Annual Report 2019

BUILDING A GREATER JAMAICA

CARIB CEMENT

World-class building materials

CEMEX

Building a better future

CARIBBEAN CEMENT COMPANY LIMITED

Contents

OUR MISSION

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

COMPANY OVERVIEW

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

ABOUT CEMEX

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

STRATEGIC FRAMEWORK

Vision

Building a Brighter Future

Mission

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

Strategic Priorities

- Health & Safety
- Customer Centricity
- Innovation
- Sustainability
- EBITDA Growth towards Investment Grade

Business Model

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

Value

- Safety
- Customers
- Excellence
- Leadership
- Integrity

CORPORATE DATA

CARIBBEAN CEMENT COMPANY LIMITED

Registered Office: Rockfort, Kingston
Postal Address: P.O. Box 448, Kingston
Jamaica, W.I
Tel: (876) 928 6232-5
Email: info@caribcement.com
Website: www.caribcement.com

BOARD OF DIRECTORS

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

Mr. José Luis Seijo González,
Managing Director, TCL Group

Mr. Yago Castro Izaguirre, General Manager

Mr. Hollis N. Hosein (Non-Executive Director)

Mr. Peter Moses, OJ (Non-Executive Director)

Mr. Luis Gilberto Ali Moya

Mrs. Dania Jocelyn Heredia Ramirez

COMPANY SECRETARY

Mrs. Melissa Ferguson

SUBSIDIARY COMPANIES

Rockfort Mineral Bath Complex Limited
Caribbean Cement Company Limited has been operating the Rockfort Mineral Bath Complex (RMBC) since 2009. The Complex is leased from the Jamaica National Heritage Trust. It includes a historic fort and a pool through which mineral water flows.

* Caribbean Gypsum Company Limited

* Jamaica Gypsum & Quarries Limited

*** Amalgamation of Subsidiaries**

In order to reduce administrative expenses and simplify its group structure, Caribbean Cement Company Limited (CCCL) in 2019 carried out a court approved scheme of arrangement to amalgamate Jamaica Gypsum and Quarries Limited (JGQ) and Caribbean Gypsum Company (CGC) Limited into CCCL. As of May 1, 2019 JGQ and CGC were dissolved and their assets, liabilities and obligations assumed by CCCL.

ATTORNEYS-AT-LAW

Charles Piper & Associates
13a North Avenue
Kingston 5

DunnCox
48 Duke Street
Kingston

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

REGISTRAR & TRANSFER AGENT

Sagicor Bank Limited
28-48 Barbados Avenue
Kingston 5

STOCK EXCHANGE ON WHICH THE COMPANY IS LISTED

Jamaica Stock Exchange
40 Harbour Street
Kingston

AUDITORS

KPMG
The Victoria Mutual Building
6 Duke Street
Kingston

BANKERS

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

COMPOSITION OF THE BOARD AUDIT COMMITTEE

- Mr. Hollis N. Hosein, Chairman
- Mr. Parris A. Lyew-Ayee, CD
- Mrs. Dania Jocelyn Heredia Ramirez
- Mr. Luis Gilberto Ali Moya

FUNCTION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee has oversight responsibilities for the qualitative aspect of financial reporting to the shareholders and reviewing the financial process, the system of internal controls, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

CORPORATE GOVERNANCE COMMITTEE

The company has established both a Corporate Governance Committee and Corporate Governance Guidelines, which can be viewed on our website at http://www.caribcement.com/corporate-governance.

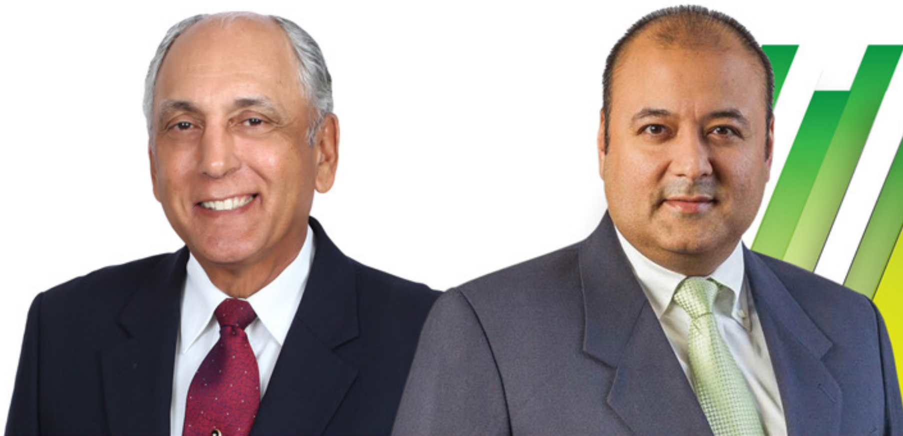
BOARD OF DIRECTORS

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

José Luis Seijo González
Managing Director – TCL Group

Yago Castro Izaguirre
General Manager

Hollis N. Hosein
Non-Executive Director



Peter Moses, OJ
Non-Executive Director

Luis Gilberto Ali Moya
Director

Dania Jocelyn Heredia Ramirez
Director

ABOUT OUR BOARD OF DIRECTORS

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

Parris A. Lyew-Ayee was appointed Chairman of the Board of Directors of the Caribbean Cement Company Limited in October 2016, after serving as a Director from 1991 to 1999, then from 2006 to September 2016.

Mr. Lyew-Ayee holds a BSc (Hons) degree in Special Geology from The University of the West Indies, and a Masters Degree in Engineering in Mineral Engineering Management from The Pennsylvania State University. He is a member and former president of the Geological Society of Jamaica; a member of the International Committee for Studies of Bauxites, Alumina and Aluminium (ICSOBA); and a member of the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers.

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

In addition to being Chairman of the Board of Directors of Caribbean Cement, Mr. Lyew-Ayee has been a member of the Board of Directors of the Jamaica National Building Society (now the Jamaica National Group) since 2007, where he also serves as Chairman of the JN Foundation and Chairman of the JN Small Business Loans subsidiary. 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, the Grounds and Buildings Committee, and the Board of Directors of the Mona GeoInformatics Institute.

José Luis Seijo González
Managing Director - TCL Group

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

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

He holds a BSc in Mechanical Engineering with a masters degree in Finance from the University of Bath, UK.

Yago Castro Izaguirre
General Manager

Yago Castro Izaguirre assumed the role of General Manager of the Caribbean Cement Company Limited on August 1, 2019.

Mr. Castro Izaguirre obtained a BSc in Chemical Engineering from the Universidad Complutense de Madrid and an Executive MBA from the IE Business School. He has a strong technical and operational background, coupled with financial and strategic management skills.

He has extensive industrial and strategic experience developed over 15 years in various key positions at CEMEX operations in Europe, the Midwest and Central America. Prior to this appointment, he served as General Manager of General Manager of Arawak Cement Company Limited in Barbados. Before joining Arawak, he was the Planning, Procurement and Legal Director for CEMEX in Nicaragua, Guatemala and El Salvador.

Hollis N. Hosein
Non-Executive Director

Hollis N. Hosein is a former Group Finance Manager of the TCL Group and has extensive and diverse experience in the areas of Financial Management 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 Chairman of the Board Audit Committee and a member of the Board's Human Resource Management sub-committee.

He is also the Chairman of the Board of Directors for TCL Guyana Inc.

He currently voluntarily assists with several charitable projects in Trinidad & Tobago.

Hon Peter Moses, OJ
Non-Executive Director

Peter Moses is a noted banking executive who retired in March 2017 from the post of CEO of Citibank.

He has served on several Boards in the public and private sectors as well as through voluntary service. These include roles such as: president of the Jamaica Bankers Association, president of the Private Sector Organisation of Jamaica (PSOJ), president of the American Chamber of Commerce (AMCHAM), Director of the Jamaica Exporters' Association (JEA), Director of the Jamaica Drug Abuse Committee, Member of the Review Board for the Jamaica Constabulary Force (JCF), Member of the Review Committee for Petrojam and Chairman of the Public Sector Reform Oversight Committee. He currently is the Chairman of First Global Bank, a Director of Grace Kennedy Limited and a Director of the Caribbean Cement Company Limited. He serves on the Executive of Calabar High School and is the president of the Real Mona Football Club.

His contributions to nation-building have been recognised by the conferring of the national awards, Commander of the Order of Distinction (CD) and Order of Jamaica (OJ).

Luis Gilberto Ali Moya
Director

Luis Gilberto Ali Moya was appointed as Director of Administration of CEMEX Group for South America, Central America and the Caribbean in October 2019. From January 2016 to October 2019 he held the post of TCL Group Finance Manager. Prior to joining the TCL Group, Mr. Ali Moya served in the positions of Financial and Cost Analyst with CEMEX Venezuela; Business Process Coordinator with DHL Costa Rica and most recently, as Business Service Organisation Manager with CEMEX Costa Rica. Mr. Ali Moya earned his Bachelor of Accounting degree from the Universidad Católica "Andres Bello" in Caracas, Venezuela in 1997 followed by an MBA from the Universidad Latinoamericana de Ciencia y Tecnología in San Jose, Costa Rica in 2009.

Dania Jocelyn Heredia Ramirez
Director

Dania Heredia was appointed to the Board of the Caribbean Cement Company Limited on October 12, 2017.

She graduated Magna Cum Laude a MB in Business and Economic Law from the Pontificia Universidad Católica Madre y Maestra and a MBA from Barna Management School, both in the Dominican Republic. Through the years, she has participated in many corporate trainings from prestigious institutions, such as the China Europe International Business School and the Florida International University. She has experience in corporate social responsibility, alternative dispute resolution and arbitration with certifications from the Instituto Tecnológico y de Estudios Superiores de Monterrey in Mexico and the Universidad de Valparaíso in Chile, respectively.

Mrs. Heredia has held the position of corporate attorney in leading Dominican companies, including Verizon and the La Asociación Dominicana de Zonas Francas. She also worked as Director and Defender in the Public Defender's Programme of the Commission in support of the reform and modernisation of justice. In 2005, Mrs. Heredia joined CEMEX, Dominican Republic as Corporate Affairs and Legal and Environmental Director, overseeing the operations for the Dominican Republic and the Caribbean. As Director, she is responsible for the implementation and enforcement of company policies related to economic competition, code of ethics and anti-corruption.

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

EXECUTIVE TEAM

Left - Right:

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

Left - Right:

Mrs. Klao Bell-Lewis	-	Communications, Community Outreach & Media Strategy Manager
Mr. Christopher Brown	-	Production Manager
Mr. Christopher Bryan	-	Capital Projects Manager
Mr. Jorge Camelo	-	Human Resource Manager

Left - Right:

Mrs. Melissa Ferguson	-	Legal Counsel / Company Secretary
Mr. Jorge Herrera	-	Supply Chain Manager
Mr. Ricardo Lopez Quero	-	Finance Manager
Mr. Victor Aceituno Melgar	-	Strategic Planning Manager

Left - Right:

Mr. Carlos Phipps	-	Maintenance Manager
Ms. Marilyn Corte Rodriguez	-	Quality, Quarry & Environment Manager
Mr. Adrian Spencer	-	Procurement Manager
Mr. Garen Williams	-	Distribution Sales Manager

DIRECTORS' REPORT

The Directors have the pleasure of submitting this report and the Audited Financial Statements for the year ended December 31, 2019

FINANCIAL RESULTS

Results for the year are shown on pages 40 to 94 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiary, Rockfort Mineral Bath Complex Limited.

HIGHLIGHTS OF THE YEAR ($ Thousands)		
	2019	**2018**
Turnover	17,764,664	17,573,931
Net Profit	1,883,678	2,466,093
Total Net Assets	8,310,524	6,418,181
Profit per Stock Unit	$2.21	$2.90

TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2019		
NAME OF COMPANY	**NUMBER OF SHARES**	**%AGE**
T.C.L.(NEVIS) LIMITED	558,688,942	65.64%
TRINIDAD CEMENT LIMITED	71,876,497	8.44%
CEMEX OPERACIONES MÉXICO, S.A. de C.V.	42,187,482	4.96%
MAYBERRY JAMAICAN EQUITIES LIMITED	13,931,649	1.64%
SAGICOR POOLED EQUITY FUND	10,548,012	1.24%
JCSD TRUSTEE SERVICES LIMITED - SIGMA EQUITY	7,469,543	0.88%
VMWEALTH EQUITY FUND	6,951,157	0.82%
SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION	6,827,319	0.80%
GUARDIAN LIFE LIMITED	5,674,357	0.67%
NATIONAL HOUSING TRUST	4,318,904	0.51%
TOTAL	**728,473,862**	**85.6%**

DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2019	
Parris A. Lyew-Ayee	10,000
TOTAL	**10,000**

SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2019	
Adrian Spencer	23,750
Klao Bell-Lewis	5,200
TOTAL	**28,950**

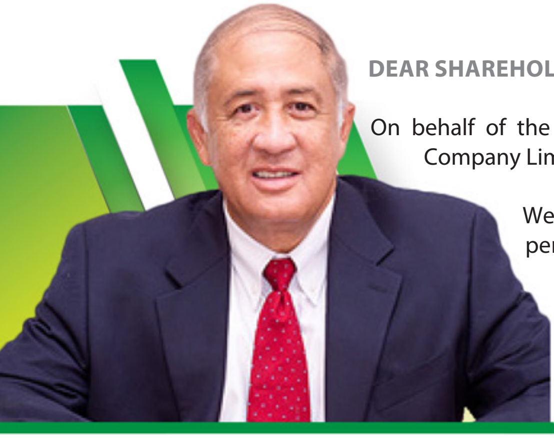
With the exception of the Director listed above, no Director or any person/company connected to him/her has a stockholding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2019.

On behalf of the Board of Directors.

Parris A. Lyew-Ayee, CD
Chairman

CHAIRMAN'S STATEMENT



Parris A. Lyew-Ayee, CD
Chairman

DEAR SHAREHOLDERS:

On behalf of the Board, I am greatly honoured to present Caribbean Cement Company Limited's Annual Report for the year ended December 31, 2019.

We are proud to report to you another year of solid operating performance. During the 2019 financial year the company saw growth in revenues of $17.8 billion, a 1% increase compared to 2018 in spite of a 3% decline in the volume of domestic sales. The "operating earnings before other income and expenses" for the period was $4.7 billion, higher than 2018 by 13%. This improvement is attributable to a reduction in cost of sales and operating costs. The "operating earnings" after other expenses for the period was $4.2 billion, representing a 2% increase compared to the previous year. This was achieved in spite of higher other expenses in 2019, primarily due to the cost of demolishing obsolete structures and equipment and fixed-asset write-offs.

ACCOMPLISHMENTS

We continue to leverage CEMEX's global knowledge and expertise to establish best practices and common processes in order to maximise operational effectiveness and achieve greater value for our stakeholders. Our dedication to health and safety efforts and best practices has enabled us to attain low levels of employee lost-time injuries in our operations.

We are strongly committed to investing in the key to unlocking our company's value, our employees. Our goal is to build a pool of highly talented employees with innovative ways of thinking and working and a high-performance culture. We must equip them with the right tools and training to empower them to maximise their performance and productivity. In building the capacity of our employees for excellence, we created training opportunities in a wide cross-section of programmes which focused on improvement in plant operation, cement process and maintenance, health and safety, and building leadership capability. We will continue to hone our home-grown talent by creating opportunities for continuous learning and development and exposure to world-class standards and best practices.

As a responsible corporate citizen, we are charged to be good stewards of the environment. We demonstrate our commitment to this responsibility by carrying out our operations with procedures geared towards minimising our negative impact on the environment. We also engage in fruitful partnerships with local stakeholders to protect the environment. We are committed to preserving air quality by continuously reducing our emissions. To this end, in 2019 we invested in the best available dust collectors throughout the plant to reduce our emissions. We also purchased a vacuum truck to continuously clean and we increased our housekeeping activities. In partnership with the National Solid Waste Management Authority, we embarked on a pilot project for an innovative, environmentally friendly waste management solution which saw the removal of approximately 6,000 used tyres from the Riverton landfill and their subsequent utilisation in our kiln as alternative fuel.

Caribbean Cement Company Limited remains committed to good corporate governance practices. We conduct our business in compliance with applicable legal and regulatory requirements, international best practices, and guidance from the Jamaica Stock Exchange and other regulators.

Our commitment to contributing to positive social development and creating sustainable partnerships with our communities and stakeholders has been demonstrated through our vibrant Corporate Social Responsibility (CSR) programme. Our community engagement and outreach activities have resulted in transformational interventions through enhancing road safety and vulnerable users' awareness, the creation of parks and community recreational spaces, and providing scholarships and grants to secondary and tertiary students. We are particularly proud of our concrete road rehabilitation projects in rural communities which help to pave the way for improved productivity and infrastructural development.

OUTLOOK

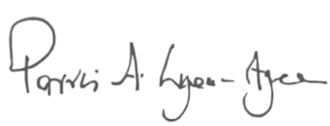
We are closely monitoring the unprecedented COVID-19 health crisis which continues to evolve exponentially. The health and safety of our employees, contractors, suppliers, customers and other stakeholders is top priority. We have activated our teams to institute action plans focused on preventative measures for the protection of our employees and operational continuity plans to keep our plant running safely and minimise disruptions in our supply chain. We will collaborate closely with our CEMEX TCL Group to evaluate and guide appropriate measures as we navigate the way forward.

