Annual Report 2019

GROUP
Building a Brighter Future

World-class building materials

Building a better future

Contents

Design and Layout: Paria Publishing Co. Ltd.

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 Information

Board of Directors of
Trinidad Cement Limited

Mr. David G. Inglefield (Chairman)
Mr. Francisco Aguilera Mendoza (Deputy Chairman)
Mr. José Luis Seijo González (Managing Director)
Ms. Louisa Page Rodriguez
Mr. Arun K. Goyal
Ms. Patricia Narayansingh
Mr. Charles Eugene Percy
Ms. Claudia Emmanuel

Company Secretary

Ms. Michelle Davidson

Managing Director

Mr. José Luis Seijo González

Registered Office

Southern Main Road,
Claxton Bay,
Trinidad & Tobago, W.I.
Phone: (868) 225-8254
Fax: (868) 659-0818
Website: www.tclgroup.com

Bankers (Local)

Republic Bank Limited
High Street, San Fernando,
Trinidad & Tobago, W.I.

First Citizens Bank
38 Southern Main Road,
Marabella,
Trinidad & Tobago, W.I.

Bankers (foreign)

CITIBANK N.A.
111 Wall Street,
New York, NY 10043,
U.S.A.

Auditors

KPMG
11 Queen's Park East,
Port of Spain,
Trinidad & Tobago, W.I.

Registrar & Transfer Agent

Trinidad and Tobago
Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad and Tobago, W.I.

Stock Exchanges on which the Company is listed:

Trinidad & Tobago Stock Exchange
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad & Tobago, W.I.

Attorneys-At-Law

Jason K. Mootoo
77 Abercromby Street,
Port of Spain,
Trinidad, W.I.

Girwar & Deonarine
Harris Court, 17-19 Court Street,
San Fernando,
Trinidad, W.I.

Johnson, Camacho & Singh
5th Floor, Newtown Centre,
30-36 Maraval Road,
Port of Spain,
Trinidad, W.I.

Corporate Information (Continued)

M. Hamel Smith & Co.
Eleven Albion,
Corner Dere & Albion Streets,
Port of Spain,
Trinidad, W.I.

Angelique Bart
11-13 Victoria Avenue,
Port of Spain,
Trinidad, W.I.

Gitanjali Gopeesingh
1st Floor, 55 Edward Street,
Port of Spain,
Trinidad, W.I.

Pollonais, Blanc, De La Bastide & Jacelon
17-19 Pembroke Street,
Port of Spain,
Trinidad, W.I.

Ravi Hefffes-Doon
77 Abercromby Street,
Port of Spain,
Trinidad, W.I.

Rafael Ajodhia
5 Longden Street,
Mahatma Gandhi Square,
Port of Spain,
Trinidad, W.I.

Derek Ali
12 Fitt Street,
Port of Spain,
Trinidad, W.I.

M.G. Daly & Partners
115A Abercromby Street,
Port of Spain,
Trinidad, W.I.

Rolston F. Nelson
Chancery Courtyard,
13-15 St. Vincent Street,
Port of Spain,
Trinidad, W.I.

Trench Rossi Watanabe
SP São Paulo,
Edificio EZ Towers Torre A,
Rua Arq. Olavo Redig de Campos,
105-310 Andar,
São Paulo – SP,
04711-904,
Brazil.

Clarke, Gittens, Farmer
Parker House, Wildey Business Park,
Wildey Road,
St. Michael,
Barbados, W.I.

Hughes, Fields & Stoby
62 Hadfield & Cross Streets,
Werk-en-rust,
Georgetown,
Guyana, South America.

Kelsick, Wilkin & Ferdinand
P.O. Box 174,
Fred Kelsick Building,
Independence Square South,
Basseterre,
St. Kitts, W.I.

From cement bags to flour bags!

TCL Packaging Limited dedicated its production to creating flour bags amid the COVID-19 pandemic, so that the community could still have access to this essential food staple. It is now more important than ever to show solidarity with those around us, and become stronger together.

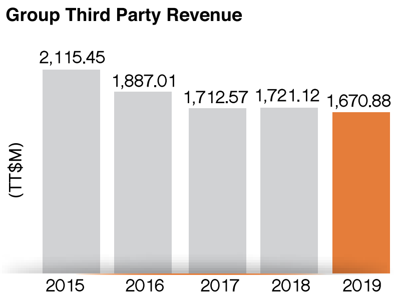
Regional Footprint

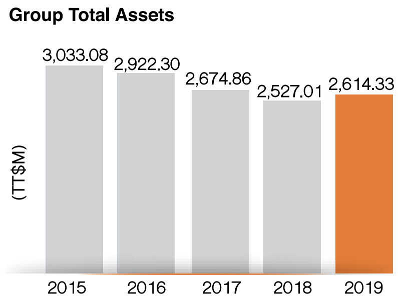
Trinidad Cement Limited (TCL) has been the primary manufacturer of cement in Trinidad & Tobago and the Caribbean for over sixty-five years. Our legacy has been shaped by our involvement in the local landscape, fresh, made-to-order products and a constantly evolving vision centered around our customers.

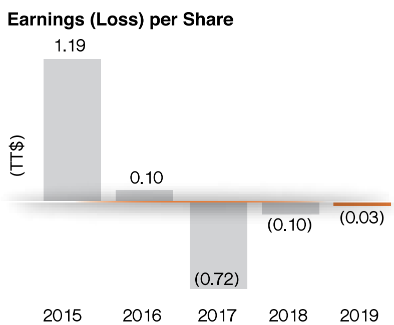

330,000 tonnes
Barbados
148
1
Trinidad and Tobago
347
2
1
2
BARBADOS:
Arawak Cement Company Limited
TTLI Trading Limited
TRINIDAD :
Trinidad Cement Limited
Readymix (West Indies) Limited
TCL Packaging Limited
TCL Ponsa Manufacturing Limited
GUYANA:
TCL Guyana Inc.

