowledge already embedded within the company to enhance the lives of Jamaicans. We will continue to inform and update our stakeholders through print publications and our social media platforms.

CEMEX Initiatives

Carib Cement continues to enjoy the synergies created from its affiliation with CEMEX. CEMEX is a global building materials leader. Our operations stand to benefit from cement industry experts providing continuous assessment and improvements to our processes. Our relationship with this global partner will continue to nurture best practices across the group. These initiatives and working relationships continue to develop local talent, which is a prime objective, with a sustainable future being the major target. Our employees continue to benefit from their participation in training and exchange programs at CEMEX facilities across the globe. It is this exposure that has helped our employees to grow. It is their growth and talent that will galvanise a solid future for us as a company.

Official visit to the plant by then Minister of Industry, Commerce, Agriculture & Fisheries – Honorable Karl Samuda CD MP

Business Outlook

Global and Regional Economic Outlook

The Jamaican economy is on the right trajectory to sustain positive growth in 2018. The IMF, in its *Regional Economic Outlook Update for Latin America and the Caribbean*, has opined that the positive outlook is supported by growth in the United States following the recent US tax reform.

However, the international lending agency noted that some of the islands that were hit hard during the 2017 hurricane season will face a protracted recovery. The IMF also noted that overall, recent trends in the world economy and financial markets means good news for the Caribbean and Latin America.

Global growth and trade are on an upswing, with the momentum expected to continue in 2018. Stronger commodity prices have also helped the region rebound. Growth is projected to improve within the range of 1.0% to 2.0%, supported by increased construction activity and improved hotel developments in the tourism sector.

It has been reported that Central Government's primary balance surplus has exceeded the programmed target by a "healthy margin", due mainly to buoyant corporate income tax. The IMF has reported that non-borrowed reserves have been over performing, with inflation anchored in the Bank of Jamaica's inflation target range of 4.0% to 6.0% .

Despite the impact of adverse weather conditions experienced in 2017, the economy continues to rebound. Strong performances recorded in tourism, construction and manufacturing resulted in further reduction in the unemployment rate to a seven-year low of 12.2%, coupled with a sustained expansion in the labour force.

Growth for the 2017-18 fiscal year is projected to be approximately 1.6%, with growth reportedly having been curtailed by the impact of the adverse weather conditions in 2017.

As Carib Cement looks to what 2018 has to offer, we are guided by our ability to fully supply the local market, with additional capacity for the export market. We will continue to be a dynamic company with the central focus being our customers and meeting their needs, exceeding expectations every time.

Peter Donkersloot Ponce
General Manager

CARIBBEAN CEMENT COMPANY LIMITED

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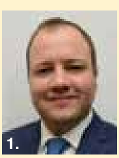
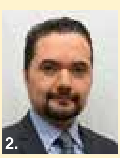
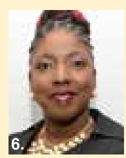
General Manager Peter Donkersloot Ponce meeting with the Prime Minister of Jamaica, the Hon. Andrew Holness, updating him on Carib Cement's outlook and plans.

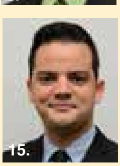
Executive Team

1. Peter Donkersloot Ponce - General Manager
2. Sergio Zazueta - Operations Director
3. Ricardo Lopez - Finance Manager
4. Jorge Camelo - Human Resource Manager
5. Craig Lloyd Neil - Company Secretary/Legal Counsel
6. Sophia Lowe Pinnock - Corporate Communication & Public Affairs Manager
7. Adrian Spencer - Procurement Manager
8. Andrew Stephenson - Quality, Raw Material & Environment Manager
9. Christopher Brown - Production Manager
10. Wayne Ballen - Security Manager
11. Carlos Phipps - Maintenance Manager
12. Marchel Burrell - Health & Safety Manager
13. Garen Williams - Distribution Sales Manager
14. Wilson Peña - Industrial Sales Manager
15. Jose Mongue - Strategic Planning Manager
16. Jorge Herrera - Supply Chain Manager







Company Overview

Caribbean Cement Company Limited (CCCL) has been in operation since 1952 and is the sole manufacturer of Portland and blended cement in Jamaica. Its main plant and operations are situated in Rockfort, Kingston with additional quarry operations in both St. Andrew and St. Thomas. CCCL produces high quality products using 100% indigenous raw materials, all mined within 10 miles of the plant.

The plant's clinker production capacity is 1.3 million tonnes and its cement manufacturing capacity is 2 million tonnes per annum. The plant's main means of dispatch of its primary product, cement, is done through the plant at Rockfort as well as through two depots in Mandeville and Montego Bay. There are also two Mini Depots in St. Ann and St. Catherine that also allow an improved dispatch of product to our customers. Carib Cement owns ports for the export of cement and other raw material as well as for the importation of coal (the main fuel used to run the kiln).

CCCL, a member of the TCL Group, also has three subsidiaries, namely Jamaica Gypsum and Quarries Limited, the Caribbean Gypsum Company Limited and the Rockfort Mineral Bath Complex Limited. CCCL is listed on the Jamaica Stock Exchange and is a major contributor to the Jamaican economy, employing over 300 persons directly.

Caribbean Cement Company Limited is committed to being an exemplary corporate citizen, with actions, not just policy, that is demonstrated through our Corporate Social Responsibility programs. These programs are enacted through our neighbouring communities and other stakeholders and are demonstrated through our support of education, sports, health and community development initiatives.

Subsidiary Companies

Jamaica Gypsum & Quarries Limited

Jamaica Gypsum & Quarries Limited (JGQ) is a wholly owned subsidiary of Caribbean Cement Company Limited and 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 it supplies to Carib Cement for use in the manufacture of its 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 commenced in August 2014 at CGC.

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 the Carib Cement Group.

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 (Carib Cement). Carib Cement has been operating the facility since 2009. It includes an historic military fort, which gave the area its name. Its strategic location is in close proximity to the major metropolitan centers of Kingston and St Andrew and is approximately 9.5 km from the Norman Manley International Airport, in addition to Port Royal and several hotels, thus making it easily accessible to both the local and tourist markets. It is ideally positioned on the perimeter of Kingston, St Andrew and Portmore where there is the highest concentration of people in Jamaica.

RMBC is the only mineral spa located in Kingston. The therapeutic property of the mineral-rich waters rejuvenate and heal the body. It is an iconic heritage monument, which has played a significant role in the history of Jamaica and offers a prime venue for events. It comprises a large public pool, eleven private baths and an historic fort.

Building our Communities

Touching 200,000 Lives

Donation of cement to the Government of Jamaica

In 2017, Carib Cement touched over 200,000 lives in Jamaica through its Corporate Social Responsibility efforts. Here are some highlights:

Carib Cement donated 3,000 bags of cement to the Government of Jamaica in response to the devastating floods that affected the island in April and May, 2017. This donation was done as part of the company's Labour Day initiative to help build and recover.

We continued our long-standing program of assistance to the Orthopaedic Ward of the Bustamante Hospital for Children. We were able to do several donations along with our annual Christmas treat for the children and staff of the ward.

As part of our CSR Initiatives in 2017, there were two concrete road rehabilitation projects. These were David's Hill Road in St. Andrew (a farming rural community) and the Charlton Fording (Norbrook community).