In 2020 health, safety, the environment, customer centricity and operational efficiencies will remain key strategic priorities central to our success. We will continue on the trajectory of creating stability and growth by continuing to invest in state-of-the-art equipment and machinery with the object of maximising the full potential of our plant, providing optimum returns and increasing value for our shareholders. As we continue to strive toward attaining zero injuries and fatalities (ZERO4LIFE), we will conduct our business in a safe and efficient manner, preventing incidents and safeguarding the health and safety of our workforce. Our customers are at the centre of all we do. To this end we are committed to delivering a superior customer experience to the market we serve and achieving a high level of customer satisfaction. Key to this will be tailoring our products to suit our clients' needs and providing enhanced performance and reliability. Through our CSR projects and programmes we will continue to improve the lives and well-being of our stakeholders, develop people and communities, and preserve the environment. We look forward to deepening our partnership with the local authorities to accelerate an environmentally friendly waste management solution to the pressing solid waste challenge facing the country's major landfill.

DIRECTORS' FAREWELL AND WELCOME

I take this opportunity to thank our former Director and General Manager, Mr. Peter Donkersloot, and our former Company Secretary, Mr. Craig Lloyd Neil for their service. Mr. Donkersloot and Mr. Neil resigned in July and September 2019 respectively. We welcome Mr. Yago Castro Izaguirre, who was appointed in August, 2019 as Director and General Manager and Mrs. Melissa Ferguson who was appointed as Company Secretary in September, 2019.

The Board of Directors would like to take this opportunity to thank the General Manager, the management team, employees, distributors and all our stakeholders for their loyalty and continued support as we continue our objective of building a greater Jamaica.



Parris A. Lyew-Ayee, CD
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Yago Castro Izaguirre
General Manager

In 2019, significant strides were made toward our mission of becoming a world-class operation, including prioritising safety, developing our talent pool, upgrading the physical infrastructure, forming closer customer relationships, and contributing to nation-building through our many community outreach activities.

HEALTH, SAFETY AND ENVIRONMENT

The health and safety of our employees, suppliers and all who enter our plants and quarries remain a fundamental priority. Through sustained education, investment and programme implementation, we have attained 826 days without a lost time incident (LTI) among employees at the Rockfort Plant and almost double that number with 1,650 days at our quarries.

Contributing to this result were improvements in traffic management, guarding and isolation around the plant as well as the completion of modules 1 and 2 of the CEMEX Health and Safety Academy, which were delivered to 300 employees and contractors. As part of CEMEX's Global Supply Chain safety programme, the driving school and other workshops were hosted and attended by more than 180 truck drivers.

A year-long Fit4Life programme promoted wellness among all employees and included activities such as a health fair; a health surveillance project led by a contracted nutritionist; and the promotion of fitness through football competitions and exercise classes. These were complemented by HR led initiatives such as Family Day, Family Plant Tour and participation in the Sigma Corporate and the Kingston City Runs.

Back row: Left - Juan Mendoza, Group Procurement Manager; 3rd from left - Peter Donkersloot, former General Manager; far right - Yago Castro, General Manager and Jorge Camelo, HR Manager (front right) with members of one of the first teams to play on the new pitch at the Fit4Life football competition.

ENVIRONMENT AND QUALITY

We continue to be strident in meeting both local and international standards for our products. All cement dispatched in 2019 met JS and ASTM specifications and through our management systems, which keep abreast of industry and international best practices, we have retained ISO 9001 2015; ISO/IEC 17025:2005; ISO 14001:2015; and the SGS OHSAS 18001 certifications.

Our viability is inextricably linked to the responsible management of our impact on the environment. While consistently tackling dust emissions, we have continued to invest in more efficient equipment and monitoring processes. Among the outcomes is a reduction in water consumption by 15%. A defining change in the landscape and safety of the operations was successfully executed with the demolition of nine archaic structures on the plant, namely out of use burner buildings, mills, the conveyor structure and drive stations. The demolition project was completed without lost time incident and has vastly improved the aesthetics and safety of the plant. Accentuating our greening exercise was a project where more than 100 trees and flowers were planted both on the inside and along the roadway outside of the Rockfort plant.

CUSTOMER CENTRICITY

We are committed to getting closer to our customers through service, while focusing on providing

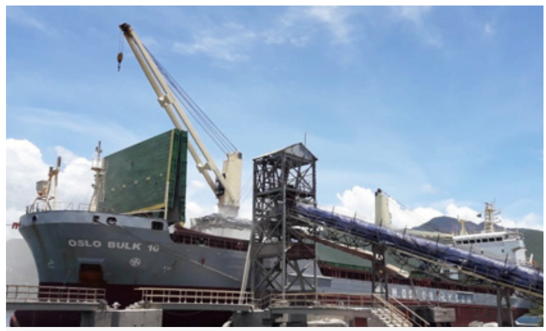
Major Noel Dawes, Managing Director of the Lumber Depot being congratulated by Yago Castro for the company's milestone of being listed on the Jamaica Stock Exchange.

solutions. We are pleased to realise that our efforts have yielded positive results, as is clearly shown in the increase in our net promoter score by 42% over 2018. The net promoter scoring system is a key tool and is used as part of our customer centricity initiatives, to measure and improve customer satisfaction. Other successful initiatives have resulted in a 20% growth in the number of customers served and improvement in our logistics, service offering, and the number of visits to the trade by our customer service representatives. Among the highlights of the year was the staging of the inaugural CEMEX Distributors' Academy, which brought together customers from across the country. The seminar was led by Andrea Fletcher of Action Coach and focused on business development, strategic planning and out-of-the-box thinking.

MARKET REVIEW

The Domestic and Export Markets

The construction sector was teeming throughout the year with projects in the domestic, resort and commercial segments. However, unfavourable weather conditions within the third quarter, along with delays



A shipment of 7,500 metric tonnes of clinker was exported to Haiti in September.

in the start of some major projects, contributed to a decrease in demand by 3% when compared to 2018. Exports, while a very small portion of our sales, increased six-fold due to shipments of clinker to the Republic of Haiti and one-off shipments of cement to the Dominican Republic, and Turks and Caicos, among others. We will continue to supply overseas customers where the conditions are favourable and once local market needs are sufficiently met.

Financial Performance

In terms of the financial performance, the Group earned revenue of $17.8 billion in 2019, representing growth of 1% over 2018. Operating earnings before other income and expenses for the period was $4.7 billion, representing an increase of 13% over the comparative period. The notable improvement in the company's operating earnings is attributable to a reduction in cost of sales and operating costs.

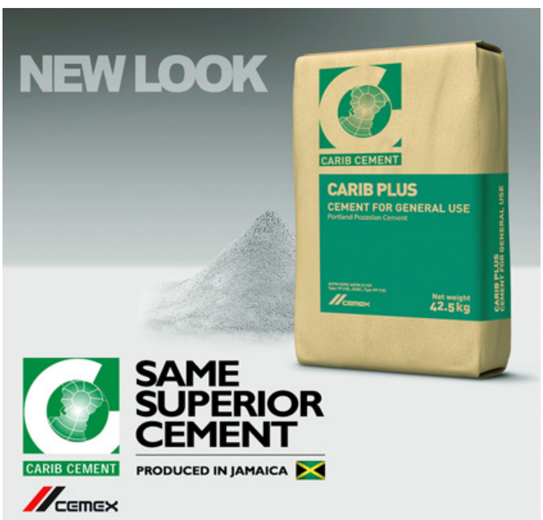
The operating earnings after other expenses for the period stood at $4.2 billion. This is an increase of 2% over 2018 which was achieved despite higher "other expenses" in 2019 that applied to both the cost of demolishing obsolete structures and equipment as well as to fixed-asset write-offs.

Earnings before taxation stood at $2.7 billion for the period under review, which is a decrease by 17% compared with 2018, due to higher exchange losses and interest expenses.

The group closed the year with overall consolidated net income of $1.9 billion, which is 24% lower than 2018. Net cash generated by operating activities for 2019 was $4.7 billion, an improvement of 8% compared with 2018. This increase is primarily due to efficient cash management and strategic allocation of cash resources. Importantly, this positive cash flow generation allowed us to reduce debt by $2.2 billion.

Operations

As part of our ongoing efforts to optimise efficiency while improving safety and performance, in 2019 we overhauled and replaced obsolete equipment through a robust Capital Expenditure project pipeline.

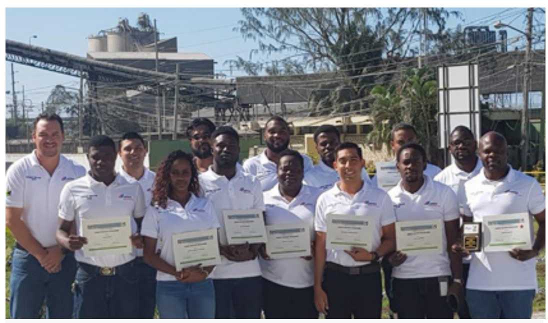


A new look packaging was launched in March 2019.

Among the projects covered by an investment of $1.33 billion were: the installation of two new palletising machines, a jumbo bag station, fuel bins, cement mill dust collectors and the improvement of traffic management, equipment isolation and standardisation of the marine terminal. We continue to implement our multi-year improvement programme and have achieved significant milestones in the drive to transform the plant into a world-class facility.

Human Capital

Our people are committed, highly skilled and passionate and we continued to build their capacity through training courses offered during the year. All employees participated in the collective 14,500 hours of courses and workshops delivered last year. Areas included: executive leadership, Health and Safety Modules I, II & III; Microsoft Office, operations management, personal security, digital marketing, ambulance driving, quality and environmental management, conflict resolution and Spanish language. We were especially proud to have hosted the CEMEX Cement Masters programme, which was held for the first time in the Caribbean. Sixteen employees from six countries participated in the six-week programme.



Participants in the Cement Masters Programme.

We expanded the Professionals in Development programme, recruiting 10 persons with backgrounds in engineering but little experience. They will be exposed to all aspects of the business over a 24-month period before being placed in a department which best fits their skills and interests.

Corporate Social Responsibility

We remain committed to building a greater Jamaica through sustainable partnerships with communities in support of the socio-economic development of their people. Our programme, valued at $62 million dollars, had a direct impact on 40,835 men, women, boys and girls, while having a broader reach and collective benefit to more than one million Jamaicans across the country.

Among our initiatives was the support of youth in the community of Bull Bay, St. Andrew through educational grants and programmes as well as summer employment. We awarded 20 secondary and tertiary level scholarships and delivered road safety skills-building to more than 2,000 students across the island. We were delighted to have granted the Constant Spring Primary School in St. Andrew with the first play field in the history of the school. Students no longer have to train for running events on the narrow and winding Cassava Piece thoroughfare where the school is located. In improving lives through cement, we played a part in repairing schools, sidewalks, rural roads, fencing and low income housing in 50 communities in observation of National Labour Day. In addition, over 800 metres of concrete roadway was donated in Kraal, Manchester and in Kintyre, St. Andrew. Both concrete pavement projects have resulted in improved safety and access for residents in the community. A project which we began in 2017 was completed with the handing over of a block making machine for a social enterprise venture located in 10 Miles, Bull Bay.

End of Life Tyre Pilot Project

While we work closely with communities, CCCL is actively engaged in finding solutions for complex national problems. One such undertaking was the completion of the trial phase of the GOJ-Carib Cement End of Life Tyre Project. During the pilot phase of this initiative, 6,000 tyres were disposed of in 11 days. One lesson learnt from the trial was that, with all other factors working well, the company has the capacity to dispose of a minimum of 180,000 tyres per year. There are more than 2,000,000 tyres discarded at the Riverton City Solid Waste Disposal Facility, which occasionally combust or are lit by arsonists. When this happens, there are severe health risks, environmental harm and disruption to regular activities across the city of Kingston.

Build Your Community Competition

We took a different approach to community engagement by hosting the *'Carib Cement Build Your Community'* Competition. Forty-six communities from 13 parishes sent proposals for the improvement of outdoor spaces but the winning community of Woodside, St. Mary stood out because of the multi-level impact of their project. Carib Cement developed an "Ancestral Garden" in an area designated as a national heritage site, which has the potential to revitalise micro-businesses and tourism in this rural community.

OUTLOOK

Jamaica continues to experience economic growth driven by robust tourist arrivals, capital expenditure and mining, with unemployment at an all-time low of 7.2% in October 2019. In the short term, investments in transport and national security infrastructure are expected to contribute to improved economic stability.

Major economic risks include the possibility of weaker external demand arising from slower than anticipated global growth due to Jamaica's reliance on tourism, remittances, a limited basket of exports and vulnerability to adverse weather. Against this backdrop, growth in real GDP for the year 2019 is estimated at 0.9% and 2020 is forecast to be 1.0%. The inflation rate was 6.2% in 2019 and is expected to stabilise at 4.5% in 2020.

It is anticipated that sustained growth will be realised based on planned infrastructure projects, housing and commercial developments. The retail trade is expected to remain buoyant, stimulated by continued growth in the construction sector. This is supported by increased activities in both the residential and non-residential areas.

Residential construction activities were driven by an increase in total housing starts and the increase in the value of mortgages. The country has observed continued activity on previously started developments in the residential and non-residential areas. Construction and renovation of commercial buildings are among non-residential drivers of growth.

We have a positive view of 2020, notwithstanding the continued challenges intrinsic within our sector and the vulnerability of Jamaica to domestic and external shocks. As a company, we remain confident that through our committed management team, employees and the skilful deployment of our strategy, Carib Cement will realise increased efficiencies and will continue to grow within the region.

COVID-19 AND OUR ACTIONS

Faced with what is undoubtedly one of the greatest challenges of our time, our company has been proactive in implementing measures to protect our employees while fostering operational resilience. In this regard, we have implemented measures, including:

- Building inventories and sourcing for critical components
- Focusing on core activities across our businesses to safeguard cash-flows
- Developing contingencies
- Increasing customer engagement and delivering value in innovative ways, while observing physical distancing
- Enhancing our communication with employees and all relevant stakeholders
- Setting up additional hand washing stations and hand sanitiser dispensers
- Providing respirators and sanitisation kits to employees
- Increasing the frequency of cleaning and sanitisation of surfaces
- Adjusting rules for entry to the plants including thermometer testing
- Activating remote work for those who can, in order to limit movement of people as required by the government
- Amending the planned CSR programme in order to channel resources to activities which will improve national and community COVID-19 mitigation initiatives

The situation is being monitored and tracked by local and regional rapid response teams with the support of CEMEX's global resources. We take seriously our responsibility as an important contributor to the Jamaican economy and will therefore do all that is necessary to flatten the curve while keeping our operations going.

Yago Castro Izaguirre
General Manager

CARIB CEMENT...a driving force in the Jamaican Economy

+275,000
Jamaicans have benefited directly from **CSR projects** (2016 - 2019)

$295M*
investment in **CSR projects** (2016 - 2019)

+220 Communities
Have benefited from our **CSR projects**

$8B*
paid in TAXES
(2015 - 2019)

+1300
HOURS
devoted by employees to **voluntary** activities (2018 - 2019)

7% LESS
FOSSIL FUELS USAGE
for the period 2015 - 2019

$7.9B*
invested in the company (2015 - 2019)
(largest manufacturing company in Jamaica)

86%
of **purchases** from **local suppliers** in 2019

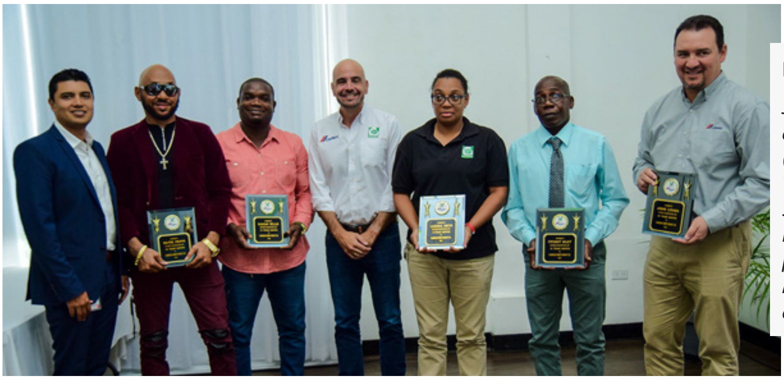
381
LOCAL SUPPLIERS
in 2019

18,000
SHAREHOLDERS

300
full time Jamaican employees

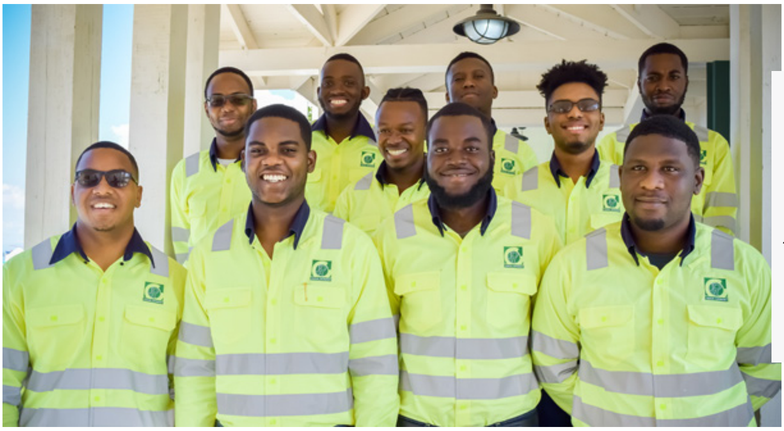
* 'M' MEANS: MILLION - 'B' MEANS: BILLION

BUILDING A GREATER JAMAICA THROUGH OUR EMPLOYEES



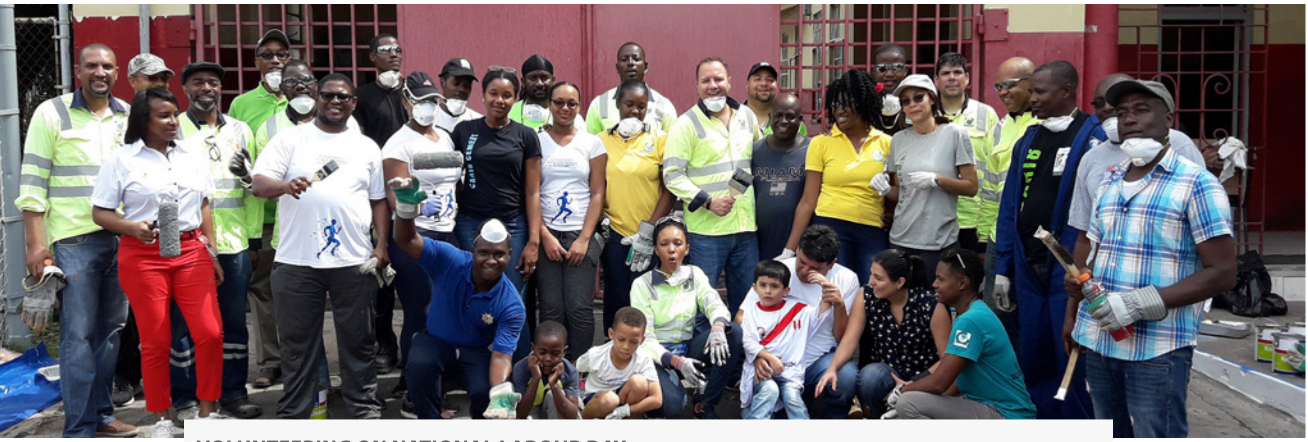
LONG SERVICE AWARDS

Jorge Camelo, HR Manager(left) and Yago Castro, General Manager (centre) with long service awardees Wayne Phipps, Kadian Willie, Larissa Smith, Fitzroy Riley and Jorge Lizama. Other awardees not in the photo were: Kenneth Chambers, Michael Passley, Joseph McKenzie and Nicholas Lutas.