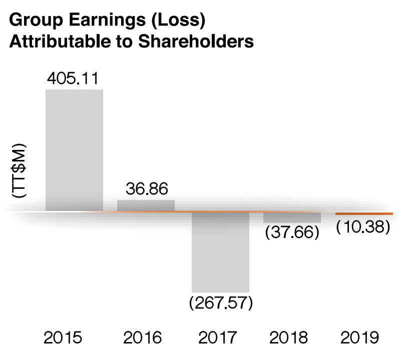
10-Year Consolidated Financial Review

	UOM	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Group Third Party Revenue	TT$M	1,561.10	1,560.86	1,615.89	1,941.05	2,104.81	2,115.45	1,887.01	1,712.57	1,721.12	1,670.88
Operating Earnings (Loss)	TT$M	(1.20)	62.53	(0.76)	271.56	111.08	446.31	224.43	(51.61)	140.72	149.76
Group Earnings (Loss) before Taxation	TT$M	(149.60)	(162.05)	(351.74)	33.79	(102.47)	487.49	89.63	(174.74)	56.16	53.22
Group Earnings (Loss) attributable to Shareholders	TT$M	(48.50)	(167.17)	(292.91)	58.20	(214.39)	405.11	36.86	(267.57)	(37.66)	(10.38)
Foreign Exchange Earnings	TT$M	239.30	271.90	279.60	352.00	309.90	298.40	245.70	219.20	229.60	252.50
EPS	TT$	(0.20)	(0.68)	(1.19)	0.24	(0.87)	1.19	0.10	(0.72)	(0.10)	(0.03)
Ordinary Dividend per Share	TT$	-	-	-	-	-	-	0.04	0.02	-	-
Issued Share Capital – Ordinary	TT$M	466.20	466.20	466.20	466.20	466.20	827.73	827.73	827.73	827.73	827.73
Shareholders' Equity	TT$M	1,424.90	781.99	485.72	561.53	276.98	963.29	997.58	736.35	669.35	647.07
Group Equity	TT$M	1,517.30	810.26	461.07	536.30	245.53	950.97	990.53	719.31	671.83	707.03
Total Assets	TT$M	4,120.90	3,506.48	3,452.76	3,399.14	3,010.00	3,033.08	2,931.10	2,674.86	2,527.01	2,614.33
Net Assets per Share	TT$	6.07	3.24	1.85	2.15	0.98	2.54	2.64	1.92	1.79	1.89
Return on Shareholders' Equity	%	(3.40)	(21.38)	(60.30)	10.36	(77.40)	42.05	3.69	(36.34)	(5.63)	(1.60)
Share Price (Dec 31)	TT$	2.80	1.79	1.49	2.20	2.50	3.99	4.40	3.75	2.73	2.00
No. of Shares Outstanding (Dec 31)	'000	249,765	249,765	249,765	249,765	249,765	374,648	374,648	374,648	374,648	374,648
Market Capitalisation (Dec 31)	TT$M	699.30	447.08	372.15	549.48	624.41	1,494.84	1,648.45	1,404.93	1,022.79	749.30
Total Long Term Debt	TT$M	1,242.90	1,678.40	2,046.12	1,951.80	1,848.90	1,166.06	968.50	913.11	941.59	910.13
Total Long Term Debt/Equity Ratio	%	81.90	207.14	443.78	363.94	753.03	122.62	97.78	126.94	140.15	128.73


Group Third Party Revenue
(TT$M)
2,115.45
1,887.01
1,712.57
1,721.12
1,670.88
2015
2016
2017
2018
2019


Group Total Assets
(TT$M)
3,033.08
2,922.30
2,674.86
2,527.01
2,614.33
2015
2016
2017
2018
2019


Earnings (Loss) per Share
(TT$)
1.19
0.10
(0.72)
(0.10)
(0.03)
2015
2016
2017
2018
2019


Group Earnings (Loss)
Attributable to Shareholders
(TT$M)
405.11
36.86
(267.57)
(37.66)
(10.38)
2015
2016
2017
2018
2019

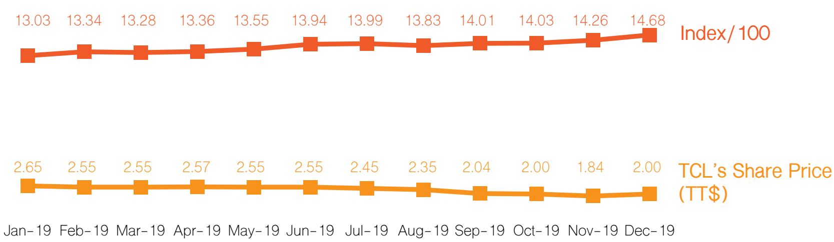
Share Performance

Trinidad and Tobago Stock Exchange www.stockex.co.tt

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
TCL's Share Price (TT$)	2.65	2.55	2.55	2.57	2.55	2.55
Index	1,303.04	1,333.73	1,327.76	1,336.01	1,355.28	1,394.10
Volume Traded	23,417	179,615	134,803	170,775	409,173	54,745

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTAL
TCL's Share Price (TT$)	2.45	2.35	2.04	2.00	1.84	2.00	
Index	1,398.73	1,382.84	1,400.75	1,402.87	1,426.46	1,468.41	
Volume Traded	135,645	130,505	229,139	160,685	150,814	104,981	1,884,297

Trinidad & Tobago Stock Exchange

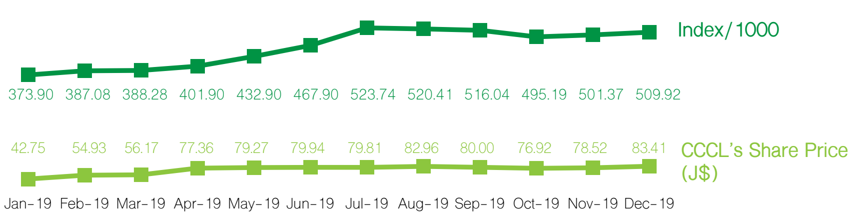


Jamaica Stock Exchange www.jamstockex.com

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
CCCL's Share Price (J$)	42.75	54.93	56.17	77.36	79.27	79.94
Index	373,897.06	387,078.63	388,276.91	401,902.02	432,902.95	467,896.45
Volume Traded	3,007,623	2,285,691	3,306,952	1,135,068	760,363	3,167,148

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTAL
CCCL's Share Price (J$)	79.81	82.96	80.00	76.92	78.52	83.41	
Index	523,740.10	520,410.28	516,042.91	495,187.93	501,372.48	509,916.44	
Volume Traded	3,520,267	13,251,557	5,491,891	2,988,759	2,129,268	6,463,446	47,508,033

Jamaica Stock Exchange



Distribution of Shareholding 2019

Category	% Distribution
Sierra Trading	69.83%
NIB	11.92%
Individuals	10.82%
Banks / Pension Funds / Credit Unions	6.25%
Other Foreign Investors	0.34%
Insurance Companies	0.31%
Unit Trust	0.29%
Government Agencies	0.24%

Group Performance Highlights		2019	2018	% Change
Income Statement				
Group Third Party Revenue	$M	1,670.88	1,721.12	-2.9%
Group Loss Attributable to Shareholders	$M	(10.38)	(37.66)	72.4%
Foreign Exchange Earnings	$M	252.48	229.55	10.0%
Balance Sheet				
Total Assets	$M	2,614.33	2,527.01	3.5%
Shareholders' Equity	$M	647.07	669.35	-3.3%
Net Assets per Share	$	1.89	1.79	5.2%
Total Long Term Debt	$M	910.13	941.59	3.3%
Total Long Term Debt to Equity Ratio	%	128.73	140.15	8.2%

Operational Highlights					
TCL	Clinker production	'000 tonnes	616.9	587.4	5.0%
CCCL	Clinker production	'000 tonnes	642.9	613.0	4.9%
ACCL	Clinker production	'000 tonnes	237.6	200.3	18.6%
TPL	Paper sack production	millions	26.1	28.0	-6.8%
TPM	Sling/Bag production	thousands	518.7	442.4	17.3%

Chairman's Report

Navigating the Crisis
...we must be resilient

David G. Inglefield
(Chairman)

Like the rest of the world, we are closely watching the unparalleled COVID-19 global pandemic and its relentless course, at a time when several world economies are already challenged.