Carib Cement remains committed to the development of building safe community spaces. These included the Donmair Sports Complex, Cooreville Gardens Community Centre and Hope Pastures Community Park.

Carib Cement, in partnership with the Kingston Eastern Police Division, launched its inaugural Spelling Bee competition. The competition aided the police in bridging the gap with persons of the community.

Scholarships exceeding J$3 million were given to students in the community.

Christmas treat for children and staff at the Bustamante Hospital for Children.

Road rehabilitation at David's Hll and Charlton Fording.

Refurbishment of Hope Pastures Community Park and Donmair Sports Complex

Spelling Bee in collaboration with the Kingston Eastern Police Division

TEN YEAR FINANCIAL SUMMARY
(In $'000 except for items *)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
SALES	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	8,805,293
Profit (loss) before taxation	1,557,994	1,350,862	1,726,388	255,985	(3,079)	(2,672,105)	(2,983,995)	(2,242,360)	(241,028)	571,932
Cement claims	-	-	-	-	-	-	-	-	-	-
Taxation	(410,573)	(49,160)	(180,248)	(117,000)	117,000	(676,160)	370,635	685,167	96,516	(155,494)
Net profit (loss)	1,147,421	1,301,702	1,546,140	138,985	113,921	(3,348,265)	(2,613,360)	(1,557,193)	(144,512)	416,438
*Net profit (loss) per share	1.35	1.53	1.82	0.16	0.13	(3.93)	(3.07)	(1.83)	(0.17)	0.49
EBITDA	3,027,033	2,702,838	2,576,658	961,070	1,470,090	(750,438)	(1,760,893)	(1,623,526)	465,889	1,153,105
Shareholders equity	8,959,769	7,738,876	6,437,174	4,891,034	4,752,049	(2,939,072)	409,193	3,022,553	3,240,096	3,458,584
*Shareholders' equity per share	10.53	9.09	7.56	5.75	5.58	(3.45)	0.48	3.55	3.81	4.06
Capital expenditure	2,234,050	1,699,091	810,904	599,091	578,530	149,217	98,093	362,160	972,132	572,198
Depreciation	531,602	495,688	396,931	364,828	319,207	430,695	518,402	386,852	317,835	318,307
Working Capital	789,965	1,053,992	1,286,956	793,628	1,245,920	191,424	(588,543)	(839,251)	(47,509)	8,052
Property, plant & equip't before dep'n	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	7,901,716
Long term debt	-	-	-	-	739,476	797,712	3,827	4,006	3,178	6,117
Total third party debt	-	-	-	779,600	808,810	832,173	560,100	684,533	793,155	608,273
Parent and related party debt	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	1,334,164
Total debt	547,931	104,041	1,715,593	2,531,824	2,040,914	8,713,299	5,770,390	3,792,278	3,217,217	1,942,437
*Cement imported (tonnes)	36,802	-	-	-	-	-	-	-	-	46,062
*Clinker imported (tonnes)	-	-	-	-	-	-	-	-	-	75,931
*Production										
Cement	845,932	911,325	807,817	830,061	824,893	760,296	766,274	723,489	736,560	724,528
Clinker	691,588	761,061	804,296	795,042	696,077	652,579	628,287	629,444	742,208	578,067
*Cement Sold - tonnes										
Local	829,802	785,056	672,042	598,165	594,764	536,349	553,157	531,605	652,651	720,260
Export	35,052	119,098	151,146	232,766	231,865	218,722	216,757	195,163	88,912	28,463
TOTAL	864,854	904,154	823,188	830,931	826,629	755,071	769,914	726,768	741,563	748,723
*Clinker Export - tonnes	33,467	39,540	180,385	155,423	36,570	12,673	31,228	69,418	88,259	-

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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 40 to 90 which comprise the Group's and Company's statements of financial position as at December 31, 2017, 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, 2017, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

<table>
<tr><th colspan="2">Carrying amount of trade receivables</th></tr>
<tr><td colspan="2">See note 12 of the consolidated financial statements.</td></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group has significant concentration of credit risk with large credit customers with material balances both individually and in aggregate, which account for 75% 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 collections.</td><td>Our audit procedures in response to this matter, included:

• Testing manual and automated controls over the recording of trade receivables, collections and the ageing of invoices. Our testing of automated controls involved using our own Information Technology Audit specialist to test the design, implementation and operating effectiveness of automated controls.

• Testing subsequent receipts for selected customer accounts.

• Conducting discussions with management regarding customers experiencing financial difficulties and corroborating by review of minutes of meetings of the audit committee and Board of Directors and detailed receivable listings for the subsequent period.

• Evaluating the adequacy of the Group's allowance for impairment recognized in respect of the trade receivables by assessing management's assumptions. We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the allowance.</td></tr>
</table>

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_

<table>
<tr><th colspan="2">Carrying amount of inventories</th></tr>
<tr><td colspan="2">See note 10 of the consolidated financial statements.</td></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group's inventories consist of plant spares, consumables, raw material, work in progress, finished goods and goods in transit.

Significant judgment is required to be exercised by management in assessment of the physical quantity of clinker which will be combined to produce cement. The estimation of the physical quantities of stockpiles is a key audit matter because significant judgment is required by us in evaluating management's estimation of the physical quantities of stockpiles.

Additionally, following a comprehensive review of clinker, the Group recorded an allowance of $157 million due to the deterioration in the quality of the product.

This expense was accounted for as a change in accounting estimate consistent with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, based on new developments and circumstances.

The amount recorded is material to the consolidated financial statements and is separately presented in the consolidated statement of profit or loss.</td><td>Our audit procedures to assess the existence of inventories included the following:

• Attending the year-end physical stock counts for all significant locations, where the Group engaged an independent quantity surveyor 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 surveyor, the results of his report, 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, agreed stock quantities in those calculations to the accounting records, and tested 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.</td></tr>
</table>

Key Audit Matters_continued_

Revenue recognition	
See note 19 of the consolidated financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The principal activities of the Group are the manufacture and sale of clinker and cement products. The Group recognized revenue from the sales of clinker and cement products for the year ended December 31, 2017, which was mainly generated from domestic sales. Revenue from domestic sales of clinker and cement products is recognized when the risks and rewards of the underlying products have been transferred to customers which is generally when the products leave the Group's warehouses in accordance with the terms of the sales contracts. We have identified the 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.	Our audit procedures to assess the recognition of revenue included the following: • 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 recognized 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 recognized in the appropriate financial period; and • Inspecting underlying documentation for manual journal entries relating to revenue raised during year and subsequent to the reporting date which were considered to be material or met other specific risk based criteria.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 23, 2017.

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 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 Company's financial reporting process.

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 ISA 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 page 39, 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 9, 2018

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 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 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.

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.