PROFESSIONALS IN DEVELOPMENT

Ten engineering graduates were recruited for the Professionals in Development Programme. Terrence Jones, Jerrado Dussie, Odane Lodge, Hodeem Miller, Oswin Wilson, Derrick Arthurs, Kyle Duncan, Adrian Daye, Christopher Robinson and Garth Moss.



VOLUNTEERING ON NATIONAL LABOUR DAY

Employees spruced up the front of the Rollington Town Fire Station located in East Kingston for Labour Day.

FAMILY PLANT TOUR 2019

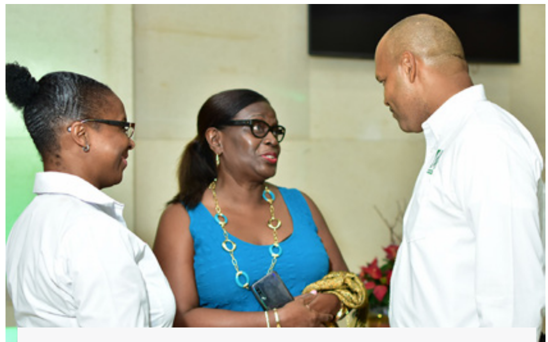
Children of employees toured the plant in July and learnt about the operations as well as the importance of safety.

BUILDING A GREATER JAMAICA BY STAYING CLOSE TO OUR CUSTOMERS

DISTRIBUTORS' ACADEMY

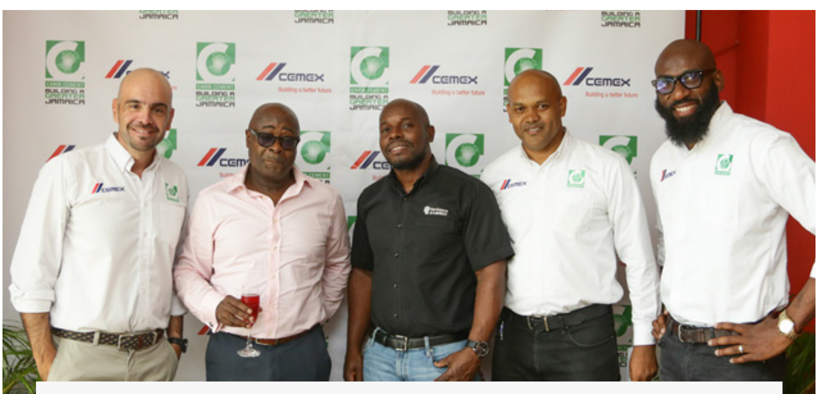
Carib Cement was delighted to host the first CEMEX Distributors' Academy in October. Attendees heard from an Action Coach © specialist and the Jamaica Customer Service Association.

Mr. and Mrs. Lee of J&K Enterprise with Yago Castro, General Manager with Judene Lamie, Sales Representative at the annual Christmas Customer Engagement event held in Mandeville.



Althea Jackson, Sales Representative and Garen Williams, Sales Manager greet Mrs. Jennifer Brown of Pembrooke Trucking at the Montego Bay Conference Centre, where one of three regional customer events was hosted.

Roberto Villareal, Commercial Director greets Andrew Smith, General Manager of Discount Lumber at the customer event held annually in Montego Bay.

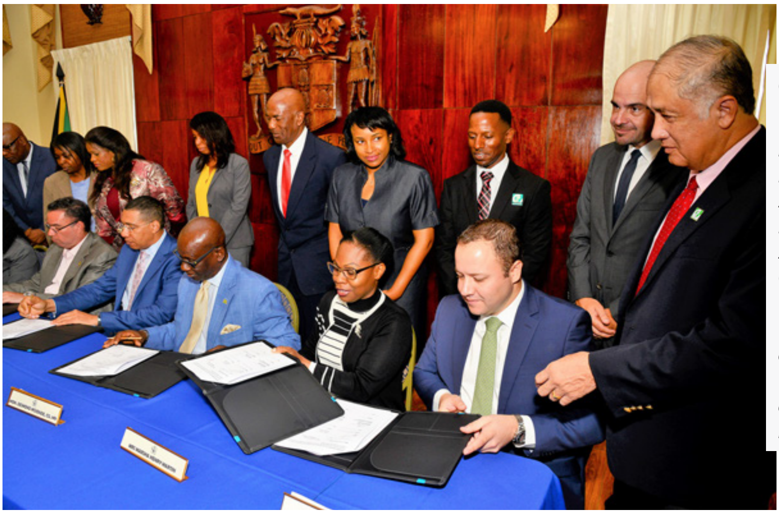


From Left - Yago Castro, General Manager, Patrick Chambers and Dwayne Patterson of Hardware and Lumber with Garen Williams, Sales Manager and Rayon Markland, Sales Representative at the Spanish Court Hotel in Kingston where the third of three regional customer engagement events was held.

BUILDING A GREATER JAMAICA THROUGH COMMUNITY DEVELOPMENT

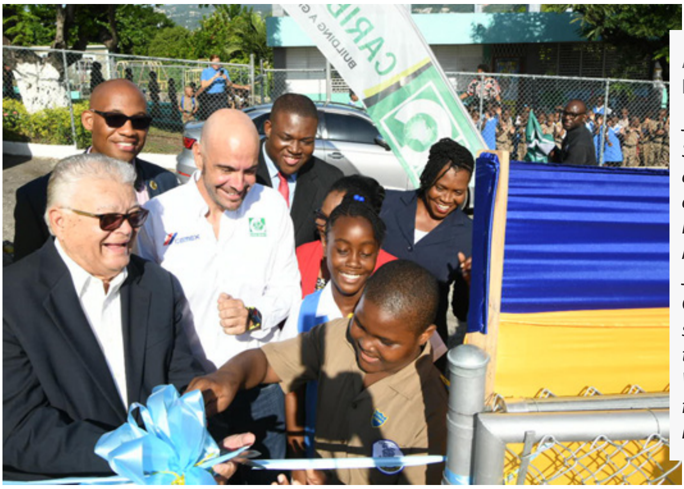
COMMUNITY OF WOODSIDE, ST. MARY WINS BUILD YOUR COMMUNITY COMPETITION

Klao Bell-Lewis, Community Outreach Manager (left) and Parris A. Lyew-Ayee, Chairman (right) celebrate with members of the Woodside Community Action Group, led by Dr Erna Brodber (second right). Carib Cement has funded the creation of an Ancestral Garden at a national heritage site, located in the parish of St. Mary. Here the members of the community celebrate the announcement of their winning of the Build Your Community Competition at the Carib Cement Sports Club in August.



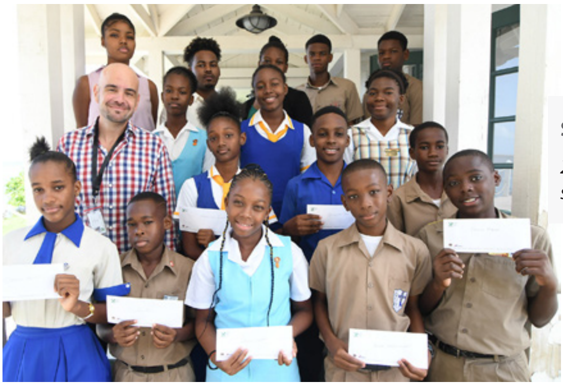
GOJ-CARIB CEMENT END-OF-LIFE TYRE PROJECT

In July , Parris Lyew-Ayee, Peter Donkersloot, Yago Castro, Andrew Stephenson, Klao Bell-Lewis and Balfour Denniston participated in the signing ceremony of an MoU at the Office of the Prime Minister to start the GOJ-Carib Cement End-of-Life Tyre Pilot Project. At the end of 11 days, 6,000 tyres were removed from the Riverton Waste Disposal Facility and incinerated in Carib Cement's kiln.



A PLAY FIELD FOR CONSTANT SPRING PRIMARY AND JUNIOR HIGH SCHOOL

Janneil Johnson, Head Boy of the Constant Spring Primary and Junior High cuts the ribbon at the entrance to the school's new playground donated by Carib Cement with The Honourable Karl Samuda, Minister without Portfolio in the Ministry of Education. Looking on are Head Girl, Jodiann Harris; Yago Castro, General Manager of Carib Cement; Shay Dillon, Principal (left second row), Howard Chamberlain, Chairman of the School Board; and District Constable Karen Wilson of the Constant Spring Police HQ. For the first time in the school's history, they were able to host sports day on their field.

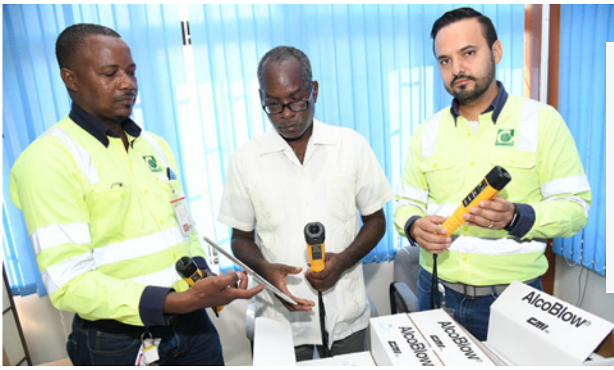


SCHOLARSHIPS

20 students from the community of Bull Bay received grants for support with secondary and tertiary education.

ROAD SAFETY LESSONS DELIVERED TO MORE THAN 2000 STUDENTS

As part of the CEMEX Global Supply Chain Vulnerable Road Users programme, more than 2,000 students at primary schools were taught about road safety in general and truck blind spots in particular.



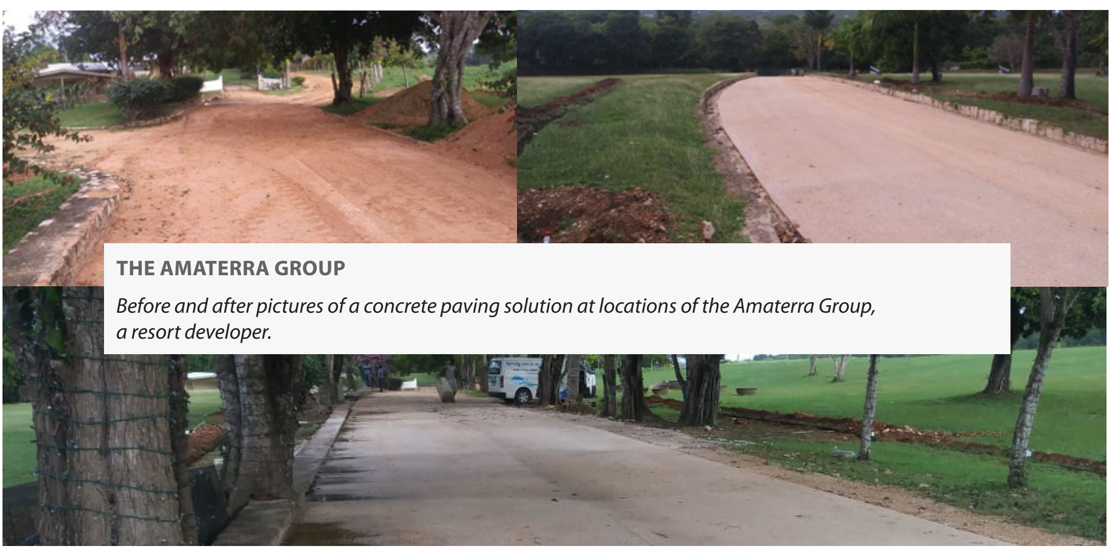
14 BREATHALYSERS DONATED TO ROAD SAFETY UNIT

14 Breathalysers were donated to the national Road Safety Unit to assist with their public education programme. Carib Cement's Marchel Burrell (left) and Jorge Herrera (right) talk with Kenute Hare, Director of the Road Safety Unit in the Ministry of Transport and Mining.

DEMONSTRATING THE SUPERIORITY OF CONCRETE PAVING

ROAD IN KINTYRE

Impassable road in Kintyre before and after CSR project.



THE AMATERRA GROUP

Before and after pictures of a concrete paving solution at locations of the Amaterra Group, a resort developer.

TEN-YEAR FINANCIAL SUMMARY

(In $'000 except for items *)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue	**17,764,664**	17,573,931	16,513,084	15,780,756	15,431,897	14,356,017	12,089,484	9,084,600	8,033,786	7,929,783
Profit (loss) before taxation	**2,737,414**	3,294,661	1,510,411	1,350,862	1,726,388	255,985	(3,079)	(2,672,105)	(2,983,995)	(2,242,360)
Taxation	**(853,736)**	(828,568)	(398,677)	(49,160)	(180,248)	(117,000)	117,000	(676,160)	370,635	685,167
Net profit (loss)	**1,883,678**	2,466,093	1,111,734	1,301,702	1,546,140	138,985	113,921	(3,348,265)	(2,613,360)	(1,557,193)
*Net profit (loss) per share	**2.21**	2.90	1.31	1.53	1.82	0.16	0.13	(3.93)	(3.07)	(1.83)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**5,851,647**	5,318,949	2,979,450	2,702,838	2,576,658	961,070	1,470,090	(750,438)	(1,760,893)	(1,623,526)
Shareholders equity	**8,310,524**	6,418,181	8,340,030	7,738,876	6,437,174	4,891,034	4,752,049	(2,939,072)	409,193	3,022,553
*Shareholders' equity per share	**9.76**	7.54	9.80	9.09	7.56	5.75	5.58	(3.45)	0.48	3.55
Capital expenditure - CWIP	**1,334,340**	16,663,006	2,234,050	1,699,091	810,904	599,091	578,530	149,217	98,093	362,160
Total Capital Expenditure	**1,334,340**	16,663,006	2,234,050	1,699,091	810,904	599,091	578,530	149,217	98,093	362,160
Depreciation	**1,603,850**	1,153,830	531,602	495,688	396,931	364,828	319,207	430,695	518,402	386,852
Working Capital	**(1,483,548)**	(1,470,873)	789,965	1,053,992	1,286,956	793,628	1,245,920	191,424	(588,543)	(839,251)
Property, plant & equip't before depreciation	**31,840,457**	31,626,947	14,973,590	12,739,772	11,048,229	10,243,474	9,665,926	9,136,341	9,286,740	9,201,962
Long term debt	**9,155,656**	11,387,028	-	-	-	-	739,476	797,712	3,827	4,006
Total third party debt	**985,890**	832,804	826,320	-	-	779,600	808,810	832,173	560,100	684,533
Parent company debt	**3,022,930**	3,771,539	547,931	104,041	1,715,593	1,752,224	1,232,104	7,881,126	5,210,290	3,107,745
Total debt	**13,164,476**	15,991,371	1,374,251	104,041	1,715,593	2,531,824	2,040,914	8,713,299	5,770,390	3,792,278
*Cement imported (tonnes)	**80,196**	106,132	36,802	-	-	-	-	-	-	-
*Clinker imported (tonnes)	**-**	48,004	-	-	-	-	-	-	-	-
*Production										
Cement	**758,829**	787,411	845,932	911,325	807,817	830,061	824,893	760,296	766,274	723,489
Clinker	**642,946**	612,988	691,588	761,061	804,296	795,042	696,077	652,579	628,287	629,444
*Cement Sold - tonnes										
Local	**848,110**	876,964	829,802	785,056	672,042	598,165	594,764	536,349	553,157	531,605
Export	**2,952**	4,526	35,052	119,098	151,146	232,766	231,865	218,722	216,757	195,163
Total	**851,062**	881,490	864,854	904,154	823,188	830,931	826,629	755,071	769,914	726,768
*Clinker Export - tonnes	**28,561**	-	33,467	39,540	180,385	155,423	36,570	12,673	31,228	69,418

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Caribbean Cement Company Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), set out on pages 40 to 94 which comprise the Group's and Company's statements of financial position as at December 31, 2019, 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, 2019, 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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

Measurement of expected credit losses on financial assets

See notes 9 and 16.5 of the consolidated financial statements

Key audit matter

The Group has significant concentration of credit risk with large credit customers with material balances both individually and in aggregate, accounting for 97% of trade receivables at the reporting date.