At this critical time, the wellbeing of the CEMEX TCL Group community and wider stakeholder base is heightened and of the utmost importance. To safeguard our people therefore, we have risen beyond the highest health and safety standards across all our operations. Tough times call for tough, dedicated people and I am extremely proud of our resilient workforce — the few who have been on the ground keeping our scaled-back operations going, and others who have been working remotely, all continuing to add value to our business.

A socio-economic phenomenon of this magnitude is certain to be followed by a global fiscal downturn, and naturally, many of you are concerned about your finances, investments, and/or job security and rightly so. Financially, we do expect a temporary negative impact because of the virus, however, your board of directors is strongly committed to its leadership role and to helping management respond and work with the financial sector, regional governments and industry to get through this crisis in the best interest of all stakeholders. Regarding business continuity, we have been analysing, and minimising potential disruptions in our supply chain as far as allowed under the national guidelines of the territories in which we operate.

We continue to collaborate closely with our parent company, CEMEX, evaluating and devising practical strategies for overcoming these circumstances in order to remain viable in an uncertain business environment. CEMEX has also achieved its own financial objectives and is now in a solid financial position. The company's strengthened financial performance is now generating positive cash flows and no longer has to rely on short-term refinancing. Acting prudently, CEMEX has also formed an "extraordinary fund" of more than USD1 billion, in case it is needed as a temporary measure to ensure there are no disruptions because of short-term issues in the markets.

Backed by CEMEX, I am sure that we will emerge from the COVID-19 pandemic even stronger and more resilient, much like the cement, concrete, packaging and slings that we proudly produce.

Chairman's Report (Continued)

Turning to 2019, we are pleased with the progress made regarding the group's strategic goals and improved financial performance under challenging economic conditions. We continued to build on the pillars of Health & Safety (H&S) and Customer Centricity, delivering positive results in both areas. Customer engagement was exemplified across all marketing arms with the "Build your Business" developmental series designed to help distributors improve their business, and in H&S, an achievement of zero fatalities with a 50% reduction in lost time incidents (LTIs).

Incorporation of a Company in Grenada

At the board meeting of October 21, 2019, a resolution was passed authorising the incorporation of a wholly owned subsidiary of Trinidad Cement Limited, under the laws of Grenada. This company, TCL Grenada Limited will engage in the sale of cement and cement-related products.

Decision of the Caribbean Court of Justice (CCJ) – Cement Classification Issue

The CCJ's final judgment was delivered on August 6, 2019 in relation to whether Rock Hard Cement imported from Turkey and Portugal should be classified as "building cement (grey)" thereby attracting a tariff of 15% or as "other hydraulic cement" on which a tariff of 0-5% is payable.

The court ruled inter alia that Rock Hard Cement was to be classified as "other hydraulic cement" on which member states should levy a CET rate of between 0-5%.

The CCJ also recommended that the Council for Trade and Economic Development (COTED) conduct an appropriate study to assess whether the tariff for imported "other hydraulic cement" should be increased to provide an appropriate level of protection to regional manufacturing of both Portland cement and blended cement.

This followed the CCJ's judgement on April 17, 2019 in relation to the question of whether a member state that has obtained a derogation from COTED to increase an applicable tariff to a rate beyond the Common External Tariff (CET) is required to obtain the approval of COTED in order to re-impose the CET rate. In that matter, the court ruled, among other things:

1. The derogation obtained by the State of Barbados ("Barbados") at the 11th Meeting of the COTED in 2001 included a derogation from the applicable CET on "other hydraulic cement" so as to impose an increased tariff rate of 60% on such cement.
2. The State of Barbados was not required to obtain the approval of COTED to revert to the CET of 0-5% on "other hydraulic cement" but that Barbados was required to give reasonable and adequate notice to COTED of its decision to do so.
3. TCL and Arawak Cement Company Limited (ACCL) were aware of the declared intention of Barbados to reduce the rate of duty on "other hydraulic cement" imported by Rock Hard Cement Limited ("RHCL"), and as such had adequate notice of the decision of Barbados to re-impose the CET rate.

The Governments of Barbados and Trinidad and Tobago later imposed a 35% Common External Tariff (CET) on imported "other hydraulic cement" effective September 2019 and January 2020, respectively.

Chairman's Report (Continued)

Financial Performance

The Group's progress in relation to its strategic goals and financial performance under very challenging regional economic conditions has been notable, resulting in a net income of $15 million, a favourable result compared to the 2018 year-end loss of $7 million. Annual operating earnings before other expenses was $223 million, a decrease of 1% compared to 2018. These results were generated from annual revenue of $1.7 billion, a 3% decline from 2018, primarily due to the continued weak demand for cement and concrete in Trinidad and Tobago.

The annual financial expense of $97 million represented a 4% increase compared to 2018. This was mainly due to the adoption of IFRS 16 for leases in 2019. The IFRS 16 *Leases* adoption impacted the consolidated statement of financial position for the Group in the following aspects: the adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by $9.8 million while depreciation and financial expense rose by $7.3 million and $3.1 million respectively. Additionally, we initially recognised $22.7 million in right-of-use assets and lease liabilities upon adoption of IFRS 16.

During 2019, the TCL Group generated $197 million in cash from operations, which resulted from efficient working capital management. In keeping with the Group's initiative to reduce debt, a portion of these funds were allocated to repaying debt as well as investing in capital expenditure to improve plant facilities.

Strategic Priorities and Outlook

Our strategic priorities have been recently modified to include Innovation and EBITDA Growth (towards investment grade). These areas are of main concern along with a continued focus on Health and Safety, Customer Centricity, Competitiveness and Sustainability.

We are determined to stay committed to our long-term transformation programme designed to improve productivity, raise competitiveness and enhance sustainability, while fully aware of the impact being caused by COVID-19 and the need to quickly adapt our plans and focus, on what we can control to offset expected economic volatility in the short to medium term.

Board Changes

After five years of service as Chairman and a Director, Mr. Wilfred Espinet resigned effective October 21, 2019, while Mr. David G. Inglefield, a Director of the company, was appointed Chairman with effect from the same date. In order, Mr. Charles Percy was appointed a Director to fill the casual vacancy created by the resignation of Mr. Espinet, also from October 21, 2019.

Ms. Patricia Narayansingh was elected as a member of TCL's Board of Directors by shareholders at the company's annual meeting held on May 24, 2019. Ms. Narayansingh replaced Mr. Ruben McSween who informed the company by correspondence dated February 12, 2019 that he would not be offering himself for re-election at the annual meeting.

We thank Mr. Espinet for his exemplary leadership and vision. We also acknowledge the valuable service and contributions of Mr. McSween.

Chairman's Report (Continued)

During 2019, the Directors reviewed the composition of the Board subcommittees and changes were made as follows:

Governance – Mr. Francisco Aguilera Mendoza was appointed Chairman, replacing Mr. Arun K. Goyal who continues to serve as a member on this committee. Mr. David G. Inglefield resigned from this committee. Mr. José Luis Seijo González and Mr. Charles Eugene Percy joined as members.