Consolidated Statement of Financial Position

As at 31 December 2017
(Expressed in Jamaican Dollars)

NET ASSETS	Notes	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	6	8,282,950	6,571,104
Intangible assets	7	-	9,460
Deferred tax asset	9	-	131,713
Due from related companies	11	2,106	-
		8,285,056	6,712,277
Current assets			
Inventories	10	1,461,695	2,095,803
Taxation recoverable		98,197	118,451
Due from related companies	11	92,972	205,460
Receivables and prepayments	12	594,976	569,929
Cash and cash equivalents	13	1,673,067	717,568
		3,920,907	3,707,211
Current liabilities			
Due to parent and related companies	14	546,315	104,041
Payables and accruals	15	2,578,620	2,544,019
Provision	17	6,007	5,159
		3,130,942	2,653,219
Working capital surplus		789,965	1,053,992
Non-current liabilities			
Due to parent and related companies	14	1,616	-
Deferred tax liability	9	80,518	-
Provision	17	33,118	27,393
		115,252	27,393
TOTAL NET ASSETS		8,959,769	7,738,876
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	18	1,808,837	1,808,837
Preference	18	5,077,760	5,077,760
Capital contribution	18	3,839,090	3,839,090
Reserves:			
Realized capital gain	18	1,413,661	1,413,661
Other reserve	20	73,472	-
Accumulated losses	23	(3,253,051)	(4,400,472)
TOTAL EQUITY		8,959,769	7,738,876

The financial statements on pages 40 to 90 were approved by the Board of Directors on February 9, 2018 and signed on its behalf by:

Parris A. Lyew-Ayee **Director**
Parris Lyew-Ayee

Director
Peter Donkersloot Ponce

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Notes	2017 $'000	2016 $'000
Revenue	19	16,513,084	15,780,756
Earnings before interest, depreciation, amortization, tax, stockholding and inventory restructuring and manpower restructuring costs	19	3,027,033	2,702,838
Depreciation and amortization	19	(531,602)	(495,688)
Stockholding and inventory restructuring costs	19	(457,818)	(400,774)
Manpower restructuring costs	19	(416,848)	(406,123)
Operating profit	19	1,620,765	1,400,253
Interest income		5,095	5,201
Finance costs	22	(67,866)	(54,592)
Profit before taxation		1,557,994	1,350,862
Taxation charge	9	(410,573)	(49,160)
Profit for the year	23	1,147,421	1,301,702
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Gain on hedge of fuel price	20	73,472	-
Total comprehensive income attributable to equity holders		1,220,893	1,301,702
Earnings per share (expressed in $ per share)	24	$ 1.35	$ 1.53

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Ordinary share capital $'000	Preference share capital $'000	Capital contribution $'000	Reserves: Realized capital gain $'000	Reserves: Accumulated losses $'000	Reserves: Other reserve $'000	Reserves: Total reserves $'000	Total capital& reserves $'000
Balance as at January 1, 2016	1,808,837	5,077,760	3,839,090	1,413,661	(5,702,174)	-	(4,288,513)	6,437,174
Profit for the year being total comprehensive income for the year	-	-	-	-	1,301,702	-	1,301,702	1,301,702
Balance as at December 31, 2016	1,808,837	5,077,760	3,839,090	1,413,661	(4,400,472)	-	(2,986,811)	7,738,876
Profit for the year	-	-	-	-	1,147,421	-	1,147,421	1,147,421
Other comprehensive income								
Gain on hedge of fuel price	-	-	-	-	-	73,472	73,472	73,472
Total comprehensive income for the year	-	-	-	-	1,147,421	73,472	1,220,893	1,220,893
Balance as at December 31, 2017	1,808,837	5,077,760	3,839,090	1,413,661	(3,253,051)	73,472	(1,765,918)	8,959,769

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

Consolidated Statement of Cash Flows

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit for the year		1,147,421	1,301,702
Adjustments for:			
Taxation charge		410,573	49,160
Depreciation and amortization	6,7	531,602	495,688
Stockholding and inventory restructuring costs	19	457,818	400,774
Net recovery of impaired receivables	12	(7,650)	(40,807)
Interest income		(5,095)	(5,201)
Loss on disposal of property, plant and equipment		50	-
Interest expense	22	155	9,838
Unwinding of discount on rehabilitation provision	22	2,617	9,636
Unrealized foreign exchange losses, net		9,481	21,140
		2,546,972	2,241,930
Decrease in inventories		176,290	284,617
(Increase)/decrease in receivables and prepayments		(20,303)	623,105
Decrease in due from related companies		185,960	376,283
Increase in payables and accruals		37,152	48,094
Increase in provision		3,956	1,550
Increase/(decrease) in due to parent and related companies		446,699	(1,352,672)
Cash provided by operations		3,376,726	2,222,907
Interest received		5,095	5,201
Interest paid		(155)	(61,980)
Tax paid		(178,088)	(443,891)
Net cash provided by operating activities		3,203,578	1,722,237
Cash flows from investing activities			
Additions to property, plant and equipment	6	(2,234,050)	(1,699,091)
Proceeds from disposal of property, plant and equipment		12	-
Net cash used in investing activities		(2,234,038)	(1,699,091)
Cash flows from financing activity			
Due to/from related companies		(490)	(205,582)
Net cash used in financing activity		(490)	(205,582)
Increase/(decrease) in cash and cash equivalents		969,050	(182,436)
Net cash and cash equivalents - beginning of year		717,568	910,666
Effect of foreign exchange rate changes		(13,551)	(10,662)
Net cash and cash equivalents - end of year		1,673,067	717,568
Represented by:			
Cash at bank and short term deposits	13	1,673,067	717,568

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

Company Statement of Financial Position

As at 31 December 2017
(Expressed in Jamaican Dollars)

ASSETS	Notes	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	6	8,168,865	6,450,759
Investment in subsidiaries	8	15,000	47,000
Deferred tax asset	9	-	131,713
Due from related company	11	2,106	-
		8,185,971	6,629,472
Current assets			
Inventories	10	1,445,897	2,083,834
Taxation recoverable		98,197	118,451
Due from subsidiary	16	94,335	137,403
Due from related companies	11	92,972	205,460
Receivables and prepayments	12	512,917	500,097
Cash and cash equivalents	13	1,655,336	658,626
		3,899,654	3,703,871
Current liabilities			
Due to parent and related companies	14	546,315	104,041
Payables and accruals	15	2,504,248	2,493,333
		3,050,563	2,597,374
Working capital surplus		849,091	1,106,497
Non-current liabilities			
Due to parent and related companies	14	1,616	-
Deferred tax liability	9	80,518	-
		82,134	-
TOTAL NET ASSETS		8,952,928	7,735,969
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	18	1,808,837	1,808,837
Preference	18	5,077,760	5,077,760
Capital contribution	18	3,839,090	3,839,090
Reserves:			
Realized capital gain	18	1,413,656	1,413,656
Other reserve	20	73,472	-
Accumulated losses	23	(3,259,887)	(4,403,374)
TOTAL EQUITY		8,952,928	7,735,969

The financial statements on pages 40 to 90 were approved by the Board of Directors on February 9, 2018 and signed on its behalf by:

Parris A. Lyew-Ayee **Director**   **Director**

Parris Lyew-Ayee   Peter Donkersloot Ponce

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

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Notes	2017 $'000	2016 $'000
Revenue	19	16,469,482	15,724,158
Earnings before interest, depreciation, amortization, tax, stockholding and inventory restructuring and manpower restructuring costs	19	3,031,624	2,742,298
Depreciation	19	(510,702)	(451,703)
Impairment of investment in subsidiary	8	(32,000)	(36,000)
Stockholding and inventory restructuring costs	19	(457,818)	(400,774)
Manpower restructuring costs	19	(416,848)	(406,123)
Operating profit	19	1,614,256	1,447,698
Interest income		5,053	4,323
Finance costs	22	(65,249)	(44,956)
Profit before taxation		1,554,060	1,407,065
Taxation charge	9	(410,573)	(49,160)
Profit for the year	23	1,143,487	1,357,905
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Gain on hedge of fuel price	20	73,472	-
Total comprehensive income attributable to equity holders		1,216,959	1,357,905

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

Company Statement of Changes in Equity

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Ordinary share capital $'000	Preference share capital $'000	Capital contribution $'000	Reserves: Realized capital gain $'000	Reserves: Accumulated losses $'000	Reserves: Other reserve $'000	Reserves: Total reserves $'000	Total capital& reserves $'000
Balance as at January 1, 2016	1,808,837	5,077,760	3,839,090	1,413,656	(5,761,279)	-	(4,347,623)	6,378,064
Profit for the year being total comprehensive income for the year	-	-	-	-	1,357,905	-	1,357,905	1,357,905
Balance as at December 31, 2016	1,808,837	5,077,760	3,839,090	1,413,656	(4,403,374)	-	(2,989,718)	7,735,969
Profit for the year					1,143,487	-	1,143,487	1,143,487
Other comprehensive income								
Gain on hedge of fuel price	-	-	-	-	-	73,472	73,472	73,472
Total comprehensive income for the year	-	-	-	-	1,143,487	73,472	1,216,959	1,216,959
Balance as at December 31, 2017	1,808,837	5,077,760	3,839,090	1,413,656	(3,259,887)	73,472	(1,772,759)	8,952,928

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

Company Statement of Cash Flows

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit for the year		1,143,487	1,357,905
Adjustments for:			
Taxation charge		410,573	49,160
Depreciation	6	510,702	451,703
Impairment of investment in subsidiary	8	32,000	36,000
Stockholding and inventory restructuring costs	19	457,818	400,774
Loss on disposal of property, plant and equipment		38	5
Net recovery of impaired receivables	12	(7,650)	(40,831)
Interest income		(5,053)	(4,323)
Interest expense	22	155	9,838
Unrealized foreign exchange losses, net		9,481	21,140
		2,551,551	2,281,371
Decrease in inventories		180,119	163,659
Decrease in due from subsidiary		43,068	98,408
(Increase)/decrease in receivables and prepayments		(8,076)	555,840
Decrease in due from related companies		185,960	376,283
Increase in payables and accruals		13,466	105,325
Increase/(decrease) in due to parent and related companies		446,699	(1,404,887)
Cash provided by operations		3,412,787	2,175,999
Interest received		5,053	4,323
Interest paid		(155)	(61,982)
Tax paid		(178,088)	(443,891)
Net cash provided by operating activities		3,239,597	1,674,449
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		12	-
Additions to property, plant and equipment	6	(2,228,858)	(1,695,219)
Net cash used in investing activities		(2,228,846)	(1,695,219)
Cash flows from financing activity			
Due to/from related companies		(490)	(205,582)
Net cash used in financing activity		(490)	(205,582)
Increase/(decrease) in cash and cash equivalents		1,010,261	(226,352)
Net cash and cash equivalents - beginning of year		658,626	895,640
Effect of foreign exchange rate changes		(13,551)	(10,662)
Net cash and cash equivalents – end of year		1,655,336	658,626
Represented by:			
Cash at bank and short term deposits	13	1,655,336	658,626

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

Notes to the Consolidated 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 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 being the ultimate parent of the 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.

The registered office of the Company is at Rockfort, Kingston, Jamaica.

2. Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the requirements of the Jamaican Companies Act.

(ii) Basis of measurement

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

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at December 31, 2017. Subsidiaries are entities controlled by the Company. The Company, direct or indirect, 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.

(Expressed in Jamaican Dollars)

3. Basis of consolidation_continued_

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2017	**2016**
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:

- Amendments to IAS 7, *Statement of Cash Flows*, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- IAS 12, *Income Taxes*, has been amended to clarify the following:
  - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the reporting date, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
  - A deferred tax asset can be recognized if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
  - Future taxable profits used to establish whether a deferred tax can be recognized should be the amount calculated before the effect of reversing temporary differences.

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_

- IAS 12, *Income Taxes*_continued_
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
  - Deductible temporary differences related to unrealized losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

  The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

- *Improvements to IFRSs 2014-2016* contain amendments to IFRS 12, *Disclosure of Interests in Other Entities*. The amendments clarify that, except for the requirements to disclose summarized financial information, the requirements of IFRS 12 apply to interests in other entities within the scope of IFRS 5.

New and amended standards and interpretations that are not yet effective:

Certain new and amended standards 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:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortized cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

  Trade receivable:

  The Group will adopt an expected credit loss model applicable to its trade accounts receivable that considers the historical performance, as well as the credit risk and expected developments for each group of customers. The effects of adoption of IFRS 9 on January 1, 2018 will result in an estimated increase in the allowance for doubtful accounts as of December 31, 2017, of approximately $7,493,000 which will be recognized against equity.

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 9, *Financial Instruments*_continued_

  Changes in the accounting policies resulting from the adoption of IFRS will generally be applied prospectively as the Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes. Differences in the carrying amounts of financial assets resulting from the adoption of the standard will generally be recognized in accumulated losses and reserves as at January 1, 2018.

  Hedge accounting:

  In connection with hedge accounting under IFRS 9, among other changes, there is a relief for entities in performing: a) the retrospective effectiveness test at origination of the hedging relationship; and b) the requirement to maintain a prospective effectiveness ratio between 0.8 and 1.25 at each reporting date for purposes of sustaining the hedging designation, both of which are requirements of IAS 39. Under IFRS 9, a hedging relationship can be established to the extent the entity considers, based on the analysis of the overall characteristics of the hedging and hedged items, that the hedge will be highly effective in the future and the hedge relationship at inception is aligned with the entity's reported risk management strategy. Nonetheless, IFRS 9 maintains the same hedging accounting categories of cash flow hedge, fair value hedge and hedge of a net investment established in IAS 39, as well as the requirement of recognizing the ineffective portion of a cash flow hedge immediately in profit or loss. The Group does not expect any significant effect from the adoption of the new hedge accounting rules under IFRS 9 beginning January 1, 2018.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.*

  It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

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 15, *Revenue From Contracts With Customers*_continued_

  For the sale of products, revenue is recognized when control of the goods is passed to the customers. The Company recognized revenue provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

  Under IFRS 15, revenue will be recognized when the customer obtains control of the goods. Additionally, revenue will be recognized for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Monthly volume discounts and discounts related to specific criteria will be recorded in the month of the related sales. Discounts granted for standalone sales will be reflected in the revenue recorded from the individual sales.

  Based on the Group's assessment the treatment and recognition of revenue is similar to the requirements under IFRS 15 and the Group does not expect the application of the new standard to result in a significant impact on its consolidated financial statements.