IFRS 9 was implemented by the Group on January 1, 2018. The standard is complex and requires the Group to recognise expected credit losses ('ECL') on trade receivables. The determination of ECL is highly subjective and requires management to make significant judgements and assumptions.

The key area requiring greater management judgement includes the application of forward-looking information including judgements about future economic scenarios and their impact on expected credit losses.

How the matter was addressed in our audit

Our audit procedures in response to this matter, included:

- Testing automated controls over the ageing of trade receivables. Our testing of automated controls involved using our own Information Technology Audit specialist to test the design, implementation and operating effectiveness of automated controls.
- Testing the completeness and accuracy of the data used in the model to the underlying accounting records.
- Using our Financial Risk Modelling Specialists, we reviewed the ECL model calculations, agreed the data inputs and verified the accuracy of the calculations.
- Comparing the entity's definition of default, as outlined in the accounting policy against the definition that management uses for credit risk management.
- Evaluating the appropriateness of economic parameters including the use of forward looking information.
- Assessing whether disclosures in the financial statements are adequate.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Carrying amount of inventories

See note 11 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Group's inventories consist of plant spares, consumables, raw materials, work in progress, finished goods and goods in transit. The estimation of the physical quantities of stockpiles is a key audit matter because significant judgment is required to be exercised by management in assessment of the physical quantities of raw materials such as gypsum and clinker which are combined to produce cement. Because high volumes of finished goods are being produced and delivered to customers, the opportunity exists for inventories to be misappropriated.	Our audit procedures in response to this matter, included: • Attending the year-end physical stock counts for all significant locations, where the Group engaged independent quantity surveyors to assist with the assessment of the inventory stockpile measurements used and the adherence to appropriate stock count processes. • Considering the competence of the quantity surveyors, the results of the reports, and seeking to understand and corroborate the reasons for significant or unusual movements in inventory quantities between the accounting records and the results of the inventory stockpile measurements performed as part of the year-end physical stock counts. • Obtaining the inventory valuation calculations, agreeing stock quantities in those calculations to the accounting records, and testing prices by reference to suppliers' invoices. • Evaluating whether the accounting treatment adopted by management was consistent with the requirements of IFRSs. • Considering the adequacy of the Group's disclosures about inventory.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition

See note 3 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The main activities of the Group are the manufacture and sale of cement. The Group recognised revenue from the sale of cement for the year ended December 31, 2019, which was mainly generated from domestic sales. We have identified recognition of revenue as a key audit matter because there is a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period.	Our audit procedures in response to this matter, included: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition. • Inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of risks and rewards of the ownership of the products sold and assessing the Group's timing of recognition of revenue with reference to the requirements of the prevailing accounting standards. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition (continued)

Key audit matter	How the matter was addressed in our audit
	Our audit procedures in response to this matter, included (continued): • Comparing, on a sample basis, revenue transactions recorded before and after the financial year end date with goods delivery notes and other relevant documentation to assess whether the revenue had been recognised in the appropriate financial period. • Inspecting underlying documentation for manual journal entries relating to revenue raised during the year and subsequent to the reporting date which were considered to be material or met other specific risk based criteria.

Valuation of employee benefits obligation

See note 18 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Company operates a post-retirement medical benefit scheme. Significant estimates are made in valuing the Company's obligation.	Our audit procedures in response to this matter, included: • Evaluating the competency and objectivity of the appointed Actuary. • Determining that the actuarial valuation was performed using the projected unit credit method as required under IAS 19 and vouching a sample to underlying systems and reports.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of employee benefits obligation (continued)

Key audit matter	How the matter was addressed in our audit
The valuation is considered to be a significant risk, as given the size of the obligation, small changes in the assumptions can have a material financial impact on the Group's financial statements. The key assumptions involved in calculating the obligation are the discount rate, inflation and future growth in medical rates. Management appointed an external actuarial expert to assist in determining the assumptions and valuing the obligation. The use of significant assumptions increases the risk that management's estimate can be materially misstated which requires special audit consideration.	Our audit procedures in response to this matter, included (continued): • Evaluating the actuarial valuation report by considering whether the assumptions used were appropriate and consistent with the guidance, inter alia, from the Institute of Chartered Accountants of Jamaica. • Considering the adequacy of the accounting policy and disclosures.

Accounting treatment for the amalgamation of subsidiaries

See note 1 and 26 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Company amalgamated two (2) of its subsidiaries during the year. Inappropriate accounting treatment of the amalgamation requires special audit consideration due to potential misstatements.	• Obtaining an understanding of and reviewing all relevant documents to assess whether the amalgamation was carried out in accordance with the requirements of relevant accounting standards.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Accounting treatment for the amalgamation of subsidiaries (continued)

Key audit matter	How the matter was addressed in our audit
	• Evaluating whether the accounting treatment is consistent with the requirements of the Jamaican Companies Act. • Using appropriate KPMG specialists to assist in determining whether the tax implications of the amalgamation have been considered and appropriately treated in accordance with Jamaican Tax laws. • Considering the adequacy of the disclosures.

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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 38 to 39, forms part of our auditors' report.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

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 27, 2020

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Appendix to the Independent Auditors' Report

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

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

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Stockholders of
CARIBBEAN CEMENT COMPANY LIMITED

Appendix to the Independent Auditors' Report (Continued)

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

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

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

CARIBBEAN CEMENT COMPANY LIMITED
Group Statement of Profit or Loss
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
Revenue	3	$	17,764,664	17,573,931
Cost of sales	5(ii)		(10,596,112)	(11,230,161)
Gross profit			**7,168,552**	**6,343,770**
Operating expenses	5(iii)		(2,494,189)	(2,213,492)
Operating earnings before other (expenses) income, net	5		**4,674,363**	**4,130,278**
Other (expenses) income, net	6		(426,566)	29,484
Operating earnings			**4,247,797**	**4,159,762**
Financial income			11,719	12,442
Financial expenses	7		(881,740)	(664,777)
Loss on foreign exchange			(640,362)	(212,766)
Earnings before taxation			**2,737,414**	**3,294,661**
Taxation charge	19.1		(853,736)	(828,568)
CONSOLIDATED NET INCOME		$	**1,883,678**	**2,466,093**
Earnings per stock unit (expressed in $ per stock unit)	21		**2.21**	**2.90**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED

Group Statement of Comprehensive Income
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
CONSOLIDATED NET INCOME		$	**1,883,678**	**2,466,093**
Items that will not be reclassified subsequently to the profit or loss:				
Net actuarial gains from remeasurement of employee benefits obligation	**18**		29,840	29,149
Deferred tax recognised directly in other comprehensive income	**19.2**		(7,460)	(7,287)
			22,380	21,862
Items that are or may be reclassified subsequently to the profit or loss:				
Effects from derivative financial instruments designated as cash flow hedge	**16.4**		(13,715)	(73,472)
			(13,715)	(73,472)
Total items of other comprehensive income (loss), net			8,665	(51,610)
TOTAL COMPREHENSIVE INCOME		$	**1,892,343**	**2,414,483**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Group Statement of Financial Position
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
ASSETS				
CURRENT ASSETS				
Cash at bank and on hand	**8**	$	544,570	420,790
Trade accounts receivable, net	**9**		509,424	352,038
Other accounts receivable	**10**		78,698	340,068
Inventories, net	**11**		2,208,560	1,733,265
Accounts receivable from related parties	**22.1**		73,648	58,294
Other current assets	**12**		56,103	104,045
Total current assets			3,471,003	3,008,500
NON-CURRENT ASSETS				
Property, machinery and equipment, net	**14**		23,629,545	23,783,937
Total non-current assets			23,629,545	23,783,937
TOTAL ASSETS		$	**27,100,548**	**26,792,437**
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Other financial obligations	**16.2**	$	673,027	826,647
Trade payables			2,469,260	1,963,528
Accounts payable to related parties	**22.1**		527,383	749,734
Other current liabilities	**17**		1,284,881	939,464
Total current liabilities			4,954,551	4,479,373
NON-CURRENT LIABILITIES				
Long-term debt	**16.1**		9,155,656	11,387,028
Other financial obligations	**16.2**		2,496,746	3,021,805
Employee benefits obligation	**18**		839,047	832,804
Deferred tax liabilities	**19.2**		1,285,723	614,128
Long-term accounts payable to related parties	**22.1**		4,207	-
Other non-current liabilities	**17**		54,094	39,118
Total non-current liabilities			13,835,473	15,894,883
TOTAL LIABILITIES			18,790,024	20,374,256
STOCKHOLDERS' EQUITY				
Share capital:				
Ordinary stock units	**20.1**		1,808,837	1,808,837
Capital contribution	**20.1**		3,839,090	3,839,090
Reserves:				
Realised capital gain	**20.2(a)**		1,413,661	1,413,661
Other equity reserves	**20.2(b)**		1,254,506	350,864
Accumulated losses	**20.2(c) (iii)**		(5,570)	(994,271)
Total stockholders' equity			8,310,524	6,418,181
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	**27,100,548**	**26,792,437**

The financial statements on pages 40 to 94 were approved by the Board of Directors on February 27, 2020 and signed on its behalf by:

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

Director
Yago Castro

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Group Statement of Cash Flows
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
OPERATING ACTIVITIES				
Consolidated net income		$	**1,883,678**	**2,466,093**
Non-cash items:				
Depreciation and amortisation of assets	**5(i), 14**		1,603,850	1,153,830
Impairment	**5(i), 14**		-	5,357
Loss on disposal of property, machinery and equipment			7,490	2,832
Net recovery of impaired receivables	**9**		(4,071)	(16,571)
Interest income			(11,719)	(12,442)
Interest expense			774,810	665,438
Taxation charge	**19.1**		853,736	828,568
Fixed asset write-off			76,285	-
Rehabilitation cost			4,513	-
Inventory impairment allowance	**11**		15,076	-
Employee benefit expenses	**18**		67,985	72,742
Unwinding of discount on preference shares	**16.2**		89,772	-
Unwinding of discount on rehabilitation provision	**7, 17**		797	(661)
Unwinding of discount on lease liabilities	**7**		16,361	-
Unrealised foreign exchange gains, net			84,993	(164,709)
Changes in working capital, excluding taxes			116,413	209,494
Net cash flow provided by operating activities before financial expense and taxes			**5,579,969**	**5,209,971**
Employee benefits paid	**18**		(31,902)	(37,109)
Interest received			11,719	12,442
Interest paid			(794,251)	(644,328)
Taxation paid			(33,048)	(174,496)
Net cash flows provided by operating activities			**4,732,487**	**4,366,480**
INVESTING ACTIVITIES				
Property, machinery and equipment, net	**14**		(1,334,340)	(16,663,006)
Proceeds from disposal of assets			1,303	-
Net cash flows used in investing activities			**(1,333,037)**	**(16,663,006)**
FINANCING ACTIVITIES				
Repayment of long-term debt, net			(2,207,878)	11,446,224
Other financial obligations:				
Repayment of redeemable preference shares			(1,043,134)	(399,760)
Repayment of lease liabilities			(50,580)	-
Net cash flows (used in) provided by financing activities			**(3,301,592)**	**11,046,464**
Increase (decrease) in cash at bank and on hand			97,858	(1,250,062)
Cash conversion effect, net			25,922	(2,215)
Cash at bank and on hand at beginning of year			420,790	1,673,067
CASH AT BANK AND ON HAND AT END OF YEAR	**8**	$	**544,570**	**420,790**
Changes in working capital, excluding taxes:				
Trade accounts receivable, net		$	(158,413)	95,880
Other current assets			122,684	(113,817)
Inventories			(490,371)	(271,570)
Trade payables			506,596	(440,662)
Other current liabilities			135,917	939,663
Changes in working capital, excluding taxes		$	**116,413**	**209,494**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Group Statement of Changes in Stockholders' Equity
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Ordinary stock	Preference share capital	Capital contribution	Reserves: Realised capital gain	Reserves: Accumulated losses	Reserves: Other equity reserves	Reserves: Total reserves	Total capital & reserves
Balance as of December 31, 2017		$	1,808,837	5,077,760	3,839,090	1,413,661	(3,872,790)	73,472	(2,385,657)	8,340,030
Effects from adoption of IFRS 9			-	-	-	-	(7,497)	-	(7,497)	(7,497)
Balance as of January 1, 2018			1,808,837	5,077,760	3,839,090	1,413,661	(3,880,287)	73,472	(2,393,154)	8,332,533
Net income			-	-	-	-	2,466,093	-	2,466,093	2,466,093
Total other items of comprehensive loss			-	-	-	-	21,862	(73,472)	(51,610)	(51,610)
Reclassification of preference shares	**16.2 (a)**		-	(5,077,760)	-	-	-	-	-	(5,077,760)
Transfer to capital redemption fund reserve	**20.2 (b) (i)**		-	-	-	-	(350,864)	350,864	-	-
Fair value adjustment associated with redemption of preference shares	**16.2 (a)**		-	-	-	-	748,925	-	748,925	- 748,925
Balance as of December 31, 2018			1,808,837	-	3,839,090	1,413,661	(994,271)	350,864	770,254	6,418,181
Net income			-	-	-	-	1,883,678	-	1,883,678	1,883,678
Total other items of comprehensive income			-	-	-	-	22,380	(13,715)	8,665	8,665
Transfer to capital redemption fund reserve	**20.2 (b) (i)**		-	-	-	-	(917,357)	917,357	-	-
Balance as of December 31, 2019		$	1,808,837	-	3,839,090	1,413,661	(5,570)	1,254,506	2,662,597	8,310,524

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Company Statement of Profit or Loss
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
Revenue	3	$	17,736,299	17,517,875
Cost of sales	5(ii)		(10,609,240)	(11,238,041)
Gross profit			**7,127,059**	**6,279,834**
Operating expenses	5(iii)		(2,454,031)	(2,136,888)
Operating earnings before other income (expenses), net	5		**4,673,028**	**4,142,946**
Other (expenses) income, net	6		(420,257)	31,183
Operating earnings			**4,252,771**	**4,174,129**
Financial income			11,698	12,442
Financial expenses	7		(881,740)	(665,438)
Loss on foreign exchange			(640,362)	(212,625)
Earnings before taxation			**2,742,367**	**3,308,508**
Taxation charge	19.1		(853,736)	(828,568)
NET INCOME		**$**	**1,888,631**	**2,479,940**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Company Statement of Comprehensive Income
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
NET INCOME ………………………………………………		**$**	**1,888,631**	**2,479,940**
Items that will not be reclassified subsequently to the profit or loss:				
Net actuarial gains from remeasurements of defined benefit pension plans ……………………	**18**		29,840	29,149
Deferred tax recognised directly in other comprehensive income ……………………	**19.2**		(7,460)	(7,287)
			22,380	21,862
Items that are or may be reclassified subsequently to the profit or loss:				
Effects from derivative financial instruments designated as cash flow hedge ……………………	**16.4**		(13,715)	(73,472)
			(13,715)	(73,472)
Total items of other comprehensive income (loss), net …………………			8,665	(51,610)
TOTAL COMPREHENSIVE INCOME ………………………………		**$**	**1,897,296**	**2,428,330**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Company Statement of Financial Position
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes	Years ended December 31 2019	2018
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand	**8**	$ 544,549	413,781
Trade accounts receivable, net	**9**	509,424	344,590
Other accounts receivable	**10**	76,958	250,267
Inventories, net	**11**	2,208,560	1,719,239
Accounts receivable from related parties	**22.1**	73,648	58,294
Accounts receivable from subsidiaries	**22.2**	-	148,860
Other current assets	**12**	56,103	103,606
Total current assets		3,469,242	3,038,637
NON-CURRENT ASSETS			
Other investments	**13**	-	4,000
Property, machinery and equipment, net	**14**	23,629,432	23,674,963
Total non-current assets		23,629,432	23,678,963
TOTAL ASSETS		**$ 27,098,674**	**26,717,600**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	**16.2**	$ 673,027	826,647
Trade payables		2,467,376	1,953,019
Accounts payable to related parties	**22.1**	527,383	749,734
Accounts payable to subsidiary	**22.2**	3,106	-
Other current liabilities	**17**	1,284,872	907,248
Total current liabilities		4,955,764	4,436,648
NON-CURRENT LIABILITIES			
Long-term debt	**16.1**	9,155,656	11,387,028
Other financial obligations	**16.2**	2,496,746	3,021,805
Employee benefits	**18**	839,047	832,804
Deferred tax liabilities	**19.2**	1,285,723	614,128
Long-term accounts payable to related parties	**22.1**	4,207	-
Other current liabilities	**17**	54,094	-
Total non-current liabilities		13,835,473	15,855,765
TOTAL LIABILITIES		18,791,237	20,292,413
STOCKHOLDERS' EQUITY			
Share capital:			
Ordinary stock units	**20.1**	1,808,837	1,808,837
Capital contribution	**20.1**	3,839,090	3,839,090
Reserves:			
Realised capital gain	**20.2(a)**	1,413,656	1,413,656
Other reserves	**20.2(b)**	1,254,506	350,864
Accumulated losses	**20.2(c) (iii)**	(8,652)	(987,260)
Total stockholders' equity		8,307,437	6,425,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 27,098,674**	**26,717,600**