Audit and Finance Committee – The Board Audit Committee and the Board Finance Committee were amalgamated. Mr. Arun K. Goyal was appointed Chairman and Ms. Claudia Emmanuel and Ms. Louisa Page Rodriguez continue to serve as members. Ms. Patricia Narayansingh was also appointed as a member.

Human Resource Committee – Ms. Patricia Narayansingh was appointed Chairperson, replacing Mr. Ruben McSween who has resigned as a director of the Company. Mr. David G. Inglefield also resigned from this committee and Ms. Claudia Emmanuel, Mr. Charles Eugene Percy and Mr. Francisco Aguilera Mendoza were appointed as members.

Acknowledgements

We are committed to remain the safest, most efficient and environmentally conscious producer of cement and concrete in the region. Inspired by the support of each of our stakeholders, we are continuously achieving this vision.

- The confidence of our shareholders and bankers. Thank you for your investments in our company.
- Fellow directors who help to create and live our vision through your prowess and astute leadership.
- The passion and commitment of our people who are key enablers of our success.
- Representative trade unions for your collaboration.
- Our 1,000 plus distributors across the region who believe in our brands and proudly represent us in the trade.
- Our end-users - home builders, developers of housing solutions, architects, contractors and masons who endorse the freshness factor of our brands and continue to build with trust.
- Our neighbours for their unwavering support.

We have proven time and again our ability to overcome the challenges of a volatile market through the resolve of our people and the strength of our regional footprint. We will continue to leverage CEMEX, our global operating platform; relevant innovations and unmatched brand portfolio, believing in our ability to generate future earnings growth and value for all our stakeholders.

David G. Inglefield
Group Chairman

Board of Directors

Mr. David G. Inglefield (Chairman)

Mr. Francisco Aguilera Mendoza
(Deputy Chairman)

Mr. José Luis Seijo González
(Managing Director)

Ms. Louisa Page Rodriguez

Mr. Arun K. Goyal

Ms. Claudia Emmanuel

Ms. Patricia Narayansingh

Mr. Charles Eugene Percy

About Our Board of Directors

The Board of Directors is responsible for setting the strategic aims of the organisation by reviewing and approving corporate strategy, major plans of action, annual budgets and business policies. It has the statutory authority and obligation to act honestly and in good faith, with a view to the best interests of all shareholders as well as that of the company's employees. Full details of the Board's responsibilities and duties can be downloaded from the website: http://www.tclgroup.com/about-tcl-group/article/corporate-governance.

The Board comprises the following directors:

David G. Inglefield – Non-Executive Director and Chairman of the Board

Mr. David G. Inglefield's career in advertising has spanned thirty-six years. Starting in 1969 at Trinity Advertising, he became Managing Director in 1978 and in 1981 merged the business with Corbin Compton Caribbean, a major international agency in the region. He was appointed CEO of Corbin Compton in 1982 until he resigned in 1993 and founded Inglefield, Ogilvy & Mather.

Recognised as one of the leaders in the Caribbean on Strategic Business and Brand Development, in October 2003, he brought his considerable knowledge and experience to the ANSA McAL Group as a Parent Board Director and member of the Group's Executive Committee. As Group Marketing Director, he played a decisive role in the acquisition of the Bryden's Group in Barbados and its successful integration into the Group's distribution business in Barbados.

During the period 2005 to 2015, Mr. Inglefield served in various capacities within the ANSA McAL Group including the Group's Distribution Sector Head, President/CEO ANSA McAL (Barbados) Ltd and Sector Head Executive Chairman of Guardian Media Limited as well as Chairman of the Services & Retail Sectors.

Mr. Inglefield retired from the ANSA McAL Group in June 2015 and is now an active business consultant to major businesses in the Energy and Construction Sectors.

Mr. Inglefield was appointed a Director of Trinidad Cement Limited on June 22, 2017 and Chairman on October 21, 2019. He is also on the Board of First Citizens Bank Limited, a Director of First Citizens Trustee Services Limited, First Citizens Investment Services Limited, First Citizens Investment Services (Barbados) Limited and First Citizens Bank (Barbados) Limited.

He is also the Chairman and a Director of Inglefield, Ogilvy & Mather.

Francisco Aguilera Mendoza – Non-Executive Director

Mr. Francisco Aguilera Mendoza was appointed to the Board in August 2014. He is the Vice President of CEMEX South, Central America and the Caribbean Region. Mr. Aguilera Mendoza was appointed to this position in October 2016 and prior to this, was responsible for the trading of cement and clinker for CEMEX in the Americas, including the Caribbean region.

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

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

About Our Board of Directors (Continued)

José Luis Seijo González – Managing Director

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

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

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

Louisa Page Rodriguez – Non-Executive Director

Ms. Louisa Rodriguez was appointed to the Board effective September 8, 2017. She is a Managing Director of CEMEX located at the New York office.

Ms. Rodriguez has over twenty-six years' experience in international finance and capital markets. She joined CEMEX in 2006 in the Investor Relations Department where she has been involved in more than $15 billion of equity and fixed income fundraising efforts. In addition, she represents the company in the international financial community. Prior to CEMEX, Ms. Rodriguez spent 15 years at Citibank where she worked in capital markets origination, debt syndicate and securitisation financing for Emerging Market issuers. In her early career, she worked for KPMG in the Audit Department.

Ms. Rodriguez holds a BA in Economics from Trinity College (Hartford Ct.), a Master's in Business Administration from New York University and another Master's degree from Columbia University School of International and Public Affairs. She is a Certified Public Accountant (lapsed).

Arun K. Goyal – Non-Executive Director

Mr. Arun K. Goyal was appointed to the Board of Trinidad Cement Limited in December 2015.

A long-standing member of the TCL Group, Mr. Goyal has held several instrumental roles including that of General Manager of Trinidad Cement Limited & Caribbean Cement Company Ltd, Group Manufacturing Development Manager and Director on the Board of Readymix (W.I.) Limited.

Prior to his appointment as General Manager in 1995, Mr. Goyal, a Chemical Engineer, also served in the capacity of Operations Manager, Senior Process Engineer and Assistant Operations Manager at TCL; and Process Engineer at Guyana Mining Enterprise Ltd. in Guyana and Industrial Gases Ltd. in Trinidad.

Mr. Goyal is a past member of the Board of Directors of APCAC – Association of Cement Manufacturers of Central America, Caribbean and Latin America; FICEM (Federación Interamericana del Cemento); South Trinidad Chamber of Industry & Commerce and the Rotary Club of Pointe-a-Pierre. Mr. Goyal is a Fellow of the Association of Professional Engineers of Trinidad and Tobago and recipient of its "Career of Excellence" Award in 2009.

Mr. Goyal also serves as Chairman of TCL Packaging Limited, TCL Ponsa Manufacturing Limited and Arawak Cement Company Limited.

About Our Board of Directors (Continued)

Claudia Emmanuel – Non-Executive Director

Ms. Claudia Emmanuel was appointed a Director of Trinidad Cement Limited on September 25, 2018. Ms. Emmanuel is currently Head of Enterprise Risk Management for Amicorp Bank and Trust Limited. She is a multi-disciplinary and multi-jurisdictional Lawyer and Director with a BA Hons in Economics who possesses two decades of solid corporate and commercial experience.