  However, there will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- 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, recognizing 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.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

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

- Amendments to IAS 28, *Interests in Associates and Joint Ventures*, effective for annual periods beginning on or after 1 January 2019, addresses equity-accounted loss absorption and will affect companies that finance associates and joint ventures with preference shares or with loans for which repayment is not expected in the foreseeable future. This is common in the extractive and real estate sectors.

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 is required to apply both IFR 8 and IAS 28 in a three-step annual process:

  1. Apply IFRS 9 independently - prior years' IAS 28 loss absorption is ignored.
  2. If necessary, prior years' IAS 28 loss allocation is trued-up in the current year, because the IFRS 9 carrying value may have changed.
  3. Any current year IAS 28 losses are allocated to the extent that the remaining long-term interests balance allows. Any unrecognized prior years' losses are reversed by current year IAS 28 profits.

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

- 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 recognizes a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognizing 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 recognizes 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 Group is assessing the impact that this interpretation will have on its 2018 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.

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_

  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.

  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.

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

  (i) Prepayment features with negative compensation:

  Financial assets containing prepayment features with negative compensation can now be measured at amortized 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 recognized as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified liability.

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

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 the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or a liability, within the scope of IAS 39 - 'Financial Instruments: Recognition and Measurement', is measured at fair value with the changes in fair value recognized 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.

Goodwill is initially measured as being the excess of the aggregate of the consideration transferred and the amount recognized 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 recognized at the acquisition date. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized 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.

5. Significant accounting policies_continued_

a) Business combinations and goodwill_continued_

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 recognized in profit and loss. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

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 realized or intended to be sold or consumed in the normal operating cycle; (ii) held primarily for the purpose of trading; (iii) expected to be realized 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.

(Expressed in Jamaican Dollars)

5. Significant accounting policies_continued_

d) Property, plant and equipment_continued_

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 recognized 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 recognized in profit or loss as incurred.

Interest on loans specific to capital projects is capitalized during the period of construction. [see Borrowing cost 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%

Leasehold land and improvements are amortized 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 derecognized 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 derecognized.

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 amortization and any accumulated impairment losses.

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

Current annual amortization rates are:

Exploration costs	33.3%
Dredging costs	33.3%

5. Significant accounting policies_continued_

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.

Impairment losses of continuing operations are recognized 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 as 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.

5. Significant accounting policies_continued_

g) Taxation_continued_

Deferred tax liabilities are recognized 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 recognized 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 utilized.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize 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 realized; such reductions are reversed when the probability of future profits improve. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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

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

5. Significant accounting policies_continued_

j) Receivables and payables

Trade receivables are stated at amortized cost less impairment loss. An impairment loss is recognized for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

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 amortized cost.

k) Net cash and cash equivalents

For the purpose of the statement of cash flows, net 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 amortized cost using the effective interest method; any difference between proceeds and the redemption value is recognized in profit or loss over the period of the borrowings.

m) Provisions

Provisions are recognized 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

Revenue is recognized 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 recognized:

Revenue from the sale of goods is recognized 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.

Rental and interest income are recognized as they accrue unless collectability is in doubt.

o) Pension benefits

The Group has a defined contribution pension scheme for all permanent employees. The scheme is managed by an outside 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_

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.

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 capitalized 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) Earnings per share

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

s) 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.

t) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, accounts receivables, accounts payables, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

u) 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 associated 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. The effect of revisions to accounting estimates are recognized 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.

5. Significant accounting policies_continued_

u) Use of estimates and judgements_continued_

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:

In determining amounts recorded for impairment losses on trade receivables in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables. Management also makes estimates of the likely future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics such as credit risk. (Note 12).

(ii) Net realizable value of inventories:

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amounts the inventories are expected to realize. 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.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgement is also required to determine the amount of deferred tax assets that can be recognized, 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 abovementioned factors, a net deferred tax asset was recognized as at the reporting date. (Note 9).

5. **Significant accounting policies**_continued_

u) Use of estimates and judgements_continued_

(v) Rehabilitation provision:

The provision for restoration and rehabilitation associated with environmental damage represent the best estimates of the future cost of remediation, which are recognized 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 recognized 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 17).

v) 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 amortized cost are disclosed in Note 31. 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.

5. Significant accounting policies_continued_

w) 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 recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized 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 recognized in other comprehensive income (OCI) and accumulated in the other reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained 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.

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.

6. Property, plant and equipment

Property, plant and equipment consist of the following:

Group:

	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	1,445,921	8,850,948	358,634	2,084,269	12,739,772
Additions	-	57,644	-	2,176,406	2,234,050
Disposals and adjustments	(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 and adjustment	-	-	(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

6. Property, plant and equipment_continued_

Property, plant and equipment consist of the following:

Group:

	2016				
	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					
1 January 2016	1,409,769	8,246,735	334,958	1,056,767	11,048,229
Additions	-	-	-	1,699,091	1,699,091
Disposals and adjustments	-	-	(148)	-	(148)
Reclassification to intangible assets (Note 7)	-	-	-	(7,400)	(7,400)
Transfers	36,152	604,213	23,824	(664,189)	-
31 December 2016	1,445,921	8,850,948	358,634	2,084,269	12,739,772
Accumulated depreciation					
1 January 2016	731,884	4,680,489	281,922	-	5,694,295
Charges during the year	46,751	407,254	20,511	-	474,516
Disposals and adjustment	-	-	(143)	-	(143)
31 December 2016	778,635	5,087,743	302,290	-	6,168,668
Net book value					
31 December 2016	667,286	3,763,205	56,344	2,084,269	6,571,104

6. Property, plant and equipment_continued_

Property, plant and equipment consist of the following:

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 and adjustments	-	-	(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 and adjustments	-	-	(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

6. Property, plant and equipment_continued_

Property, plant and equipment consist of the following:

Company:

	2016				
	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					
1 January 2016	1,225,619	8,139,261	333,614	1,028,203	10,726,697
Additions	-	-	-	1,695,219	1,695,219
Disposals and adjustments	-	-	(148)	-	(148)
Transfers	22,654	594,043	23,824	(640,521)	-
31 December 2016	1,248,273	8,733,304	357,290	2,082,901	12,421,768
Accumulated depreciation					
1 January 2016	661,524	4,578,871	279,054	-	5,519,449
Charges during the year	32,435	398,761	20,507	-	451,703
Disposals and adjustments	-	-	(143)	-	(143)
31 December 2016	693,959	4,977,632	299,418	-	5,971,009
Net book value					
31 December 2016	554,314	3,755,672	57,872	2,082,901	6,450,759

a) In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln are owned by TCL and the rest are owned by the Company. On 1 December 2008, the Company entered into a lease arrangement with TCL which ends in 2028, in respect of the units that TCL owns [Note 28(a)].

Cement Mill 5 assets are partly owned by TCL and the rest are 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 owns [Note 28(a)].

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.