The financial statements on pages 40 to 94 were approved by the Board of Directors on February 27, 2020 and signed on its behalf by:

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

____________ Director
Yago Castro

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Company Statement of Cash Flows
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Years ended December 31 2019	2018
OPERATING ACTIVITIES				
Net income		$	**1,888,631**	**2,479,940**
Non-cash items:				
Depreciation and amortisation of assets	**5, 14**		1,601,568	1,146,702
Loss on disposal of property, machinery and equipment			7,490	2,832
Net recovery of impaired receivables	**9**		(4,047)	(16,571)
Interest income			(11,698)	(12,442)
Interest expense			774,810	665,438
Taxation charge	**19.1**		853,736	828,568
Fixed asset write-off			76,285	-
Rehabilitation cost			4,513	-
Inventory impairment allowance	**11**		15,076	-
Employee benefit expenses	**18**		67,985	72,742
Unwinding of discount on preference shares	**16.2**		89,772	-
Unwinding of discount on rehabilitation provision	**7, 17**		797	-
Unwinding of discount on lease liabilities	**7**		16,361	-
Unrealised foreign exchange gains, net			84,993	(164,709)
Changes in working capital, excluding taxes			120,706	251,344
Net cash flow provided by operating activities before financial expense and taxes			**5,586,978**	**5,253,844**
Employee benefits paid	**18**		(31,902)	(37,109)
Interest received			11,698	12,442
Interest paid			(794,251)	(644,328)
Taxation paid			(33,048)	(174,495)
Net cash flows provided by operating activities			**4,739,475**	**4,410,354**
INVESTING ACTIVITIES				
Property, machinery and equipment, net	**14**		(1,334,340)	(16,655,631)
Proceeds from disposal of assets			1,303	-
Net cash flows used in investing activities			**(1,333,037)**	**(16,655,631)**
FINANCING ACTIVITIES				
Repayment of long-term debt, net			(2,207,878)	11,388,908
Other financial obligations:				
Repayment of redeemable preference shares			(1,043,134)	(399,760)
Repayment of lease liabilities			(50,580)	-
Non-current liabilities			-	16,789
Net cash flows (used in) provided by financing activities			**(3,301,592)**	**11,005,937**
Increase (decrease) in cash at bank and on hand			104,846	(1,239,340)
Cash conversion effect, net			25,922	(2,215)
Cash at bank and on hand at beginning of year			413,781	1,655,336
CASH AT BANK AND ON HAND AT END OF YEAR	**8**	$	**544,549**	**413,781**
Changes in working capital, excluding taxes:				
Trade accounts receivable, net		$	(148,652)	92,494
Other current assets			213,542	(214,966)
Inventories			(500,420)	(273,342)
Trade payables			392,340	(474,907)
Other current liabilities			163,896	1,122,065
Changes in working capital, excluding taxes		$	**120,706**	**251,344**

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Company Statement of Changes in Stockholders' Equity
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

	Notes		Ordinary stock	Preference share capital	Capital contribution	Reserves: Realised capital gain	Reserves: Accumulated losses	Reserves: Other equity reserves	Reserves: Total reserves	Total capital & reserves
Balance as of December 31, 2017		$	1,808,837	5,077,760	3,839,090	1,413,656	(3,879,626)	73,472	(2,392,498)	8,333,189
Effects from adoption of IFRS 9			-	-	-	-	(7,497)	-	(7,497)	(7,497)
Balance as of January 1, 2018			1,808,837	5,077,760	3,839,090	1,413,656	(3,887,123)	73,472	(2,399,995)	8,325,692
Net income			-	-	-	-	2,479,940	-	2,479,940	2,479,940
Total other items of comprehensive loss			-	-	-	-	21,862	(73,472)	(51,610)	(51,610)
Reclassification of preference shares	**16.2 (a)**		-	(5,077,760)	-	-	-	-	-	(5,077,760)
Transfer to capital redemption fund reserve	**20.2 (b) (i)**		-	-	-	-	(350,864)	350,864	-	-
Fair value adjustment associated with redemption of preference shares	**16.2 (a)**		-	-	-	-	748,925	-	748,925	748,925
Balance as of December 31, 2018			1,808,837	-	3,839,090	1,413,656	(987,260)	350,864	777,260	6,425,187
Net income			-	-	-	-	1,888,631	-	1,888,631	1,888,631
Total other items of comprehensive income			-	-	-	-	22,380	(13,715)	8,665	8,665
Transfer to capital redemption fund reserve	**20.2 (b) (i)**		-	-	-	-	(917,357)	917,357	-	-
Amalgamated subsidiaries equity transferred	**26**		-	-	-	-	(15,046)	-	(15,046)	(15,046)
Balance as of December 31, 2019		$	1,808,837	-	3,839,090	1,413,656	(8,652)	1,254,506	2,659,510	8,307,437

The accompanying notes are part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED
Notes to Group and Company Financial Statements
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

1) DESCRIPTION OF BUSINESS

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

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

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

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

On May 1, 2019, approval was granted by The Supreme Court of Judicature of Jamaica (Supreme Court) for the amalgamation of Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited into Caribbean Cement Company Limited. This approval resulted in the extinguisment of the issued share capital of Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited and all assets and liabilities assumed by the Company. On the date of the approval of the amalgamation, Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited were dissolved and struck off the Register of Companies without winding up pursuant to section 208 of the Jamaican Companies Act.

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1) BASIS OF PRESENTATION AND DISCLOSURE

Statement of compliance

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

This is the first set of Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to the significant accounting policies are described below.

The financial statements have been rearranged and presented to conform with the presentation of the financial statements of the ultimate parent company, CEMEX S.A.B. de C.V.

Comparative information

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

Basis of measurement

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

CARIBBEAN CEMENT COMPANY LIMITED
Notes to Group and Company Financial Statements
As of December 31, 2019 and 2018
(Thousands of Jamaican Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.1) BASIS OF PRESENTATION AND DISCLOSURE - CONTINUED

Functional and presentation currency and definition of terms

During the reported periods, the presentation currency of the Group financial statements is in the Jamaican dollars, which is the functional and presentation currency of the company and its subsidiary. When reference is made to dollars or "$" it means Jamaican dollars. The amounts in the financial statements and the accompanying notes are stated in thousands, except when references are made to earnings per stock unit. When reference is made to "US$", it means dollars of the United States of America ("United States"). When reference is made to "£" or "pounds", it means British pounds sterling. When reference is made to "TT$", it means Trinidad and Tobago dollars.

Newly issued IFRS adopted in 2019

The Group initially applied IFRS 16, *Leases* from January 1, 2019. A number of other new, revised and amended standards, as detailed below, are also effective January 1, 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16, *Leases* [note 14 and 16.2(b)]

IFRS 16 defines leases as any contract or part of a contract that conveys to the lessee the right to use an asset for a period in exchange for consideration and the lessee directs the use of the identified asset throughout that period. IFRS 16 introduces a single lessee accounting model, and requires a lessee to recognise, for all leases, allowing exemptions in case of the leases with a term of less than 12 months or when the underlying asset is of low value, assets for the right-of-use the underlying asset. A corresponding financial liability, representing the net present value (NPV) of estimated lease payments under the contract, with a single income statement model in which a lessee recognizes amortisation of the right-of-use asset and interest on the lease liability. A lessee shall present either in the statement of financial position, or disclose in the notes, right-of-use assets separately from other assets, as well as, lease liabilities separately from other liabilities. IFRS 16 is effective beginning January 1, 2019 and will supersede all current standards and interpretations related to lease accounting.

The Group applied IFRS 16 using the modified retrospective approach. Upon initial application, right-of-use assets were recognised at an amount equal to lease liabilities. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed above. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information. The Group has applied the recognition exception for short-term leases and low-value assets, as well as the practical expedient to not separate the non-lease component from the lease component included in the same contract. Right-of-use assets are presented in note 14.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019. The impact of the transition is summarised below.

	January 1, 2019
Right-of-use assets - Property, plant and equipment	115,803
Lease liabilities	115,803

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.1) BASIS OF PRESENTATION AND DISCLOSURE - CONTINUED

Newly issued IFRS adopted in 2019 - continued

IFRS 16, *Leases* [note 14 and 16.2(b)] - continued

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied ranged between 10.46% and 14.39%.

	January 1, 2019
Operating lease commitments at January 1, 2019 as disclosed under IAS 17 in the Group's financial statements	173,107
Discounted using the incremental borrowing rate at January 1, 2019	115,803
Lease liabilities recognised at January 1, 2019	115,803

IFRIC 23, *Uncertainty Over Income Tax Treatments*

IFRIC 23 *Uncertainty Over Income Tax Treatments* clarifies how the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

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

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

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

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

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 adoption of IFRIC 23 did not result in any changes to income tax recognised in the financial statements.

Amendments to IAS 19, *Employee Benefits* (Plan Amendment, Curtailment or Settlement)

Amendments to IAS 19, *Employee Benefits*, became effective on January 1, 2019 and requires that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.1) BASIS OF PRESENTATION AND DISCLOSURE - CONTINUED

Newly issued IFRS adopted in 2019 - continued

Amendments to IFRS 9, *Financial Instruments* (Prepayment Features with Negative Compensation)

Amendments to IFRS 9, *Financial Instruments*, became effective on January 1, 2019 and requires that the sign of the prepayment amount is not relevant, depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both in the case of an early repayment penalty and in the case of a early repayment gain.

As a consequence of this amendment, negative compensation may be regarded as "reasonable compensation" irrespective of the cause of the early termination. Financial assets with these prepayment features can therefore be measured at amortised cost or at FVOCI if they meet the other relevant requirements of IFRS 9. Retrospective application is required, subject to relevant transitional reliefs. The Board clarified that IFRS 9 (as issued in 2014) requires preparers to:

- recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate (EIR); and
- recognise any adjustment to profit or loss.

The accounting treatment is therefore consistent with that required for modification of financial assets that do not result in derecognition.

Annual Improvements to IFRS 2015-2017 Cycle

The following amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 became effective on January 1, 2019.

Amendments to IAS 23, *Borrowing Costs*

Amendments to IAS 23, Borrowing Costs, became effective on January 1, 2019. It requires that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, then that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Amendments to IFRS 3, *Business Combinations* and IFRS 11, *Joint Arrangements* (Long term Interests in Associates and Joint Ventures)

Amendments to IFRS 3, *Business Combinations,* became effective on January 1, 2019 and requires that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value.

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2.1) BASIS OF PRESENTATION AND DISCLOSURE - CONTINUED

Newly issued IFRS adopted in 2019 - continued

Amendments to IAS 12, *Income Taxes*

Amendments to IAS 12 *Income Taxes*, became effective on January 1, 2019 and requires that the income tax consequences of dividends be recognised where the transactions or events that generated distributable profits are recognised.

The adoption of these amendments to standards and interpretation did not result in any changes to the amounts recognised, presented and disclosed.

Income statements

The Company includes the line item titled “Operating earnings before other expenses, net” considering that it is a relevant operating measure for the Group's management. The line item “Other expenses, net” consists primarily of revenues and expenses not directly related to the Group's main activities, or which are of an unusual and/or non-recurring nature, including impairment losses of long-lived assets, results on disposal of assets and restructuring costs, among others (note 6). Under IFRS, the inclusion of certain subtotals such as “Operating earnings before other expenses, net” and the display of the statement of operations vary significantly by industry and company according to specific needs.

2.2) PRINCIPLES OF CONSOLIDATION

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

The Group financial statements include:

Entity	Principal activities	Country of incorporation	% Equity interest	
			2019	2018
Jamaica Gypsum & Quarries Limited …...…	Mining and the management of port facilities	Jamaica	-	100
Rockfort Mineral Bath Complex Limited ….	Spa facility	Jamaica	100	100
Caribbean Gypsum Company Limited ….…	Mining	Jamaica	-	100

As stated in note 1, the operations, along with the assets and liabilities of Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited were amalgamated in the Parent Company on May 1, 2019; and the entities statement of profit or loss were consolidated for the four months period ended April 30, 2019 (see note 26).

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS - CONTINUED

(i) Allowance for impairment losses on trade receivables

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

Under the ECL model, the Group segments its accounts receivable in a matrix by days past due and determines for each age bracket an average rate of ECL, considering actual credit loss experience over the last 24 months and analysis of future delinquency, that is applied to the balance of the accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

(ii) Net realisable value of inventories

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

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

The residual values and expected useful lives of long lived assets are reviewed at least annually. If expectations differ from previous estimates, the change is accounted for accordingly.

(iv) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The established provisions are based on reasonable estimates taking cognisance 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 prevailing conditions.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised.

Significant management judgement is also required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Based on an assessment made after considering the abovementioned factors, a net deferred tax liability was recognised as at the reporting date. (Note 19.2).

(v) Rehabilitation provision

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

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS - CONTINUED

(v) Rehabilitation provision (continued)

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).

(vi) Post-employment benefits

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

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

(vii) Fair value measurement

Other than the derivative financial instruments, the Group does not measure any other assets or liabilities at fair value in its statement of financial position. The fair values of financial instruments measured at amortised cost are disclosed in Note 16.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

(viii) Derivative financial instruments and hedge accounting

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

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS - CONTINUED

(viii) Derivative financial instruments and hedge accounting - continued

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

2.4) FOREIGN CURRENCY TRANSACTIONS

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

The most significant closing exchange rates and the approximate average exchange rates for the statement of financial position and the statement of profit or loss respectively as of December 31, 2019 and 2018, were as follows:

	2019		2018	
	Closing	Average	Closing	Average
United States Dollar ……………...………………	132.5690	134.0181	127.7162	129.5292
Euro ……..……………………………………………	154.1874	151.1078	140.6062	152.6996
Trinidad and Tobago Dollar ………………………	19.4977	19.8039	18.7857	19.1527

2.5) CASH AT BANK AND ON HAND

The balance in this caption is comprised of available amounts of cash at bank and on hand, represented by cash at bank and cash in hand.

2.6) FINANCIAL INSTRUMENTS

Classification and measurement of financial instruments

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

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets and liabilities comprises the following captions:

- Cash at bank and on hand (notes 2.5 and 8).
- Trade accounts receivable, net, other accounts receivable, accounts receivable from related parties, accounts receivable from subsidiary and other current assets (notes 9, 10, 12 and 22.1). Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.
- Liabilities for trade payables, other account payables and accrued expenses and accounts payable to related parties (notes 17 and 22.1) are recorded initially at amounts representing the fair value of the consideration to be paid for goods or services received by the reporting date, whether or not billed.

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.6) FINANCIAL INSTRUMENTS - CONTINUED

Classification and measurement of financial instruments - continued

- The initial recognition of the redeemable preference shares was measured at fair value and is subsequently measured at amortised cost using the effective interest method. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

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

Derivative financial instruments are recognised as assets or liabilities in the statement of financial position at their estimated fair values, and the changes in such fair values are recognised in the income statement within “Financial income and other items, net” for the period in which they occur, except in the case of hedging instruments as described below (note 16.4).

Impairment of financial assets

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

Fair value measurements (note 16.3)

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

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

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

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.

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.7) INVENTORIES (note 11)

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

2.8) PROPERTY, MACHINERY AND EQUIPMENT (note 14)

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

As of December 31, 2019, the average useful lives by category of fixed assets were as follows:

	Years
Land improvements	30
Buildings	20 - 40
Plant, machinery and equipment	3 - 3 1/3
Office furniture and equipment	3 - 4
Motor vehicles	3 - 5

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

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

Land and capital work-in-progress are not depreciated.

2.9) INTANGIBLE ASSETS (note 15)

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

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

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

Property, machinery and equipment and intangible assets of definite life

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

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

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

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

The fair values of these assets are significantly sensitive to changes in such relevant assumptions. Certain key assumptions are more subjective than others. The Group validates its assumptions through benchmarking with industry practices and the corroboration of third-party valuation advisors.

2.11) PROVISIONS

The Group recognises provisions when it has a legal or constructive obligation resulting from past events, whose resolution would require cash outflows, or the delivery of other resources owned by the Group. As of December 31, 2019 and 2018, some significant proceedings that gave rise to a portion of the carrying amount of the Group's other current and non-current liabilities and provisions are detailed in note 17.

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

Costs related to remediation of the environment (note 17)

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.11) PROVISIONS - CONTINUED

Contingencies and commitments (notes 23 and 24)

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

2.12) EMPLOYEE BENEFITS

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

(i) Defined contribution pension plan (note 18)

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

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

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

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

Re-measurements of the defined-benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the interest expense on the defined-benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net-defined benefit liability, taking into account any changes in the defined benefit liability during the year as a result of the contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in the statements of profit or loss.

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.12) EMPLOYEE BENEFITS - CONTINUED

(iii) Termination benefits

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

2.13) TAXATION (note 19)

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

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

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

The tax effects from an uncertain tax position are recognised when is probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information, and they are measured using a cumulative probability model. Each position has been considered on its own, regardless of its relation to any other broader tax settlement. The high probability threshold represents a positive assertion by management that the Group is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognised.

The effective tax rate is determined by dividing the line item "Taxation" by the line item "Earnings before taxation." This effective tax rate is further reconciled to the Group's statutory tax rate applicable in Jamaica. For the years ended December 31, 2019 and 2018, the statutory tax rate was 25%.