Ms. Emmanuel is a former President/Co-founder of Emunite Fiscal Solutions Limited and Emunite Energy Solutions Limited. These companies focused on economic development via sustainable renewable energy projects. She has also served as CEO of the Trinidad and Tobago Securities Exchange Commission with executive responsibility for day-to-day management and responsibility for the regulation of the securities industry within Trinidad and Tobago.

Ms. Emmanuel was a Director and Head of Legal for State Street Global Advisors Limited (an asset management company), State Street Unit Trust Management Limited (a unit trust company) and Managed Pensions Funds Limited (an insurance company). Her remit spanned Europe, the Middle East and Africa where she advised these financial institutions and investors on all legal, risk management and regulatory aspects of transactions and corporate activity within the financial markets.

Upon qualification as a lawyer, Ms. Emmanuel joined the law firm Clifford Chance LLP where she advised on various private equity and corporate projects.

Patricia Narayansingh – Non-Executive Director

Ms. Patricia Narayansingh, FCCA, ACIB was appointed to the Board of Directors of Trinidad Cement Limited on May 24, 2019. She is passionate about utilising the extensive knowledge, skills and hands-on experience gained during her 40+ year career in accounting, auditing, banking and financial and administrative management, to positively impact and uplift the level of corporate governance in T&T and to assist the next generation of leaders in their journey to self improvement and self fulfillment. She is committed to excellence and has established a reputation for her attention to detail, critical analysis and outstanding work ethic.

Having held positions ranging from Chief Financial Officer and Manager, Corporate Lending at Republic Bank Limited; Chief Internal Auditor and subsequently Chief Administrative Officer of the RBC Financial Caribbean Group; as well as being a Member, Chair and Audit Committee member on the boards of a number of companies within the RBC Financial Caribbean Group and Aon Energy Caribbean Limited, Ms. Narayansingh has an in-depth appreciation of organisational realities.

She currently sits on the Boards of The Heroes Foundation and the Water and Sewerage Authority and is also an alternate director on the National Insurance Board. Additionally, she volunteers as a Financial Consultant and is a member of the Finance Council of the Roman Catholic Archdiocese of Port of Spain.

About Our Board of Directors (Continued)

Charles Eugene Percy – Non-Executive Director

Mr. Charles Eugene Percy was appointed to the Board of Directors of Trinidad Cement Limited on October 21, 2019.

Mr. Percy's distinguished career spans 37 years in the energy and financial services sectors with a wealth of experience and expertise in successfully leading and transforming organisations.

He has held several senior positions including Managing Director and CEO of Methanex Trinidad Limited for 11 years. Under his astute leadership, he successfully supervised the merger and rationalisation of the Titan Methanol and Atlas Methanol companies, to form the new "Methanex Trinidad Ltd" organisation.

Mr. Percy has served as Vice President, Corporate Resources of BP Trinidad for 4 years, leading the HR, IT and HSSE functions and also held the leadership roles of Senior Manager Human Resources, and Engineering and Maintenance Manager at Yara Trinidad.

He has also been an active member in the financial services sector, where he had the distinction of leading a successful merger of two credit unions to form Venture Credit Union.

He holds a BSc in Electrical Engineering (Hons) from the University of the West Indies and an Executive Master of Business Administration from the University of the West Indies' Institute of Business.

A recently retired professional, Mr. Percy continues to impart his wealth of knowledge as an active member of various boards, including the Point Lisas Industrial Port Development Company and Guardian Holdings Limited.

Directors' Report

The directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended December 31, 2019.

Financial Results	**TT$'000**
Turnover	1,670,883
Net Earnings for the Year	15,349
Dividends Paid	Nil

Directors' Interest *(Ordinary Shares of TCL)*

Name	Position	Direct Holdings at 31-12-19	Indirect Holdings at 31-12-19
David G. Inglefield	Chairman	Nil	Nil
Francisco Aguilera Mendoza	Director/Deputy Chairman	Nil	Nil
José Luis Seijo González	Managing Director	Nil	Nil
Louisa Page Rodriguez	Director	Nil	Nil
Claudia Emmanuel	Director	Nil	Nil
Arun K. Goyal	Director	Nil	Nil
Charles E. Percy	Director	4,000	Nil
Patricia Narayansingh	Director	Nil	44,671,636

Senior Officers' Interest *(Ordinary Shares of TCL)*

Name	Position	Direct Holdings at 31-12-19	Indirect Holdings at 31-12-19
Guillermo Rojo De Diego	General Manager – TCL	Nil	Nil
Michelle Davidson	Group Manager Legal/ Company Secretary	Nil	Nil
Gewan Armoogam	Group Internal Control Manager	7,957	Nil
Maria Boodoo	Group Internal Audit Manager	Nil	Nil
Carlos Cordero Castro	General Manager – ACCL	Nil	Nil
Yago Castro Izaguirre	General Manager – CCCL	Nil	Nil
Edgar Campos Piedra	Group Finance Manager	Nil	Nil
Bernardo Cioni Diaz	Group Strategic Planning Manager	Nil	Nil
Miguel Estrada Sanchez	Group Operations Manager	Nil	Nil
Juan Carlos Mendoza	Group Procurement Manager	Nil	Nil
Khalid Rahaman	Group Technology & Information Manager	6,425	Nil
Bonnie Alexis	Human Resource Manager/ Group Coordinator	1,210	Nil

Directors' Report (Continued)

Dividends

No Dividends were paid to shareholders in the year ended December 31, 2019.

Substantial Interests

(A substantial interest means a beneficial holding of 5% or more of the issued share capital of the Company).

	Holdings at 31-12-19	% of Issued Share Capital at 31-12-19
Sierra Trading (CEMEX S.A. de C.V.)	261,623,911	69.83%
The National Insurance Board of T&T	44,671,636	11.92%

Service Contracts & Directors

There exists a Technical and Managerial Services Agreement dated April 23, 2015 (as restated) between TCL and CEMEX, S.A.B. de C.V. ("CEMEX"), pursuant to which CEMEX provides support to TCL by making available, suitable, qualified and experienced executives to fill key positions, and to provide training as well as technical assistance to support the Group's trading and shipping departments.

By Order of the Board

Michelle Davidson
Company Secretary

Corporate Governance

TCL Group – Board Subcommittees

Governance Committee

The TCL Group recognises that a robust corporate governance system redounds to the overall benefit of the organisation by fostering better performance and by facilitating a lower risk of malfeasance as well as a lower cost of capital. Based on the guiding principles of fairness, transparency and accountability, the company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture throughout the Group. The TCL Group is committed to adhering to the principles and practices of good corporate governance and the Governance Committee, a Subcommittee of the Board, establishes the foundations for compliance.