Year ended 31 December 2017
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7. Intangible assets

	The Group		
	Exploration cost $'000	Dredging cost $'000	Total $'000
At cost			
January 1, 2016	26,715	30,691	57,406
Reclassification from property, plant and equipment (Note 6)	-	7,400	7,400
January 1, 2017 and December 31, 2017	26,715	38,091	64,806
Accumulated amortization			
January 1, 2016	13,946	20,228	34,174
Amortization	8,065	13,107	21,172
December 31, 2016	22,011	33,335	55,346
Amortization	4,704	4,756	9,460
December 31, 2017	26,715	38,091	64,806
Net book value			
December 31, 2017	-	-	-
December 31, 2016	4,704	4,756	9,460

8. Investment in subsidiaries

	Company	
	2017 $'000	2016 $'000
At cost:		
Jamaica Gypsum and Quarries Limited		
375,000,000 ordinary shares	79,000	79,000
Impairment loss provision	(68,000)	(36,000)
	11,000	43,000
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
	15,000	47,000

8. Investment in subsidiaries_continued_

During the year, an impairment provision of $32,000,000 (2016: $36,000,000) was recognized 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.

9. Taxation

	Group and Company	
	2017 $'000	**2016 $'000**
Statement of profit or loss and other comprehensive income		
Taxation consists of:		
Current:		
Provision for charge on current year's profit	(198,342)	(180,873)
Deferred:		
Origination and reversal of temporary differences	(499,423)	(128,364)
Tax losses	287,192	260,077
Deferred tax (charge)/credit	(212,231)	131,713
	(410,573)	(49,160)

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Profit before taxation	1,557,994	1,350,862	1,554,060	1,407,065
Taxed at 25%	(389,499)	(337,716)	(388,515)	(351,766)
Tax on non-assessable income	-	2,051	-	-
Tax on non-allowable expenses	(55,888)	(124,489)	(55,813)	(120,576)
Employment tax credit	85,325	65,793	85,090	65,793
Other	(31,670)	19,500	(51,335)	22,266
(Increase)/decrease in tax benefits not recognized	(18,841)	325,701	-	335,123
Tax charge	(410,573)	(49,160)	(410,573)	(49,160)

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

9. Taxation_continued_

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Deferred tax (liability)/asset				
Balance at beginning of year	131,713	-	131,713	-
Deferred tax (charge)/ credit	(212,231)	131,713	(212,231)	131,713
Balance at end of year, net	(80,518)	131,713	(80,518)	131,713

	Group and Company				
	2015 $'000	Recognized in income $'000	2016 $'000	Recognized in income $'000	2017 $'000
Deferred tax liability:					
Property, plant and equipment	(815,779)	43,160	(772,619)	100,989	(671,630)
Unrealized exchange gains	(48,756)	46,610	(2,146)	(5,284)	(7,430)
	(864,535)	89,770	(774,765)	95,705	(679,060)
Deferred tax asset:					
Tax losses	1,049,223	(260,077)	789,146	(287,192)	501,954
Accrued vacation	26,907	(3,021)	23,886	(4,730)	19,156
Accrued redundancy	30,517	(30,517)	-	-	-
Interest payable	13,263	(13,263)	-	-	-
Accrued charges and rewards	44,910	41,106	86,016	(10,502)	75,514
Unrealized exchange losses	34,838	(27,408)	7,430	(5,512)	1,918
	1,199,658	(293,180)	906,478	(307,936)	598,542
	335,123	(203,410)	131,713	(212,231)	(80,518)
Tax benefits in respect of tax losses not recognized	(335,123)	335,123	-	-	-
	-	131,713	131,713	(212,231)	(80,518)

9. Taxation_continued_

(a) At December 31, 2017, subject to agreement with the Taxpayer Audit and Assessment Department, tax losses amounted to approximately $2,198,096,000 (2016: $3,327,748,000) for the Group and $2,007,816,000 (2016: $3,156,584,000) for the Company. The amount that can be utilized in any one assessment year is restricted to 50% of chargeable income (before utilizing any prior year losses) of that assessment year.

(b) A deferred tax asset of $64,408,000 (2016: $45,567,000) has not been recognized by the Group for its subsidiaries as management does not believe that the asset will be realized in the foreseeable future.

10. Inventories

Inventories consist of the following:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Plant spares	571,649	724,487	571,649	724,487
Consumables	515,333	397,744	515,333	397,744
Raw materials and work in progress	397,545	785,504	387,570	777,299
Finished goods	277,200	286,779	271,377	283,015
Goods in transit	28,947	5,349	28,947	5,349
	1,790,674	2,199,863	1,774,876	2,187,894
Allowance for obsolescence and impairment	(328,979)	(104,060)	(328,979)	(104,060)
	1,461,695	2,095,803	1,445,897	2,083,834

Included in the allowance for obsolescence and impairment is $104,000,000 (2016: $104,000,000) for spares relating to the idle Kiln #4 asset which have been fully impaired since December 31, 2012.

During the year there was inventory write off and allowance for obsolescence amounting to $457,818,000 (2016: $400,774,000).

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

11. Due from related companies

Due from related companies consists of the following:

	Group and Company	
	2017 $'000	2016 $'000
Arawak Cement Company Limited	4,859	84,741
TCL Ponsa Manufacturing Limited	-	67
Trinidad Cement Limited	514	2,461
TCL Trading Limited	-	57,767
TCL Guyana Limited	196	60,424
CEMEX S.A.B de C.V.	87,628	-
CEMEX JAMAICA	1,881	-
	95,078	205,460
Short-term	92,972	205,460
Long-term	2,106	-
	95,078	205,460

These balances are unsecured and carry no fixed repayment terms.

12. Receivables and prepayments

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	447,148	415,370	436,290	410,559
Sundry receivables and prepayments	162,061	176,442	90,836	111,397
	609,209	591,812	527,126	521,956
Less: Impairment provision	(14,233)	(21,883)	(14,209)	(21,859)
	594,976	569,929	512,917	500,097

12. Receivables and prepayments_continued_

Changes in impairment provision

	Group		Company	
	Individually impaired		Individually impaired	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance as at January 1	21,883	62,690	21,859	62,690
Provision	8,596	6,298	8,596	6,274
Recoveries	(16,246)	(47,105)	(16,246)	(47,105)
Balance as at December 31	14,233	21,883	14,209	21,859

As at 31 December, the aging analysis of trade receivables net of impairment provision is as follows:

			The Group Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	> 90 days
	$'000	$'000	$'000	$'000	$'000	$'000
2017	432,915	315,981	11,078	52,126	53,681	49
2016	393,487	383,147	2,404	7,764	-	172

			The Company Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	> 90 days
	$'000	$'000	$'000	$'000	$'000	$'000
2017	422,081	315,188	8,446	44,741	53,706	-
2016	388,700	381,840	-	6,688	-	172

13. Cash and cash equivalents

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and in hand	1,673,067	267,472	1,655,336	208,530
Short-term deposits	-	450,096	-	450,096
	1,673,067	717,568	1,655,336	658,626

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.