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.14) BORROWINGS AND BORROWING COSTS

Short-term loans and long-term borrowings

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

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

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

2.15) LEASES

Policy applicable from January 1, 2019

As lessee

The Group initially applied IFRS 16 *Leases* from 1 January 2019 using the modified retrospective approach, under which the lease assets were measured at an amount based on the lease liabilities.

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

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

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

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.15) LEASES - CONTINUED

Policy applicable from January 1, 2019 - continued

As lessee - continued

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

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

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

Short-term leases and leases of low-value assets

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

Policy applicable before January 1, 2019

Operating leases

Leases of assets under which all 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.

2.16) SHAREHOLDERS' EQUITY

Share capital (note 20.1)

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

(i) Ordinary stock units

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

(ii) Capital contribution

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

Other equity reserves (note 20.2)

Other equity reserves comprised of the cumulative effects of items and transactions that are, temporarily or permanently, recognised directly to stockholders' equity, and includes the comprehensive income, which reflects certain changes in stockholders' equity that do not result from investments by owners and distributions to owners. The most significant items within "Other equity reserves" during the reported periods are as follows:

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2.16) SHAREHOLDERS' EQUITY - CONTINUED

Other equity reserves [note 20.2(b)] - continued

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

- The portion of the preference shares redeemed that was transferred to "Capital Redemption Reserve Fund" pursuant to section 64(d) of the Jamaica Companies Act; and

- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in stockholders' equity.

Accumulated losses

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

2.17) EARNINGS PER STOCK UNIT

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

2.18) DIVIDEND

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

2.19) REVENUE RECOGNITION (note 3)

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

Sale of goods

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

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

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

Rental of port facilities

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

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

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

Operating expenses

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

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

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

2.21) FINANCE INCOME AND EXPENSE

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

Finance expense comprises interest charge on borrowings, unwinding of discount on preference shares, unwinding of discount on lease liabilities and unwinding of discount on rehabilitation provision. Interest is recognised as it accrues, using the effective interest method.

2.22) RELATED PARTY

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

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

(i) A person or a close member of that person's family is related to the Group if that person:
   (1) has control or joint control over the Group;
   (2) has significant influence over the Group; or
   (3) is a member of the key management personnel of the Group or of a parent of the Group.

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

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2) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES - CONTINUED

2.23) NEWLY ISSUED IFRSs NOT YET ADOPTED

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

Standard	Main topic	Effective date
Conceptual Framework	Amendments to *References to Conceptual Framework* in IFRS Standards is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting. The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.	1/1/2020
IAS 1, *Presentation of Financial Statements*	The new standard provides guidance on the classification of liabilities as current or non-current and introduces narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1/1/2022
IFRS 3 *Business Combinations*	Definition of Business: The amendments to the standard confirmed that a business must include inputs and a process, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. The new standard narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs. The new standard added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.	1/1/2020
IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	The amended standards provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.	1/1/2020
Amendments to IFRS 10, *Consolidated Financial Statements and IAS 28*	The amedments clarify the recognition of gains or losses in the parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.	Available for adoption/effective date deferred indefinitely
IFRS 9, *Financial Instruments* , IAS 39 *Financial Instruments* : Recognition and Measurement and IFRS 7, *Financial Instruments: Disclosures*	The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.	1/1/2020

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3) REVENUE

The Group's revenues are mainly originated from the sale and distribution of cement, clinker and other goods and services. The Group grants credit for terms ranging from 0 to 45 days depending on the type and risk of each customer. For the years ended December 31, 2019 and 2018, revenue, after elimination between subsidiaries resulting from consolidation, are as follows:

		The Group		The Company	
		2019	2018	2019	2018
From the sale of goods associated with the main activities	$	17,498,282	17,176,180	17,469,917	17,458,311
From the sale of services		48,610	97,550	48,610	24,247
From the sale of other goods and services		217,772	300,201	217,772	35,317
	$	17,764,664	17,573,931	17,736,299	17,517,875

Information on revenues by reportable segment and line of business for the years 2019 and 2018 is presented in note 4.

4) REPORTABLE SEGMENTS

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

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

The Group has identified the Group General Manager as its CODM. Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

Financial information related to the operating segment results for the year ended December 31, 2019, can be found in the Group statement of profit or loss and related notes. There are no differences in the measurement of the reportable segment results and the Group's results.

Revenue

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

		The Group		The Company	
		2019	2018	2019	2018
Local	$	17,572,843	17,515,541	17,544,478	17,459,485
Caribbean country		91,621	58,390	91,621	58,390
North American country		100,200	-	100,200	-
	$	17,764,664	17,573,931	17,736,299	17,517,875

Revenue from five customers (2018: five customers) amounted to $7,571,055,000 (2018: $7,599,799,000), arising from cement sales.

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5) OPERATING EARNINGS BEFORE OTHER INCOME (EXPENSES), NET

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

		The Group		The Company	
		2019	2018	2019	2018
Revenue	$	17,764,664	17,573,931	17,736,299	17,517,875
Expenses:					
Raw material and consumables		1,229,620	1,460,709	1,311,585	1,709,774
Fuel and electricity		3,396,908	3,480,111	3,393,159	3,473,862
Personnel remuneration and benefits (iii)		2,133,613	1,967,124	2,133,613	1,925,337
Repairs and maintenance		867,341	799,346	862,661	791,849
Equipment hire		894,159	586,908	863,499	454,570
Cement transportation, marketing and selling expenses		707,642	771,356	682,577	685,950
Audit fees:					
Current year		13,867	11,834	13,867	10,470
Previous year		6,842	-	6,842	-
Directors' emoluments		6,514	6,541	6,514	6,541
Other operating expenses		1,175,208	1,836,085	1,142,697	1,800,068
Depreciation and amortisation		1,603,850	1,153,830	1,601,568	1,146,702
Impairment		-	5,357	-	-
Changes in inventories of finished goods and work in progress		1,054,737	1,364,452	1,044,689	1,369,806
Total expenses (ii)		13,090,301	13,443,653	13,063,271	13,374,929
Operating earnings before other income (expenses)	$	4,674,363	4,130,278	4,673,028	4,142,946

(ii) The total expenses are included in the statement of profit or loss as follows:

		The Group		The Company	
		2019	2018	2019	2018
Cost of sales	$	10,596,112	11,230,161	10,609,240	11,238,041
Operating expenses (iii)		2,494,189	2,213,492	2,454,031	2,136,888
	$	13,090,301	13,443,653	13,063,271	13,374,929

(iii) Operating expenses during 2019 and 2018 by function are as follows:

		The Group		The Company	
		2019	2018	2019	2018
Administrative expenses	$	1,149,136	1,013,315	1,120,864	965,862
Selling expenses		139,113	147,692	127,227	118,541
Distribution and logistics expenses		1,205,940	1,052,485	1,205,940	1,052,485
	$	2,494,189	2,213,492	2,454,031	2,136,888

(iv) Personnel remuneration and benefits during 2019 and 2018 are detailed as follows:

		The Group		The Company	
		2019	2018	2019	2018
Wages and salaries	$	1,677,915	1,482,534	1,677,915	1,479,195
Statutory contributions		139,188	131,685	139,188	129,219
Pension costs (note 18)		58,124	49,376	58,124	48,919
Other personnel costs		258,386	303,529	258,386	268,004
	$	2,133,613	1,967,124	2,133,613	1,925,337

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6) OTHER (EXPENSES) INCOME, NET

The details of the line item "Other (expenses) income, net" in 2019 and 2018 were as follows:

		The Group		The Company	
		2019	2018	2019	2018
Manpower restructuring costs	$	(87,166)	-	(87,166)	-
Demolition expenses		(99,215)	(13,990)	(99,215)	(13,990)
Environmental costs		(49,615)	(49,595)	(49,615)	(49,595)
Management Fees		(117,948)	(114,146)	(117,948)	(114,146)
Impairment of subsidiary		-	-	-	(39,950)
Fixed asset write-off		(90,769)	-	(90,769)	-
Insurance compensation		-	249,438	-	249,438
Other, net		18,147	(42,223)	24,456	(574)
	$	(426,566)	29,484	(420,257)	31,183

7) FINANCIAL EXPENSES

The detail of financial expenses in 2019 and 2018 was as follows:

		The Group		The Company	
		2019	2018	2019	2018
Interest expenses	$	774,810	665,438	774,810	665,438
Unwinding of discount on preference shares		89,772	-	89,772	-
Unwinding of discount on lease liabilities		16,361	-	16,361	-
Unwinding of discount on rehabilitation provision		797	(661)	797	-
	$	881,740	664,777	881,740	665,438

8) CASH AT BANK AND ON HAND

As of December 31, 2019 and 2018, consolidated cash at bank and on hand consisted of:

		The Group		The Company	
		2019	2018	2019	2018
Cash at bank and on hand	$	544,570	420,790	544,549	413,781

9) TRADE ACCOUNTS RECEIVABLE, NET

As of December 31, 2019 and 2018, consolidated trade accounts receivable consisted of:

		The Group		The Company	
		2019	2018	2019	2018
Trade accounts receivable	$	510,512	357,197	510,512	349,725
Allowance for expected credit losses		(1,088)	(5,159)	(1,088)	(5,135)
	$	509,424	352,038	509,424	344,590

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9) TRADE ACCOUNTS RECEIVABLE, NET - CONTINUED

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

Changes in the allowance for expected credit losses in 2019 and 2018, are as follows:

		The Group		The Company	
		2019	2018	2019	2018
Allowances for expected credit losses at beginning of the year ……………………...……………	$	5,159	14,233	5,135	14,209
Adoption effect of IFRS 9 charge to retained earnings ……………………………...……		-	7,497	-	7,497
Deductions ……………………...………………………		(4,071)	(16,571)	(4,047)	(16,571)
Allowances for expected credit losses at end of the year ……………………...……………………	$	1,088	5,159	1,088	5,135

10) OTHER ACCOUNTS RECEIVABLE

As of December 31, 2019 and 2018, consolidated other accounts receivable consisted of:

		The Group		The Company	
		2019	2018	2019	2018
Non-trade accounts receivable ……………………...……	$	33,829	153,792	32,089	63,799
Loans to employees and others ……………………...……		21,045	9,248	21,045	9,440
Refundable taxes ………………………………………		23,824	177,028	23,824	177,028
	$	78,698	340,068	76,958	250,267

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

11) INVENTORIES, NET

As of December 31, 2019 and 2018, the consolidated balance of inventories are summarised as follows:

		The Group		The Company	
		2019	2018	2019	2018
Finished goods …………………...……………………	$	200,788	294,762	200,788	294,762
Work-in-process ………………………………………		381,464	187,731	381,464	187,731
Raw materials …………….……………………………		201,805	45,402	201,805	31,376
Materials and spare parts ……………….………………		1,367,823	1,196,863	1,367,823	1,196,863
Inventory in transit ………….………………………		56,680	8,507	56,680	8,507
	$	2,208,560	1,733,265	2,208,560	1,719,239

For the year ended December 31, 2019, the company recognised within “Cost of sales” in the income statement an inventory obsolescence provision of $15,076,000 (2018: nil).

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12) OTHER CURRENT ASSETS

As of December 31, 2019 and 2018, the consolidated balance of other current assets are summarised as follows:

		The Group		The Company	
		2019	2018	2019	2018
Advances to suppliers	$	56,103	104,045	56,103	103,606
	$	56,103	104,045	56,103	103,606

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

13) OTHER INVESTMENTS

As of December 31, 2019 and 2018, the consolidated balance of other investments are summarised as follows:

		The Company	
		2019	2018
Investment in subsidiaries	$	-	4,000
	$	-	4,000

As of December 31, 2019 and 2018, the consolidated balance of investment in subsidiaries are summarised as follows:

		The Company	
		2019	2018
Jamaica Gypsum & Quarries Limited (1)			
375,000,000 ordinary shares	$	-	79,000
Impairment loss provision		-	(79,000)
		-	-
Rockfort Mineral Bath Complex Limited (2)			
21,000,000 ordinary shares		2,938	2,938
Impairment loss provision		(2,938)	(2,938)
		-	-
Caribbean Gypsum Company Limited (1)			
1,000 ordinary shares		-	4,000
		-	4,000
	$	-	4,000

(1) As described in note 1, Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited have been amalgamated with the Company.

(2) The investment in Rockfort Mineral Bath Complex Limited was fully impaired in 2014.

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14) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2019 and 2018, property, machinery and equipment, net include the following:

	The Group		The Company	
	2019	2018	2019	2018
Land and land improvements $	283,570	223,838	283,597	48,334
Building	1,575,848	1,538,277	1,565,693	1,502,494
Machinery and equipment	28,713,905	27,820,043	28,709,298	27,700,320
Construction in progress	1,267,134	2,044,789	1,267,142	2,050,599
Accumulated depreciation	(8,210,912)	(7,843,010)	(8,196,298)	(7,626,784)
$	23,629,545	23,783,937	23,629,432	23,674,963

Changes in property, machinery and equipment, net for the year ended December 31, 2019 and 2018, were as follows:

The Group	**2019**				
	Land and land improvements	**Building**	**Machinery and equipment**	**Construction in progress**	**Total**
Cost at beginning of year $	223,838	1,538,277	27,820,043	2,044,789	31,626,947
Accumulated depreciation	(86,332)	(775,561)	(6,981,117)	-	(7,843,010)
Net book value at beginning of year	137,506	762,716	20,838,926	2,044,789	23,783,937
Recognition of right-of-use assets on initial application of IFRS 16	-	99,400	16,403	-	115,803
Capital expenditures	-	-	-	1,334,340	1,334,340
Additions through capital leases	-	-	65,259	-	65,259
Write-off	-	-	-	(76,285)	(76,285)
Reclassification	64,298	7,802	1,969,412	(2,041,512)	-
Stripping costs	3,918	-	-	-	3,918
Adjustments - cost	-	16,186	-	-	16,186
Disposals - cost	(8,484)	(85,817)	(1,157,212)	5,802	(1,245,711)
Movement in cost during the year	**59,732**	**37,571**	**893,862**	**(777,655)**	**213,510**
Disposals - accumulated depreciation	(2,465)	(82,788)	(1,150,695)	-	(1,235,948)
Depreciation for the year	4,075	68,526	1,531,249	-	1,603,850
Cost at end of year	283,570	1,575,848	28,713,905	1,267,134	31,840,457
Accumulated depreciation	(87,942)	(761,299)	(7,361,671)	-	(8,210,912)
Net book value at end of year $	195,628	814,549	21,352,234	1,267,134	23,629,545

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14) PROPERTY, MACHINERY AND EQUIPMENT, NET - CONTINUED

The Group

2018	Land and land improvements	Building	Machinery and equipment	Construction in progress	Total
Cost at beginning of year $	229,195	1,342,308	9,854,103	3,547,984	14,973,590
Accumulated depreciation	(86,332)	(734,864)	(5,869,444)	-	(6,690,640)
Net book value at beginning of year	142,863	607,444	3,984,659	3,547,984	8,282,950
Capital expenditures	-	-	-	16,663,006	16,663,006
Reclassification	-	195,969	17,970,216	(18,166,185)	-
Impairment	(5,357)	-	-	-	(5,357)
Disposals - cost	-	-	(4,276)	(16)	(4,292)
Movement in cost during the year	**(5,357)**	**195,969**	**17,965,940**	**(1,503,195)**	**16,653,357**
Adjustments - accumulated depreciation	-	(11,988)	11,988	-	-
Disposals - accumulated depreciation	-	-	(1,460)	-	(1,460)
Depreciation for the year	-	40,697	1,113,133	-	1,153,830
Cost at end of year	223,838	1,538,277	27,820,043	2,044,789	31,626,947
Accumulated depreciation	(86,332)	(775,561)	(6,981,117)	-	(7,843,010)
Net book value at end of year $	137,506	762,716	20,838,926	2,044,789	23,783,937

The Company

2019	Land and land improvements	Building	Machinery and equipment	Construction in progress	Total
Cost at beginning of year $	48,334	1,502,494	27,700,320	2,050,599	31,301,747
Accumulated depreciation	(15,049)	(760,638)	(6,851,097)	-	(7,626,784)
Net book value at beginning of year	33,285	741,856	20,849,223	2,050,599	23,674,963
Recognition of right-of-use assets on initial application of IFRS 16	-	99,400	16,403	-	115,803
Capital expenditures	-	-	-	1,334,340	1,334,340
Additions through capital leases	-	-	65,259	-	65,259
Write-off	-	-	-	(76,285)	(76,285)
Reclassification	64,298	7,802	1,969,412	(2,041,512)	-
Cost - amalgamation adjustments	169,512	25,628	115,174	-	310,314
Adjustments - cost	-	16,186	-	-	16,186
Disposals - cost	(2,465)	(85,817)	(1,157,270)	-	(1,245,552)
Stripping costs	3,918	-	-	-	3,918
Movement in cost during the year	**235,263**	**63,199**	**1,008,978**	**(783,457)**	**523,983**
Accumulated depreciation - amalgamation adjustments	-	91,145	112,474	-	203,619
Disposals - accumulated depreciation	(2,465)	(84,037)	(1,149,171)	-	(1,235,673)
Depreciation for the year	2,803	67,975	1,530,790	-	1,601,568
Cost at end of year	283,597	1,565,693	28,709,298	1,267,142	31,825,730
Accumulated depreciation	(15,387)	(835,721)	(7,345,190)	-	(8,196,298)
Net book value at end of year $	268,210	729,972	21,364,108	1,267,142	23,629,432

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14) PROPERTY, MACHINERY AND EQUIPMENT, NET - CONTINUED

The Company		2018				
		Land and land improvements	Building	Machinery and equipment	Construction in progress	Total
Cost at beginning of year	$	48,334	1,320,446	9,735,012	3,546,616	14,650,408
Accumulated depreciation		(15,049)	(712,883)	(5,753,611)	-	(6,481,543)
Net book value at beginning of year		33,285	607,563	3,981,401	3,546,616	8,168,865
Capital expenditures		-	-	303	16,655,328	16,655,631
Reclassification		-	182,048	17,969,281	(18,151,329)	-
Disposals - cost		-	-	(4,276)	(16)	(4,292)
Total capital expenditures		**-**	**182,048**	**17,965,308**	**(1,496,017)**	**16,651,339**
Adjustments - accumulated depreciation		-	(11,988)	11,988	-	-
Disposals - accumulated depreciation		-	-	(1,461)	-	(1,461)
Depreciation for the year		-	35,767	1,110,935	-	1,146,702
Cost at end of year		48,334	1,502,494	27,700,320	2,050,599	31,301,747
Accumulated depreciation		(15,049)	(760,638)	(6,851,097)	-	(7,626,784)
Net book value at end of year	$	33,285	741,856	20,849,223	2,050,599	23,674,963

(i) As of December 31, 2019 the property, machinery and equipment includes right-of-use assets with net carrying amount of $149,930,785 related to the lease properties and motor vehicles.