Members: Mr. Francisco Aguilera Mendoza (Chairman)
Mr. Charles Eugene Percy
Mr. Arun K. Goyal
Mr. José Luis Seijo González

Ms. Michelle Davidson (Recording Secretary)

The role of the Corporate Governance Committee is reflected on the company's Website – www.tclgroup.com

Audit and Finance Committee

The Audit and Finance Committee is a Subcommittee of the Board charged with the responsibility for:

1. Appointment and ongoing assessment of the External Auditors.
2. Reviewing and advising the Board on the integrity of financial statements.
3. Oversight of the establishment, implementation and assessment of the Risk Management Function.
4. Ensuring that an effective system of internal controls is established and maintained.
5. Assessing compliance with applicable laws and regulations.
6. Monitoring and assessing the internal audit function.
7. Enhancing the financial strength and shareholder value of the TCL Group by providing guidance and recommendations on issues which have a major financial impact on the TCL Group.
8. Enhancing communication and understanding between the TCL Group's management and Board on financial matters.

Members: Mr. Arun K. Goyal (Chairman)
Ms. Claudia Emmanuel
Ms. Patricia Narayansingh
Ms. Louisa Page Rodriguez

Ms. Maria Boodoo (Recording Secretary)

Corporate Governance (Continued)

Human Resource Committee

To ensure excellence in TCL Group's human capital and cultural initiatives, the Human Resource Committee's strategic direction and vision are aligned to the company's strategic plan. The Human Resource Committee administers the following categories of policies:

- Talent acquisition
- Organisational capacity building
- Performance management
- Executive development
- Organisational structure and design
- Employee wellness

A summary of the Terms of Reference of the Human Resource Committee follows:

1. To formulate policies for the TCL Group's Human Resource Management function and to make recommendations to the Board for approval and adoption.
2. To review, approve and ensure compliance with existing administrative policies and to recommend to the Board, the adoption of proposals for all senior managers and executives across the TCL Group.
3. To ensure that the TCL Group Human Resource function provides efficient services to all subsidiaries utilising equitable, transparent and contemporary performance management measures and systems.
4. To act autonomously and approve on its own account, specific human capital initiatives and recommendations that fall within the overall ambit of pre-existing Board-approved policies and systems.

Members: Ms. Patricia Narayansingh (Chairperson)
Ms. Claudia Emmanuel
Mr. Charles Eugene Percy
Mr. Francisco Aguilera Mendoza

Ms. Bonnie Alexis (Recording Secretary)

Group Executive Committee

Left-right:
Mr. José Luis Seijo González (Managing Director)
Mr. Yago Castro Izaguirre
Mr. Carlos Roberto Cordero Castro
Ms. Michelle Davidson

Left-right:
Ms. Bonnie Alexis
Mr. Gewan Armoogam
Mr. Edgar Campos Piedra
Mr. Miguel Roberto Estrada Sanchez

Left-right:
Mr. Juan Carlos Mendoza
Mr. Bernardo Cioni Diaz
Ms. Maria Boodoo

Left-right:
Mr. Khalid Rahaman
Mr. Guillermo Rojo De Diego

About Our Group Executive Committee

José Luis Seijo González – Managing Director

(see profile on page 19)

Yago Castro Izaguirre – General Manager, Caribbean Cement Company Limited

Mr. Yago Castro Izaguirre was appointed General Manager of Caribbean Cement Company Limited on August 1, 2019. Prior to this, he held the position of General Manager of Arawak Cement Company Limited. He has extensive industrial and strategic experience, having worked for almost 15 years at CEMEX in Europe, Midwest and Central America. Prior to this, he was the Planning, Procurement and Legal Director for CEMEX in Nicaragua, Guatemala and El Salvador.

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.

Carlos Roberto Cordero Castro – General Manager, Arawak Cement Company Limited.

Mr. Carlos Roberto Cordero Castro was appointed General Manager of Arawak Cement Company Limited in August 2019. Prior to this, he held positions at CEMEX in Costa Rica, Nicaragua, El Salvador and Poland.

Mr. Cordero Castro obtained a Licensee Degree in Mechanical Engineering from Universidad de Costa Rica, an MBA from Universidad Católica de Chile and an Executive Management Degree from Stanford-INSEAD-ITESM. He has a strong business and commercial background, coupled with strategic management skills.

He has extensive industrial, commercial and strategic experience developed over 15 years in various key positions at CEMEX's operations in Europe and Central America. His most recent post was that of Director of the Builders Segment in Costa Rica. Additionally, Mr. Cordero Castro has worked at consulting companies in South America and Central America and served on several boards and committees within the countries he has lived.

Michelle Davidson – Group Manager Legal / Company Secretary

Ms. Michelle Davidson was appointed Group Manager-Legal/Company Secretary of the TCL Group effective June 1, 2018. Prior to this, she held the position of Group Legal Counsel/ Company Secretary of Arawak Cement Company Limited and TTLI Trading Limited.

Ms. Davidson is an Attorney-at-Law with experience in corporate, commercial and employment law. Prior to joining the TCL Group in 2016, Ms. Davidson practiced law at a regional corporate law firm in the Corporate and Commercial Litigation department.

Ms. Davidson obtained a Bachelor of Laws (LL. B) (Honours) Degree from the University of the West Indies and a Legal Education Certificate (LEC) of Merit from the Hugh Wooding Law School, St. Augustine, Trinidad. She is currently pursuing a Master of Laws (LL. M) Degree in Corporate Commercial Law at the University of the West Indies, Cave Hill, Barbados.

About Our Group Executive Committee (Continued)

Bonnie Alexis – Human Resource Manager, Trinidad Cement Limited / Group Coordinator

Ms. Bonnie Alexis joined TCL in January 2014 as the HR Business Partner and was promoted to Industrial Relations Manager in 2015. In August 2016, she was elevated to the position of Human Resource Manager/Group Coordinator.

While Ms. Alexis' human resource background is rooted in industrial relations, she has developed a broad knowledge base that has allowed her to successfully practice as a generalist, accredited to her 29 years of professional life. Before joining TCL, she served as an executive member of a prominent trade union in Trinidad and Tobago and has held the position of Industrial Relations Officer/Manager in state and private enterprises.

Ms. Alexis is a member of the Society for Human Resource Management (SHRM) and graduated from Cipriani College of Labour and Co-operative Studies (Trinidad & Tobago) and the National Labour College (USA). She also holds an advanced Diploma in Labour Laws and postgraduate certification in Change Management (PROSCI).

Additionally, Ms. Alexis is professionally trained using different methodologies to conduct job evaluation exercises.

Gewan Armoogam – Group Internal Control Manager

Mr. Gewan Armoogam has been with the TCL Group for over 24 years and has worked in the Finance and Internal Audit functions. Mr. Armoogam was appointed as the Group Internal Control Manager effective November 1, 2017. Prior to that appointment, Mr. Armoogam previously held the position of Group Internal Auditor and has a wealth of Internal Audit experience in the Cement, Premix and Packaging operations.

Mr. Armoogam is ACCA qualified and is also a member of the Institute of Internal Auditors. He holds certification as a Lead Auditor of the ISO 9001 Quality Management System and is currently pursuing an Executive MBA at the Arthur Lok Jack Graduate School of Business, Trinidad.