14. Due to parent and related companies

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

	Group and Company	
	2017 $'000	2016 $'000
TCL Ponsa Manufacturing Limited	10,829	16,519
TCL Guyana Limited	-	193
Trinidad Cement Limited	19,768	15,111
TCL (Nevis) Limited	15,625	6,180
TCL Packaging Limited	37,720	66,038
CEMEX Jamaica	20,394	-
CEMEX Transenergy	428,053	-
CEMEX Superquimicos	2,175	-
CEMEX International	7,144	-
CEMEX S.A.B de C.V.	6,223	-
	547,931	104,041
Short-term	546,315	104,041
Long-term	1,616	-
	547,931	104,041

14. Due to parent and related companies_continued_

	Group and Company	
	2017 **$'000**	**2016** **$'000**
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	10,829	16,519
TCL Guyana Limited	-	193
Trinidad Cement Limited	19,768	15,111
TCL (Nevis) Limited	15,625	6,180
TCL Packaging Limited	37,720	66,038
CEMEX Jamaica	20,394	-
CEMEX Transenergy	428,053	-
CEMEX Superquimicos	2,175	-
CEMEX International	7,144	-
CEMEX S.A.B de C.V.	4,607	-
	546,315	104,041
The long-term amount comprises the following:		
CEMEX S.A.B de C.V.	1,616	-

15. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Trade payables	1,522,866	1,712,541	1,478,112	1,700,191
Sundry payables and accruals	681,579	733,963	652,318	695,937
Statutory obligations	374,175	97,515	373,818	97,205
	2,578,620	2,544,019	2,504,248	2,493,333

Sundry payables and accruals include $146,336,000 (2016: $146,336,000) representing withholding tax payable on the conversion of US$37,000,000 (2016: US$37,000,000) of the companies debt to preference shares (Note 18). On 28 June 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. The assessment is pending and in the interim the amount is shown as a current liability.

16. Due from subsidiary

This amount represents the net trade amounts due from Jamaica Gypsum & Quarries Limited and management fees charged by the company.

17. 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 2018 and 2024. 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, 2017 was 17% (2016: 19.74%). The unwinding of the discount associated with this cost is recorded in finance costs (Note 22).

	Group and Company	
	2017 $'000	2016 $'000
As at January 1	32,552	21,366
Rehabilitation provision recognized during the year	3,956	1,550
Unwinding of discount (Note 22)	2,617	9,636
As at December 31	39,125	32,552

	2017 $'000	2016 $'000
Short term	6,007	5,159
Long term	33,118	27,393
	39,125	32,552

18. Share capital and reserves

Share capital consists of the following:

	Number of units 2017 (000)	Number of units 2016 (000)
Authorized:		
Ordinary shares of no par value	1,350,000	1,350,000
Preference shares	115,000	115,000

18. Share capital and reserves_continued_

Payables and accruals consist of the following:

	Number of Units	Number of Units	Group and Company	
	2017 (000)	**2016 (000)**	**2017 $'000**	**2016 $'000**
Issued and fully paid:				
Ordinary shares of no par value 1 January and 31 December	851,138	851,138	1,808,837	1,808,837
Preference shares in issue at 1 January and 31 December	52,000	52,000	5,077,760	5,077,760
			6,886,597	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 authorized the Board to issue to Trinidad Cement Company Limited 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 Trinidad Cement Limited into thirty seven million (37,000,000) redeemable preference shares of US$1 each.

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 confer upon the holders thereof no right at any time to receive any dividend beyond such dividend as the Company may, at its discretion, declare upon the preference shares provided that if the Company shall declare any dividend on its ordinary shares it shall at the same time declare 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 shall be paid in United States dollars. The preference shares may be redeemed at any time at the sole discretion of the Company.

(b) The Group and the Company realized 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 was credited to profit or loss over the 10 year period of the original operating lease.

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

19. Operating profit

Operating profit consists of the following:

	Group		Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Revenue	16,513,084	15,780,756	16,469,482	15,724,158
Expenses:				
Raw materials and consumables	1,464,326	1,400,510	1,751,095	1,708,069
Fuels and electricity	3,085,658	2,717,215	3,074,309	2,710,559
Personnel remuneration and benefits (Note 21)	1,943,824	2,067,036	1,917,081	2,039,531
Repairs and maintenance	833,320	989,007	825,634	978,450
Operating lease	3,322,694	3,323,635	3,322,694	3,323,635
Marketing and selling expenses	211,384	122,635	199,248	107,038
Cement transportation	546,844	500,027	472,576	433,559
Insurance	222,873	240,033	212,908	229,082
Training and staff development	86,329	102,178	86,329	102,178
Technical assistance fees and related charges	196,023	300,551	194,947	294,364
Security	110,220	103,770	100,247	92,399
Equipment hire	515,947	621,236	401,011	541,651
Other operating expenses	548,189	404,411	539,301	406,839
Changes in inventories of finished goods and work in progress	398,420	293,058	400,478	181,890
Total expenses	13,486,051	13,185,302	13,497,858	13,149,244
Profit before other income	3,027,033	2,595,454	2,971,624	2,574,914
Other income	-	107,384	60,000	167,384
Earnings before interest, depreciation, amortization, tax, stockholding and inventory restructuring and manpower restructuring	3,027,033	2,702,838	3,031,624	2,742,298
Depreciation and amortization	(531,602)	(495,688)	(510,702)	(451,703)
Impairment loss	-	-	(32,000)	(36,000)
Stockholding and inventory restructuring costs	(457,818)	(400,774)	(457,818)	(400,774)
Manpower restructuring costs	(416,848)	(406,123)	(416,848)	(406,123)
Operating profit	1,620,765	1,400,253	1,614,256	1,447,698

19. Operating profit_continued_

Change in accounting estimates:

Deferred expenditure

In 2016, management performed a review of the period of economic usefulness of installed refractories, chains and grinding media which resulted in an adjustment of $120.77 million recorded in raw materials and consumables.

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 $169 million (2016: $400.8 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 $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 $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**	
	2017 $’000	**2016 $’000**	**2017 $’000**	**2016 $’000**
Audit fees:				
Current year	10,157	11,506	9,194	10,015
Directors’ emoluments:				
Fees	2,344	2,140	2,344	2,140

20. Fuel price hedge

As of December 31, 2017, 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. The aggregate notional amount of the contract is $363,876,000 (US$2,911,000), with an estimated aggregate fair value of $73,472,000 (US$566,000). The contract has been designated as a cash flow hedge of diesel fuel consumption, and as such, changes in fair value are recognized initially in other comprehensive income and are recycled to profit or loss as the related diesel volumes are consumed. Gains in fair value of this contract recognized in other comprehensive income amounted to $73,472,000 (US$566,000).

21. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Wages and salaries	1,445,214	1,509,619	1,423,622	1,487,589
Statutory contributions	156,090	162,033	153,900	159,767
Pension costs (Note 26)	51,471	57,467	50,913	56,797
Other personnel costs	291,049	337,917	288,646	335,378
	1,943,824	2,067,036	1,917,081	2,039,531

22. Finance costs

Finance costs consist of the following:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interest expense	155	9,838	155	9,838
Loss on currency exchange	65,094	35,118	65,094	35,118
Unwinding of discount on rehabilitation provision (Note 17)	2,617	9,636	-	-
	67,866	54,592	65,249	44,956

23. Profit after taxation and accumulated losses

	2017 $'000	2016 $'000
a) The net profit is dealt with in the financial statements as follows:		
Company	1,143,487	1,357,905
Subsidiaries	3,934	56,203)
Group	1,147,421	1,301,702
b) The accumulated losses are reflected in the financial statements as follows:		
Company	(3,259,887)	(4,403,374)
Subsidiaries	6,836	2,902
Group	(3,253,051)	(4,400,472)

Year ended 31 December 2017
(Expressed in Jamaican Dollars)

24. Earnings per share

	Group	
	2017 $'000	2016 $'000
Profit attributable to shareholders ($'000)	1,147,421	1,301,702
Number of ordinary shares in issue (thousands)	851,138	851,138
Earnings per ordinary share (expressed in $ per share)	1.35	1.53

25. 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. Transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction. For the year ended December 31, 2017 and 2016, 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.

a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group and Company	
	2017 $'000	2016 $'000
Included in profit or loss:		
(Income)/expenses -		
Sale of cement	(254,072)	(563,113)
Sale of clinker	(197,192)	(78,172)
Technical fee charges	96,283	94,138
Purchase of goods and materials	527,050	645,486
Interest charges on advances	-	7,376
Operating lease (Note 6, 19)	3,322,694	3,323,635

25. Related party transactions _continued_

b) Transactions between the Company and its subsidiaries:

	Group	
	2017 $'000	**2016 $'000**
Included in profit or loss:		
Purchase of gypsum, shale and pozzolan	268,727	309,207
Port fees paid	6,370	8,142
Management fee received	(60,000)	(60,000)
Subvention	6,044	13,834

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

	Group and Company	
	2017 $'000	**2016 $'000**
Included in profit or loss:		
Sale of clinker	(86,582)	-
Sale of cement	(68,042)	(312,199)
Purchase of cement	131,965	-
Purchase of grinding aids	2,093	33,005
Purchase of coal	716,183	-
Other purchases	8,173	-
Included in the statement of financial position:		
Accounts payable	-	10,727
Capital expenditure	300,413	180,330

d) Compensation of directors and key management personnel

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Short-term employee benefits	126,877	123,629	126,877	123,629
Post-retirement benefits	5,595	5,232	5,595	5,232
Directors' fees	2,344	2,140	2,344	2,140
	134,816	131,001	134,816	131,001

26. 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 $51,471,000 (2016: $57,467,000) and $50,913,000 (2016: $56,797,000) respectively.

27. Contingencies

There were several pending legal actions and other claims estimated at $378,438,000 (2016: Nil), 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.

28. Commitments

a) Operating leases

The Company has commitments of $2,750,000,000 (US$22,000,000) under the operating leases with Trinidad Cement Limited, which are payable semi-annually in United States dollars (Note 6). The annual lease charges were revised during 2013.

As at December 31, future minimum lease payments are:

	2017 $'000	2016 $'000
Within one year	2,750,000	2,825,689
After one year, but less than five years	-	2,825,689
	2,750,000	5,651,378

New rates are to be negotiated for the period January 1, 2019 to December 31, 2028.

Other operating leases

Other operating leases represents the lease commitments of the subsidiaries. The accumulated future minimum lease payments are as below:

	2017 $'000	2016 $'000
Within one year	3,500	3,425
After one year, but less than five years	13,813	13,775
More than five years	46,383	49,846
	63,696	67,046

28. Commitments_continued_

b) Capital commitment

An aggregate amount of $2,346,082,000 (US$18,769,000) [2016: $2,084,849,000 (US$16,232,000)] was approved and contracted for as at December 31, 2017 in respect of capital projects.

29. Limestone reserves

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The annual lease charge is $700,000 and the lease term has 32 years remaining but exploitable reserves are expected to have a life of 20 years based on the current extraction rate. These limestone reserves are not recorded in these financial statements.

30. 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 Managing Director 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, 2017, 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, 2017 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:

	2017 **$'000**	**2016** **$'000**
Local	16,011,612	14,496,498
Caribbean countries	447,547	603,375
South American countries	53,925	680,883
	16,513,084	15,780,756

Revenue from five customers (2016: one customer) amounted to $6,104,928,000 (2016: $3,755,532,000), arising from cement sales.

31. Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade payables 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 summarized 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	432,915	393,487	422,081	388,700
Cash and cash equivalents	1,673,067	717,568	1,655,336	658,626
Due from related companies	92,972	205,460	92,972	205,460
Due from subsidiary	-	-	94,335	137,403
	2,198,954	1,316,515	2,264,724	1,390,189

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, 2017, the Group had 3 customers (2016: 2 customers) that owed the Group more than $60,000,000 each (2016: $72,000,000 each), which accounted for 75% (2016: 82%) 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.

The aged receivable balances are regularly monitored. An allowance for impairment is done annually on the trade receivables balances where customers assessed have amounts that are older than 90 days overdue despite the Group's collection efforts during the year.

31. Financial risk management objectives and policies_continued_

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 is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At December 31, 2017, the Group had no significant exposure to interest rate risk as there were no borrowings.

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.

		Change in exchange rate	Group Effect on profit before tax $'000	Company Effect on profit before tax $'000
2017	US$	+2%	25,847	25,847
	US$	-4%	(51,694)	(51,694)
	Euro	+2%	22	22
	Euro	-4%	(45)	(45)
2016	US$	+1%	209	209
	US$	-6%	(1,255)	(1,255)
	Euro	+1%	100	100
	Euro	-6%	(602)	(602)

31. Financial risk management objectives and policies_continued_

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.

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

	On Demand $'000	Less than 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Group						
As at 31 December 2017						
Due to parent and related companies	-	546,315	-	1,616	-	547,931
Trade and other payables	-	-	2,578,621	-	-	2,578,621
	-	546,315	2,578,621	1,616	-	3,126,552
As at 31 December 2016						
Due to parent and related companies	-	104,041	-	-	-	104,041
Trade and other payables	-	-	2,544,019	-	-	2,544,019
	-	104,041	2,544,019	-	-	2,648,060

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

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

31. Financial risk management objectives and policies_continued_

Liquidity risk_continued_

	On Demand $'000	Less than 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Company						
As at 31 December 2016						
Due to parent and related companies	-	104,041	-	-	-	104,041
Trade and other payables	-	-	2,493,333	-	-	2,493,333
	-	104,041	2,493,333	-	-	2,597,374

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 organized 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.

31. Financial risk management objectives and policies_continued_

Fair values_continued_

As disclosed in Note 20, the diesel fuel hedge is carried at fair value using the valuation technique below.

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.

All fair values in 2017 and 2016 are classified as Level 3.

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 at Spanish Court Worthington, 16 Worthington Avenue, Kingston 5 on July 26, 2018 at 10:00 am and at any adjournment thereof.

Signed this day of 2018

____

(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, 2017 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 2018 and that the Board be authorized to fix their remuneration.		
Resolution 3 – Election of Directors Be it resolved as follows: (a) Parris Lyew-Ayee That Mr. Parris Lyew-Ayee, 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) Luis Ali Moya That Mr. Luis Ali Moya, 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. (c) Dania Jocelyn Heredia Ramirez That Mrs. Dania Jocelyn Heredia Ramirez, having been appointed by the Directors since the last Annual General Meeting, and who retires and being eligible, be and is hereby re-elected as a Director of the Company in accordance with Article 103 of the Company's Articles of in Incorporation. (d) Peter Moses That Mr. Peter Moses, having been appointed by the Directors since the last Annual General Meeting, and who retires and being eligible, be and is hereby re-elected as a Director of the Company in accordance with Article 103 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