15) INTANGIBLE ASSETS, NET

As of December 31, 2019 and 2018, consolidated intangible assets were summarised as follows:

		2019			2018		
		Cost	Accumulated amortisation	Carrying amount	Cost	Accumulated amortisation	Carrying amount
Intangible assets of definite useful life:							
Exploration cost		26,715	(26,715)	-	26,715	(26,715)	-
Dredging cost		38,091	(38,091)	-	38,091	(38,091)	-
	$	64,806	(64,806)	-	64,806	(64,806)	-

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16) FINANCIAL INSTRUMENTS

16.1) LONG-TERM DEBT

As of December 31, 2019 and 2018, consolidated debt summarised by interest rates and currencies, are as follows:

		Group and Company	
		2019	2018
Floating rate debt	$	6,079,656	3,917,384
Fixed rate debt		3,076,000	7,469,644
	$	9,155,656	11,387,028

Effective rate:

	2019	2018
Floating rate debt	6.83%	6.59%
Fixed rate debt	7.45%	7.25% - 7.45%

		2019	2018
US$	$	6,079,656	8,311,028
Jamaican $		3,076,000	3,076,000
	$	9,155,656	11,387,028

		2019	2018
Loans:			
CEMEX Espana (a)	$	6,079,656	3,917,384
CEMEX Espana (b)		-	4,393,644
National Commercial Bank Jamaica Limited (c)		3,076,000	3,076,000
	$	9,155,656	11,387,028

Changes in debt for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Debt at beginning of year	$	11,387,028	-
Proceeds from new debt instruments		-	15,212,870
Debt repayments, net		(2,207,878)	(3,823,962)
Foreign currency translation effects		(23,494)	(1,880)
Debt at end of year	$	9,155,656	11,387,028

a) This is an unsecured revolving loan with a related party to lend to the Company up to US$52,000,000. This loan attracts interest at an annual rate equal to the 3-month London Inter-Bank Offered Rate (LIBOR) plus 420 basis points over a 7 year period. The net effect of the loan drawn down as at December 31, 2019 and 2018 was US$45,860,312 and US$32,019,000, respectively.

b) This is an unsecured non-revolving loan with a related party which attracted interest at a rate of 7.25% for 2018, which was fully paid in 2019.

c) National Commercial Bank Jamaica Limited loan represents a bilateral unsecured revolving credit line which attracts interest at a rate of 7.45% per annum over a 5 year period.

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.1) LONG-TERM DEBT - CONTINUED

Financial Covenants

On November 30, 2018 the Group negotiated a 5-year loan facility with a local bank in Jamaica. The terms of this loan are disclosed below:

	Maximum/principal amount	Interest rate	Maturity date
Term loan	$3,076,000,000	7.45%	November 30, 2023

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

Coverage ratio > = 1.20
Leverage ratio < = 4.00

As at December 31, 2018 and 2019, the Group was in compliance with the financial covenants.

16.2) OTHER FINANCIAL OBLIGATIONS

Other financial obligations in the statement of financial position of the Group and the Company as of December 31, 2019 and 2018, are as follows:

		2019			2018		
		Short-term	Long-term	Total	Short-term	Long-term	Total
Redeemable preference shares (a)	$	627,893	2,395,037	3,022,930	826,647	3,021,805	3,848,452
Lease liabilities (b) ………………		45,134	101,709	146,843	-	-	-
	$	673,027	2,496,746	3,169,773	826,647	3,021,805	3,848,452

(a) Redeemable preference shares

		2019	2018
Balance at beginning of year ……	$	3,848,452	-
Redeemable preference shares ……		-	5,077,760
Partial redemption ……		(1,120,972)	(350,864)
		2,727,480	4,726,896
Fair value adjustments at initial recognition ……		-	(748,925)
Unwinding of discount on preference shares ……		89,772	-
Foreign exchange movement ……		205,678	(129,519)
Balance at end of year ……	$	3,022,930	3,848,452

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

(b) Lease liabilities

		2019	2018
Balance at beginning of year ……	$	-	-
Initial application of IFRS 16 ……		115,803	-
New leases ……		65,259	-
Unwinding of discount on lease liabilities ……		16,361	-
Payments ……		(50,580)	-
Balance at end of year ……	$	**146,843**	-

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.2) OTHER FINANCIAL OBLIGATIONS - CONTINUED

(b) Lease liabilities - continued

		2019	2018
No later than 1 year	$	45,134	-
Later than 1 year and not later than 5 years		80,218	-
Later than 5 years		21,491	-
	$	146,843	-

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

16.3) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

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

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

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

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

As of December 31, 2019 and 2018, the carrying amounts of financial liabilities of the Group and the Company and their respective fair values are as follows:

		2019		2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
Derivative financial instruments (note 16.4)	$	13,715	13,715	-	-
	$	13,715	13,715	-	-

16.4) DERIVATIVE FINANCIAL INSTRUMENT

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

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.4) DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

As of December 31, 2019 and 2018, the carrying amounts and fair values of the Group's derivative instruments was as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Fuel price hedging $	13,715	13,715	-	-

Up to December 31, 2019, the Company maintained a forward contract negotiated with CEMEX S.A.B. de C.V. to hedge the price of diesel fuel with the objective of changing the risk profile and fixing the price of fuel. At December 31, 2019, the aggregate notional amount of the contract is $13,715,000 (US$103,000) [2018: $nil], with estimated aggregate fair value of $13,715,000 (US$103,000) [2018: $nil]. The contract was designated as a cash flow hedge of diesel fuel consumption, and as such, changes in fair value were recognised initially in other comprehensive income and were recycled to profit or loss as the related diesel volumes are consumed. Fair value losses of a hedge contract recognised in other comprehensive income in 2017 amounting to $73,472,000 (US$566,000) were recycled through profit or loss in 2018.

16.5) RISK MANAGEMENT

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

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

As of December 31, 2019, these strategies are sometimes complemented with the use of derivative financial instruments as mentioned in note 16.4, such as the commodity forward contracts on fuels negotiated to fix the price of these underlying commodities. The main risk categories are mentioned below.

Interest rate risk

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

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

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT

Monetary position by interest profile

As of December 31, 2019 and 2018, the net monetary assets (liabilities) by interest profile are as follows:

		The Group		The Company	
		2019	2018	2019	2018
Monetary Assets:					
Cash at bank and on hand	$	544,570	420,790	544,549	413,781
		544,570	420,790	544,549	413,781
Monetary liabilities:					
Floating rate debt	$	6,079,656	3,917,384	6,079,656	3,917,384
Fixed rate debt		3,076,000	7,469,644	3,076,000	7,469,644
		9,155,656	11,387,028	9,155,656	11,387,028
Net monetary liabilities	$	(8,611,086)	(10,966,238)	(8,611,107)	(10,973,247)

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

	The Group				
	Change in basis point			Effect on profit before tax	
2019	+100	-100	$	55,351	(55,351)
2018	+100	-100	$	34,974	(34,974)

	The Company				
	Change in basis point			Effect on profit before tax	
2019	+100	-100	$	55,351	(55,351)
2018	+100	-100	$	35,044	(35,044)

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.

Monetary position by foreign currency risk

As of December 31, 2019 and 2018, the net monetary assets (liabilities) by foreign currency are as follows:

		2019			2018		
		US$	EURO	TT$	US$	EURO	TT$
Foreign currency assets:							
Cash at bank and on hand	$	1,903	-	-	1,020	-	-
Trade accounts receivable, net		138	-	-	1,470	-	-
Accounts receivable from related parties		305	-	-	-	-	-
	$	2,346	-	-	2,490	-	-

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT - CONTINUED

Monetary position by foreign currency risk - continued

As of December 31, 2019 and 2018, the net monetary assets (liabilities) by foreign currency are as follows - continued:

	2019			2018		
	US$	**EURO**	**TT$**	**US$**	**EURO**	**TT$**
Foreign currency liabilities:						
Long-term debt ………………$	45,860	-	-	65,074	-	-
Other financial obligations ….	22,803	-	-	37,440	-	-
Accounts payable to related parties …………….	3,825	-	233	4,143	-	2,386
Trade account payables	670	6	-	61	-	-
	73,158	6	233	106,718	-	2,386
Net monetary liabilities .... $	(70,812)	(6)	(233)	(104,228)	-	(2,386)

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

	2019				
	Change in exchange rate			**Effect on profit before tax**	
US$ ………	+6.00%	-4.00%	$	(563,243)	375,495
Euros ………	+6.00%	-4.00%	$	(58)	38
TT$ ………	+6.00%	-4.00%	$	(273)	182

	2018				
	Change in exchange rate			**Effect on profit before tax**	
US$ ………	+2.00%	-4.00%	$	(532,465)	266,233
Euros ………	+2.00%	-4.00%	$	-	-
TT$ ………	+2.00%	-4.00%	$	(1,793)	987

Credit risk

Credit risk is the risk of financial loss faced by the Group if a customer or counterpart of a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2019 and 2018, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorisation of credit to customers. The accounting exposure to credit risk is monitored constantly according to the behaviour of payment of debtors. Credit is assigned on a customer-to-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behaviour regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Group's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk tolerance which analyses the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery. The review includes external ratings, when references are available, and in some cases bank references. Thresholds of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by the Group can only carry out transactions by paying cash in advance. As of December 31, 2019, considering the Group's best estimate of potential expected losses based on the ECL model developed by the Group (note 9), the allowance for expected credit losses was $1.088 million [2018: $5.159 million].

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

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT - CONTINUED

Credit risk - continued

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

The Group estimates expected credit losses ("ECL") on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables as at December 31, 2019 and 2018.

The Group

		2019			
Aged buckets (days)		**Weighted average loss rate**	**Carrying gross amount**	**Impairment loss allowance**	**Credit impaired**
Current (not past due)	$	0.2374%	510,511	1,087	No
1-30		0.2006%	-	-	No
31-60		0.1728%	-	-	No
61-90		0.1485%	-	-	No
91-120		0.1507%	-	-	No
121-365		0.1627%	-	-	No
Over 365 days		100.0000%	1	1	Yes
	$		510,512	1,088	

The Group

		2018			
Aged buckets (days)		**Weighted average loss rate**	**Carrying gross amount**	**Impairment loss allowance**	**Credit impaired**
Current (not past due)	$	0.4905%	237,754	1,129	No
1-30		0.4905%	82,154	403	No
31-60		0.4905%	33,627	165	No
61-90		0.4905%	-	-	No
91-120		0.4905%	201	1	No
121-365		0.4905%	-	-	No
Over 365 days		100.0000%	3,461	3,461	Yes
	$		357,197	5,159	

The Company

		2019			
Aged buckets (days)		**Weighted average loss rate**	**Carrying gross amount**	**Impairment loss allowance**	**Credit impaired**
Current (not past due)	$	0.2374%	510,511	1,087	No
1-30		0.2006%	-	-	No
31-60		0.1728%	-	-	No
61-90		0.1485%	-	-	No
91-120		0.1507%	-	-	No
121-365		0.1627%	-	-	No
Over 365 days		100.0000%	1	1	Yes
	$		510,512	1,088	

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT - CONTINUED

Credit risk - continued

The Company

Aged buckets (days)		2018 Weighted average loss rate	Carrying gross amount	Impairment loss allowance	Credit impaired
Current (not past due)	$	0.4905%	230,306	1,129	No
1-30		0.4905%	82,154	403	No
31-60		0.4905%	33,627	165	No
61-90		0.4905%	-	-	No
91-120		0.4905%	201	1	No
121-365		0.4905%	-	-	No
Over 365 days		100.0000%	3,437	3,437	Yes
	$		349,725	5,135	

As at December 31, 2019, the Group had 3 customers (2018: 3 customers) that owed the Group more than $20,000,000 each (2018: $20,000,000 each), which accounted for 97% (2018: 89%) of all trade receivables owing.

Liquidity risk

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

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

The Group

Months		2019 Lease liabilities	Redeemable preference shares	Long-term debt	Accounts payable to related parties	Trade payables	Total
Less than 3	$	-	-	-	527,383	-	527,383
3 - 12		45,134	627,893	-	-	2,469,260	3,142,287
12 - 60		80,218	2,395,037	-	-	-	2,475,255
Over 60		21,491	-	9,155,656	-	-	9,177,147
	$	146,843	3,022,930	9,155,656	527,383	2,469,260	15,322,072

The Group

Months		2018 Lease liabilities	Redeemable preference shares	Long-term debt	Accounts payable to related parties	Trade payables	Total
Less than 3	$	-	-	-	749,734	-	749,734
3 - 12		-	826,647	-	-	1,963,528	2,790,175
12 - 60		-	3,021,805	3,076,000	-	-	6,097,805
Over 60		-	-	8,311,028	-	-	8,311,028
	$	-	3,848,452	11,387,028	749,734	1,963,528	17,948,742

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16) FINANCIAL INSTRUMENTS - CONTINUED

16.5) RISK MANAGEMENT - CONTINUED

Liquidity risk - continued

The Company — **2019**

Months		Lease liabilities	Redeemable preference shares	Long-term debt	Accounts payable to related parties and subsidiary	Trade payables	Total
Less than 3 ………………………	$	-	-	-	530,489	-	530,489
3 - 12 ……………………………		45,134	627,893	-	-	2,467,376	3,140,403
12 - 60 …………………………….		80,218	2,395,037	-	-	-	2,475,255
Over 60 ……………………………...		21,491	-	9,155,656	-	-	9,177,147
	$	146,843	3,022,930	9,155,656	530,489	2,467,376	15,323,294

The Company — **2018**

Months		Lease liabilities	Redeemable preference shares	Long-term debt	Accounts payable to related parties and subsidiary	Trade payables	Total
Less than 3 ………………………	$	-	-	-	749,734	-	749,734
3 - 12 ……………………………		-	826,647	-	-	1,953,019	2,779,666
12 - 60 …………………………….		-	3,021,805	3,076,000	-	-	6,097,805
Over 60 ……………………………...		-	-	8,311,028	-	-	8,311,028
	$	-	3,848,452	11,387,028	749,734	1,953,019	17,938,233

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business activities, maximise stockholder value. As at the reporting date, excluding the convenants on long-term debt (note 16.1) 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 stockholders, return capital to stockholders or issue new stock units.

17) OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2019 and 2018, the balance of other current liabilities are summarised as follows:

		The Group		The Company	
		2019	2018	2019	2018
Provision ………………………………………	$	682,546	302,394	682,546	272,531
Rehabilitation provision …………………………		773	6,521	773	-
Interest Payable ………………………………		631	21,110	631	21,110
Advances from customers ………………………		237,434	235,305	237,434	235,305
Tax payable …………………………………		292,726	338,474	294,467	339,416
Other account payable and accrued expenses ………		70,771	35,660	69,021	38,886
	$	1,284,881	939,464	1,284,872	907,248

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17) OTHER CURRENT AND NON-CURRENT LIABILITIES - CONTINUED

As of December 31, 2019 and 2018, the balance of other non-current liabilities are summarised as follows:

		The Group		The Company	
		2019	2018	2019	2018
Rehabilitation provision	$	54,094	39,118	54,094	-
	$	54,094	39,118	54,094	-

Changes in rehabilitation provision for the years ended December 31, 2019 and 2018, are as follows:

		2019	2018
Balance at beginning of the year	$	45,639	39,125
Additions or increase in estimates		8,431	7,175
Unwinding of discount on rehabilitation provision		797	(661)
Balance at end of the year		54,867	45,639
Out of which:			
Current provision		773	6,521
Non-current provision	$	54,094	39,118

18) PENSIONS AND POST-EMPLOYMENT BENEFITS

Defined contribution pension plans

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 $47,336,000 (2018: $49,376,000) and $47,336,000 (2018: $48,919,000) respectively.