Edgar Campos Piedra – Group Finance Manager

Mr. Edgar Campos Piedra is a dynamic, proactive and highly trained executive with over 16 years of experience in leading and transforming finance teams globally. He holds an MBA in Strategic Business Management from the University of Cadiz, Spain and a BA in Business Management from the Institution of Technology, Costa Rica. Mr. Campos is also a certified Public Accountant as he holds a Superior Degree in CPA from the Institute of Technology, Costa Rica.

Prior to his appointment as Group Finance/Business Service Organisation (BSO) Manager at the TCL Group in 2019, Mr. Campos has held several senior positions throughout CEMEX's SCA&C Operations including Accounting Advisor, Controller, Management Financial Services Advisor, Accounting Chief and BSO Manager.

About Our Group Executive Committee (Continued)

Miguel Roberto Estrada Sanchez – Group Cement Operations and Technical Director

Mr. Miguel Roberto Estrada Sanchez was appointed as the Group Operations Manager on May 4, 2015. He has spent his entire professional life of 33 years in the cement industry, specifically in the area of plant operations.

Before joining the TCL Group, Mr. Estrada was based in Colombia and held the position of Optimisation Director at CEMEX, South America, providing technical assistance to CEMEX's plants in the region. Previously, he was Vice President of Operations at CEMEX Philippines, responsible for the two cement plants in the country as well as technical direction for CEMEX Bangladesh and CEMEX Thailand. Mr. Estrada also worked at CEMEX Egypt as Vice President of Operations at the Assiut Cement Plant, the largest production unit of CEMEX worldwide. His career started at CEMEX Colombia.

Mr. Estrada graduated from the Universidad Tecnológica de Pereira, Colombia in 1986 as a Mechanical Engineer.

Juan Carlos Mendoza – Group Procurement Manager

Mr. Juan Carlos Mendoza was appointed as the TCL Group Procurement Manager on May 4, 2015. He has 36 years' experience in the mining and cement industry, with focus on procurement, negotiations and inventories management. His most recent position, prior to taking up the appointment at TCL, was Procurement Manager (CEMEX) in Miami, Florida.

Mr. Mendoza joined CEMEX on July 22, 1982. During his tenure, he was involved in Post-Merger Integration (PMI) in Australia and the USA, as well as Due Diligence (DD) in India and Gabon among other countries.

He has held several positions at CEMEX including, Supply Planning Manager, Mexam Trade (Texas); Procurement Manager (Texas) and Manager: Purchases and Materials/Stock (Venezuela).

Mr. Mendoza's key areas of expertise include: Customs Law, Shipping Insurance, Material Coding and Classification as well as International Business.

Bernardo Cioni Diaz – Group Strategic Planning Manager

Mr. Bernardo Cioni Diaz was appointed Group Strategic Planning Manager with effect from November 1, 2017. He has over 13 years of experience in the cement industry, having worked in several key cross postings at CEMEX. The most recent posting, before taking up his appointment at the TCL Group, was that of Business Development Manager for Arizona, California and Pacific Northwest for CEMEX USA Inc.

Mr. Cioni joined CEMEX in 2006 in the area of strategic planning at the company's operations in the Caribbean. His vast experience also incorporates assignments in Europe, the Middle East, Africa and USA.

He holds a BSc in Accounting with an Executive Master's Degree in Finance from the IEB School of Finance and an Executive MBA from the London Business School.

About Our Group Executive Committee (Continued)

Maria Boodoo – Group Internal Audit Manager

Ms. Maria Boodoo was appointed Group Internal Audit Manager effective November 2017. Ms. Boodoo has over 13 years of progressive experience, of which the last 9 were at a managerial level. She specialises in the field of Internal & External Auditing, forensic Auditing, Evaluation and Implementation of financial & operational controls, Policy & Procedure Development and Compliance Management. She has also knowledge and experience in relation to Financial Reporting, Management & Analytics, Cash Management and Financial forecasting.

Ms. Boodoo's competencies and expertise were established throughout her career in various sectors including oil & gas, manufacturing, financial and banking, educational & training institutions, mining and aggregates operations, telecommunications and cement and concrete solutions, having worked with various state enterprises and private corporations.

Ms. Boodoo is a registered Fellow Chartered Certified Accountant (FCCA) and a Certified Forensic Auditor (CIFA); she is a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). She also holds a Bachelor of Science Degree – Specialising in Accounting from the University of the West Indies.

Khalid Rahaman – Group Technology & Information Manager

Mr. Khalid Rahaman has been with the TCL Group for over 20 years and has worked in various positions within the Information Technology Department. He was appointed Group Technology & Information Manager, effective April 1, 2013.

Prior to his appointment, Mr. Rahaman held the position of Group Senior Network Administrator and has considerable experience in leading Process & IT-related projects across the region.

Mr. Rahaman holds a BSc (Hons) in Computing & Information Systems from the University of London.

Guillermo Rojo De Diego – General Manager, Trinidad Cement Limited

Mr. Guillermo Rojo De Diego was appointed General Manager of Trinidad Cement Limited effective February 6, 2019. He is a strong sales professional and an experienced Country Manager with over 20 years' experience in the building materials industry.

Prior to his role of General Manager, Mr. Rojo de Diego held the position of Country Manager at CEMEX, Guatemala for a period of 4 years. He developed his career, assuming increasing roles of responsibility in different areas, including commercial, strategic planning and operations before going into general management responsibilities in all main business lines in 5 countries in Europe, Africa and Latin America.

He holds a BSc in Geological Sciences, specialising in Mineral Resources from the Universidad Complutense de Madrid, Spain and an MBA from INSEAD MBA (France).

Other Line Managers

Rajeev Chadee

Business Manager – TCL Packaging Limited and TCL Ponsa Manufacturing Limited

Mr. Rajeev Chadee joined the TCL Group on August 1, 1997. In October 2018, he was appointed Business Manager – TCL Packaging Limited and TCL Ponsa Manufacturing Limited. Prior to this, Mr. Chadee held several positions at Trinidad Cement Limited including Process Engineer – Cement Mill & Kilns; Packing Plant Supervisor; Production Superintendent and Production Manager. He holds a BSc in Chemical and Process Engineering from the University of the West Indies and an MBA from the Australian Institute of Business.

Lorena Andrea Moreno Urquijo

Tax Manager – TCL Group

Ms. Lorena Andrea Moreno Urquijo is a public accounting graduate from Universidad Nacional de Colombia. She combines a high level of knowledge in local and international taxes with experience in taxation regulations for local and multinational corporations of different economic sectors, especially those in the oil and gas industry. Prior to her appointment at the TCL Group on February 25, 2018, she worked at Ernst & Young S.A.S. as a Tax Senior and at PricewaterhouseCoopers as a Tax Assistant.

Alejandro Madrigal Meneses

Enterprise Risk Manager – TCL Group

Mr. Alejandro Madrigal Meneses is the lead for the company's risk agenda and mitigation measures across the Caribbean region. Prior to this appointment, he has held various positions at CEMEX since 2010. Among these, ERM Coordinator, Project Coordinator and Business Intelligence Coordinator. Mr. Madrigal, a Costa Rican by birth, holds a master's degree in Project Management, a Finance degree and a bachelor's degree in Business Administration, all from Instituto Technológico de Costa Rica.