Employee benefits obligation

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

		Total	
Net period cost (income)		2019	2018
Recorded in operating expenses			
Current service cost	$	10,788	8,092
Interest cost		57,197	64,650
	$	67,985	72,742
Recorded in other comprehensive income			
Actuarial gains for the year	$	(29,840)	(29,149)

For the years 2019 and 2018, actuarial (gains) losses for the period were generated by the following main factors as follows:

		2019	2018
Changes in financial assumptions	$	(45,685)	133,079
Experience adjustments		15,845	(162,228)
	$	(29,840)	(29,149)

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18) PENSIONS AND POST-EMPLOYMENT BENEFITS - CONTINUED

Employee benefits obligation - continued

As of December 31, 2019 and 2018, the reconciliation of the actuarial benefits' obligations and pension plan assets, are presented as follows:

		2019	2018
Change in benefits obligation:			
Projected benefit obligation at beginning of the year	$	832,804	826,320
Service cost		10,788	8,092
Interest cost		57,197	64,650
Actuarial gains		(29,840)	(29,149)
Benefits paid		(31,902)	(37,109)
Projected benefit obligation at end of the year	$	839,047	832,804

The principal actuarial assumptions used are as follows:

	2019	2018
Assumptions:		
Discount rate	7.50%	7.00%
Inflation rate	4.00%	3.00%
Medical growth rate	8.00%	6.00%

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

At December 31, 2019, the weighted average duration at the defined benefit obligation was 29 years (2018: 29 years).

Sensitivity analysis on projected benefits obligation

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

	2019			
	Change		Effect on health cost	
Assumptions:				
Discount rate sensitivity	+1.00%	-1.00%	(119,677)	153,241
Medical growth rate	+1.00%	-1.00%	153,241	(120,162)
Life expectancy	+1.00%	-1.00%	32,678	(32,152)

	2018			
	Change		Effect on health cost	
Assumptions:				
Discount rate sensitivity	+1.00%	-1.00%	(114,156)	146,144
Medical growth rate	+1.00%	-1.00%	146,144	(116,079)
Life expectancy	+1.00%	-1.00%	25,262	(25,150)

Adjustment to retirees' membership and liability

The Group embarked on an exercise to determine whether all retirees, who are in receipt of medical benefits are alive. One hundred and sixty-four (164) retirees have not collected the medical cards which is needed to access the benefits. While this does not directly imply that these members are not alive, it has been assumed, for the purpose of the valuation, forty-one (41) retirees and thirteen (13) spouses who are aged 75 years and over, are deceased and as a result they were removed from the data. This resulted in a reduction in the medical obligation of $58,000,000. If any of these members present themselves, the related obligation will be included in subsequent valuation of the medical benefit obligation.

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19) TAXATION

19.1) TAXATION CHARGE FOR THE PERIOD

The amounts of tax expense in the statement of profit or loss for 2019 and 2018 are summarised as follows:

		The Group		The Company	
		2019	2018	2019	2018
Current tax	$	180,793	95,664	180,793	95,664
Previous year tax adjustment		8,808	-	8,808	-
Deferred tax		664,135	732,904	664,135	732,904
	$	853,736	828,568	853,736	828,568

19.2) DEFERRED TAXES

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

As of December 31, 2019 and 2018 the temporary differences that generated the deferred tax assets and liabilities of the Group are presented below:

		2019			
		January 1	Recognised in profit or loss	Recognised in OCI	December 31
Deferred tax assets:					
Tax losses	$	345,422	(283,301)	-	62,121
Accrued vacation		-	(6,089)	-	(6,089)
Accrued charges and rewards		65,071	78,927	-	143,998
Post-retirement benefit obligation		208,202	9,019	(7,460)	209,761
Unrealised exchange losses		2,096	(1,732)	-	364
Total deferred tax assets	$	620,791	(203,176)	(7,460)	410,155
Deferred tax liabilities:					
Property, machinery and equipment		(1,234,919)	(460,959)	-	(1,695,878)
Total deferred tax liabilities		(1,234,919)	(460,959)	-	(1,695,878)
Net deferred tax liabilities	$	(614,128)	(664,135)	(7,460)	(1,285,723)

		2018			
		January 1	Recognised in profit or loss	Recognised in OCI	December 31
Deferred tax assets:					
Tax losses	$	501,954	(156,532)	-	345,422
Accrued vacation		19,156	(19,156)	-	-
Accrued charges and rewards		75,514	(10,443)	-	65,071
Post-retirement benefit obligation		206,581	8,908	(7,287)	208,202
Unrealised exchange losses		1,918	178	-	2,096
Total deferred tax assets	$	805,123	(177,045)	(7,287)	620,791
Deferred tax liabilities:					
Property, machinery and equipment	$	(671,630)	(563,289)	-	(1,234,919)
Unrealised gain on exchange		(7,430)	7,430	-	-
Total deferred tax liabilities		(679,060)	(555,859)	-	(1,234,919)
Net deferred tax liabilities	$	126,063	(732,904)	(7,287)	(614,128)

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19) TAXATION - CONTINUED

19.2) DEFERRED TAXES - CONTINUED

a) At December 31, 2019, subject to agreement with the Taxpayer Audit and Assessment Department, tax losses amounted to approximately $248,482,001 (2018: $1,606,712,000) for the Group and $248,482,001 (2018: $1,381,688,000) for the Company. The amount that can be utilised in any one assessment year is restricted to 50% of chargeable income (before utilising any prior year losses) of that assessment year.

b) A deferred tax asset of $nil (2018: $75,366,000) has not been recognised by the Group for its subsidiaries as management does not believe that the asset will be realised.

19.3) RECONCILIATION OF EFFECTIVE TAX RATE

For the years ended December 31, 2019 and 2018, the effective tax rates were as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Earnings before taxation ... $	2,737,414	3,294,661	2,742,367	3,308,508
Taxation ...	853,736	828,568	853,736	828,568
Effective tax rate ... $	31%	25%	31%	25%

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
Earnings before taxation ... $	2,737,414	3,294,661	2,742,367	3,308,508
Taxed at 25% ...	(684,354)	(823,665)	(685,592)	(827,127)
Tax on non-allowable expenses ...	(253,594)	(47,540)	(253,594)	(47,540)
Employment tax credit ...	81,615	40,998	81,615	40,998
Other ...	2,597	1,639	3,835	5,101
	(853,736)	(828,568)	(853,736)	(828,568)

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20) SHARE CAPITAL & RESERVES

20.1) SHARE CAPITAL

As of December 31, 2019 and 2018, the breakdown of authorised share capital was as follows:

	Number of units ('000)	
	2019	2018
Ordinary stock units at no par value	1,350,000	1,350,000
Preference shares of US$1 par value	115,000	115,000

As of December 31, 2019 and 2018 the shares of the Group was as follows:

		2019		2018	
Issued and fully paid:		**Number of units ('000)**	**Value ($)**	**Number of units ('000)**	**Value ($)**
Ordinary stock units at no par value	$	851,138	1,808,837	851,138	1,808,837
Preference shares of US$1 par value (i)					
January 1		48,071	-	52,000	5,077,760
Less amount redeemed [note 20.2(b)i)]		(10,271)	-	(3,929)	(350,864)
		37,800	-	48,071	4,726,896
Preference shares reclassified to liability		-	-	-	(4,726,896)
December 31		37,800	-	48,071	-
Capital contribution (ii)	$	-	3,839,090	-	3,839,090

(i) Preference shares

On January 5, 2010, at an Extraordinary General Meeting the members approved a resolution for the conversion of US$15,000,000 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 stockholders approved a resolution for the creation of 100,000,000 new preference shares and further authorised the Board to issue to TCL allotments of new preference shares for the purpose of discharging debts owed by the Company to TCL. Subsequently, on June 29, 2013, the Board approved the conversion of US$37,000,000 due to TCL into thirty-seven million (37,000,000) redeemable preference shares of US$1 each.

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

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

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

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20) SHARE CAPITAL & RESERVES - CONTINUED

20.1) SHARE CAPITAL - CONTINUED

(i) Preference shares - continued

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

As of December 31, 2019, the company has made two partial redemptions of preference shares amounting to 14,200,204 out of the 15,000,000 total preference shares that were issued to TCL in 2010. The amount of the consideration paid for the two partial redemptions as of December 31, 2019 was US$11,059,780. After this partial redemption, TCL still holds an aggregate number of 37,799,796 preference shares.

(ii) Capital contribution

On June 25, 2013, 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.

20.2) RESERVES

(a) Realised capital gain

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

(b) Other equity reserves

As of December 31, 2019 and 2018 other equity reserves are summarised as follows:

		The Group and the Company	
		2019	2018
Capital redemption fund reserve (i)	$	1,268,221	350,864
Fuel price hedge (16.4)		(13,715)	-
	$	1,254,506	350,864

(i) Capital redemption fund reserve

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

		The Group and the Company	
		2019	2018
Balance at the beginning of the year	$	350,864	-
Amount transferred during the year		917,357	350,864
Balance at the end of the year	$	1,268,221	350,864

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20) SHARE CAPITAL & RESERVES - CONTINUED

20.2) RESERVES - CONTINUED

(c) Total comprehensive income and accumulated losses:

(i) The "total net income" for the years ended December 31, 2019 and 2018 was dealt with in the financial statements as follows:

		2019	2018
Company	$	1,888,631	2,479,940
Subsidiaries		(4,953)	(13,847)
	$	1,883,678	2,466,093

(ii) The "accumulated losses" as of December 31, 2019 and 2018 are reflected in the financial statements as follows:

		2019	2018
Company	$	(8,652)	(987,260)
Subsidiaries		3,082	(7,011)
	$	(5,570)	(994,271)

(iii) Changes in accumulated losses for the years ended December 31, 2019 and 2018, were as follows:

		The Group		The Company	
		2019	2018	2019	2018
Balance at beginning of the year	$	(994,271)	(3,880,287)	(987,260)	(3,887,123)
Net income		1,883,678	2,466,093	1,888,631	2,479,940
Actuarial gains for the year		22,380	21,862	22,380	21,862
Transfer to capital redemption fund reserve		(917,357)	(350,864)	(917,357)	(350,864)
Fair value adjustment associated with redemption of preference shares		-	748,925	-	748,925
Amalgamated subsidiaries equity transferred		-	-	(15,046)	-
Balance at end of the year	$	(5,570)	(994,271)	(8,652)	(987,260)

21) EARNINGS PER STOCK UNIT

Basic earnings per stock unit is calculated by dividing net income attributable to ordinary stockholders of the Parent Company (the numerator) by the weighted-average number of stock units outstanding (the denominator) during the period.

The amounts considered for calculations of earnings per stock unit in 2019 and 2018 were as follows:

		The Group	
		2019	2018
Profit attributable to stockholders	$	1,883,678	2,466,093
Number of ordinary stock units in issue (thousands)		851,138	851,138
Earnings per ordinary stock unit (expressed in $ per stock unit)	$	2.21	2.90

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22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

22.1) ACCOUNTS RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

Balances and operations between the Company and its subsidiary and associates companies, including the Parent result mainly from: (i) businesses and operational activities; (ii) billing of administrative services and other services rendered between affiliated companies; and (iii) loans between subsidiaries and associates companies. The transactions between subsidiaries and associates companies are conducted at arm's length.

For the transactions mentioned above, as of December 31, 2019 and 2018, the main accounts receivable and payable with related parties, are the following:

		Assets		Liabilities	
2019		**Short-term**	**Long-term**	**Short-term**	**Long-term**
Arawak Cement Company Limited	$	3,431	-	497	-
Trinidad Cement Limited		1,670	-	112,461	-
TCL (Nevis) Limited		-	-	7,656	-
TCL Packaging Limited		-	-	30,156	-
TCL (Guyana) Limited		12	-	-	-
TCL Ponsa Manufacturing Limited		-	-	4,159	-
CEGYS		-	-	3,819	-
CEMEX S.A.B de C.V.		-	-	14,420	4,207
CEMEX Jamaica Limited		15,050	-	13,182	-
CEMEX Research Group		33,513	-	-	-
Transenergy Grinding Inc.		-	-	311,106	-
CEMEX Columbia		1,286	-	-	-
CEMEX Nicaragua		1,286	-	-	-
CEMEX Puerto Rico		17,400	-	-	-
Sunbulk Shipping		-	-	29,927	-
	$	73,648	-	527,383	4,207

		Assets		Liabilities	
2018		**Short-term**	**Long-term**	**Short-term**	**Long-term**
Arawak Cement Company Limited	$	3,980	-	414	-
Trinidad Cement Limited		6,374	-	93,969	-
TCL (Nevis) Limited		253	-	-	-
TCL Packaging Limited		-	-	27,878	-
TCL (Guyana) Limited		12	-	-	-
TCL Ponsa Manufacturing Limited		-	-	10,879	-
CEGYS		30,433	-	118,501	-
CEMEX S.A.B de C.V.		9,075	-	94,939	-
CEMEX Jamaica Limited		8,167	-	17,491	-
Transenergy Grinding Inc.		-	-	369,221	-
CEMEX Puerto Rico		-	-	1,735	-
Sunbulk Shipping		-	-	14,707	-
	$	58,294	-	749,734	-

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

22.2) ACCOUNTS RECEIVABLE FROM AND PAYABLE TO SUBSIDIARIES

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

In 2018 an amount of $28,951,000 was recognised as an impairment allowance.

CARIBBEAN CEMENT COMPANY LIMITED

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22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES - CONTINUED

22.3) MAIN OPERATIONS WITH RELATED PARTIES

	CEMEX S.A.B. de C.V. and related entities		Trinidad Cement Limited and its subsidiaries		Caribbean Cement Limited and its subsidiaries	
	2019	2018	2019	2018	2019	2018
Included in the statement of profit or loss						
Revenue:						
Sale of clinker ……..……… $	100,200	-	91,621	-	-	-
Sale of cement ……..………	750	128,108	-	-	-	-
Management fees ………….	-	-	-	-	20,000	60,000
Other ……………………….	73,127	-	2,375	-	-	-
Cost of sales and operating						
Purchase of gypsum, shale and pozzolan ……….……	-	-	-	-	(81,965)	(249,425)
Purchase of cement …………	(383,261)	(986,908)	(416,044)	-	-	-
Purchase of grinding aids …..	-	(336,345)	-	-	-	-
Purchase of coal ….…………	(1,099,642)	(638,476)	-	-	-	-
Purchase of goods and other materials ……………	-	-	(493,257)	(757,510)	-	-
Purchase of iron silicate …….	-	(142,447)	-	-	-	-
Technical service fees ………	(151,008)	(106,428)	(92,301)	(96,905)	-	-
Subvention …………………	-	-	-	-	(14,110)	(13,298)
Other operating lease ……….	-	-	-	(821,853)	-	-
Freight charges …………….	(216,851)	-	-	-	(4,927)	-
Other purchases …………….	(25,814)	(80,648)	(24,790)	-	-	-
Financing cost:						
Financial expenses …………	(534,054)	(665,369)	-	-	-	-
Included in the statement of financial position						
Capital expenditure …………	(36,011)	(103,103)	-	(14,926,000)	-	-

23) COMMITMENTS

23.1) CAPITAL COMMITMENTS

An aggregate amount of $293,807,541 (US$2,216,261) [(2018: $613,038,000 (US$4,800,000)] was approved and contracted for as at December 31, 2019 in respect of capital projects.

23.2) Operating leases

As of December 31, 2019 and 2018, the breakdown of the accumulated future minimum payments was as follows:

	The Company		The Subsidiaries	
	2019	2018	2019	2018
Within one year ……………………....…….……………………..... $	-	41,398	-	5,000
Within one to five years ………………………..…………….....….	-	64,626	-	20,000
More than five years ………..…………….…....……………..…….	-	-	-	42,083
$	-	106,024	-	67,083

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24) CONTINGENCIES

There were no pending legal actions and other claims as at December 31, 2019 (2018: $359,261,000), in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's attorneys, that liability, if any, arising out of these claims is not considered significant. Accordingly, no provision has been made in these financial statements in respect of these matters.

25) LIMESTONE RESERVES

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Group are met from reserves in land leased from the Government of Jamaica. The annual lease charge is $1,200,000 and the lease term has 29 years remaining and exploitable reserves are expected to have a life of 30 years based on the current extraction rate. These limestone reserves are not recorded in these financial statements.

26) IMPACT OF AMALGAMATION ON THE COMPANY'S STATEMENT OF FINANCIAL POSITION

As stated in Note 1, based on an approval granted for the amalgamation of Jamaica Gypsum and Quarries Limited (JGQ) and Caribbean Gypsum Company Limited (CGC), all assets and liabilities were assumed by the Company.

		Balance Transferred on May 1, 2019		
		JGQ	CGC	TOTAL
ASSETS				
CURRENT ASSETS				
Trade accounts receivable, net	$	10,984	-	10,984
Inventories, net		3,977	-	3,977
Accounts receivable from related parties		29,973	-	29,973
Other current assets		6,200	54	6,254
Total current assets		51,134	54	51,188
NON-CURRENT ASSETS				
Other investments and non-current accounts receivable		-	(4,000)	(4,000)
Property, machinery and equipment, net		101,381	5,000	106,381
Total non-current assets		101,381	1,000	102,381
Total assets	$	152,515	1,054	153,569
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	$	51,015	114	51,129
Accounts payable to related parties		-	93	93
Other current liabilities		71,754	-	71,754
		122,769	207	122,976
NON-CURRENT LIABILITIES				
Other current liabilities		45,639	-	45,639
Total non-current liabilities		45,639	-	45,639
Total liabilities	$	168,408	207	168,615
NET (LIABILITIES) ASSETS	$	(15,893)	847	(15,046)

The net liability resulting from the amalgamation of the two (2) subsidiaries has been transferred to the reserves of the company.

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