Jaris Liburd

Business Manager – TTLI Trading Limited, Barbados

Mr. Jaris Liburd joined the TCL Group in August of 2006 with more than 25 years of management experience in Facility Management and Customer Service, and over 9 years' experience in Trading and Logistics. He is also a qualified Hospitality Facility Executive (CHFE) with certification from the American Hotel & Lodging Educational Institute.

Managing Director's Report & Management Discussion

COVID-19 and Our Actions

The COVID-19 pandemic is undoubtedly one of the greatest challenges of our time. At the CEMEX TCL Group, we are acting decisively to properly analyse, develop, and execute measures to safeguard our company and our people, as well as our customers, suppliers and communities.

Our operations are facing complications due to strict authority measures on commercial and industrial activities, however, we are following government regulations while working to minimise as much as possible, the impact on our business and our ability to serve our customers.

Our action plans are, therefore, focused on maximising the protection of our employees while fostering operational resilience. In this regard, we have implemented multiple protocols and other measures, including:

- Building inventories and sourcing for critical components.
- Focusing only on essential activities across our businesses to safeguard cash-flows.
- Developing and considering different contingency plans.
- Enhancing our communication with employees and all relevant stakeholders.
- Reinforcing physical distancing measures and personal hygiene.
- Promoting remote work where possible according to job responsibilities.
- Thermometer testing at access points.
- Increasing cleaning procedures at all sites.
- Keeping main doors opened.

Managing Director, José Luis Seijo González joined in filling bottles with disinfectant for distribution to employees.

Local Rapid Response Teams (RRTs) also remain activated throughout our operations as we continue to implement preventive measures to reduce the risks to the CEMEX TCL Group community.

Security access point thermometer testing.

1.0 Health, Safety and Environment (HSE)

Occupational Health & Safety

Health and Safety Academy.

The health and safety of our employees and associated stakeholders remain our top priority. We continue to raise awareness of safe industry practices through training of our labour force, monitoring and evaluation of results aligned with the Zero4Life initiative. This effort was successful in 2019, resulting in zero fatalities and a 50% reduction in lost time incidents (LTIs).

During the year, tremendous focus was placed on getting employees at every level across the Group to fully understand the company's Health and Safety Management System (HSMS). This was achieved through the Health and Safety Academy, a proven conduit in the education process which has positively contributed to development of the desired safety culture. Academy courses 1 and 2 were successfully completed with over 300 people trained in both modules, while Academy course 3 has already commenced and continues into 2020 as we build on the foundation for our 'leaders in safety' to further improve the safety culture. A variety of activities in support of health and wellness also form part of this programme.

Health and Safety Academy Graduates

Trinidad

Jamaica

Barbados

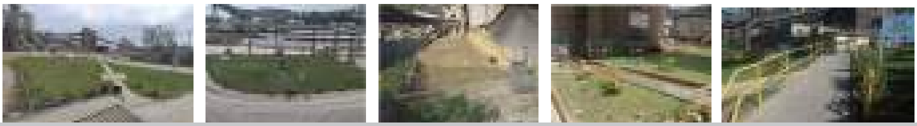
Guyana

Special emphasis was placed on traffic management, which was flagged as a major hotspot at our cement plants. Through this project, we were able to effectively segregate pedestrians from vehicular traffic along busy roadways on the plant. This plan will be sustained until all areas are protected.

2019 also saw a continuation of the 'guarding and isolation' programme through which conditions were improved in many areas of the plant, making it a safer place to work.

Environmental Management

CCCL improved its environmental performance in 2019 by decreasing water consumption by 15% as well as reducing dust emissions in compliance with a mitigation plan that was presented to National Environment and Planning Agency (NEPA). This included completion of landscaping at the interior and exterior of the plant.



Green Areas Plantwide.

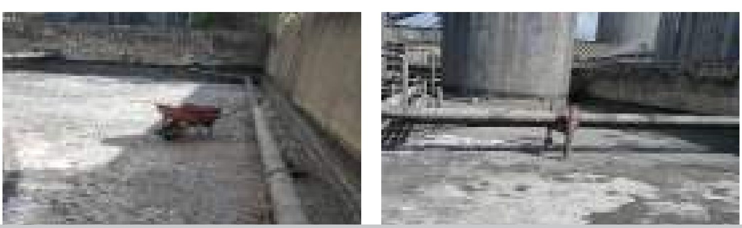
Capital expenditure (CAPEX) included installation of a new jumbo bag packer, dust collectors, and the purchase of a vacuum truck to continuously clean the plant. The stack height was reduced and the air dispersion model was updated and presented to NEPA.

In 2019, TCL obtained a Certificate of Environmental Clearance (CEC) for Mining and Processing of Limestone at the TCL Mayo Quarry. This is in compliance with local legislation — the Certificate of Environmental Clearance Rules, 2001, which is generated from the Environmental Management Act Chapter 35:05. Additionally, a sustainability action team was formed to focus on sustainable products and solutions, CO_2 strategy, environmental compliance, biodiversity and water, among other things. This team consists of members from different areas within the organisation.

TCL also achieved recycling of 8,580 gallons of waste oil and 1.012 tonnes of plastic and glass bottles via a third party. This waste oil is reprocessed into a blend that could be used for lubrication and then sold by the company doing the recycling.

In Barbados at ACCL, the focus for 2019 was the removal of waste oil into the containment area and burner.

Before removal of waste oil.



After removal of waste oil.

At TGI in Guyana, the focus was on building a fuel tank base and bins for aggregates and dust prevention.

Fuel tank base: *casting of the area to prevent any spilt fuel getting to the ground.*

Bins for aggregates: *installed geotile screen to prevent dust pollution.*

Readymix truck loading point:

Installation of screen to prevent dust pollution.

Timer control board:

Installation of timer control board for packer bag house to prevent dusting in the cement packaging operation.

2.0 Financial Review and Analysis

During 2019, the Group continued restructuring activities designed to achieve a competitive cost structure.

The Group's total revenue of $1.7 billion represented a 3% decrease when compared to 2018. Operating earnings before other expenses decreased to $223.5 million for the year 2019, a decrease of 1% when compared to 2018.

Revenue

Total revenue of $1.7 billion recorded in 2019, when compared to 2018, reflected the impact of increases in some markets partially offsetting decreases in others. Revenue in the markets of Trinidad and Tobago, Jamaica and Barbados decreased by 6%, whereas export sales revenues improved by 7%.

Revenues from the ready-mix and aggregates business declined by 16% compared to 2018, also due to continued contraction of the building industry in Trinidad and Tobago. The decrease in ready-mix revenues in Trinidad were offset by ready-mix sales in Guyana.

Operating Results

The Group recorded operating earnings before other expenses (primarily consisting of revenue and expenses directly related to its main activities) of $223.5 million in 2019. This represents a decrease of $1.5 million or 1% compared to 2018. This result reflected strong operating results in Jamaica offset by less favourable results in Trinidad and Tobago and Barbados.

There was an overall operating profit for the year of $149.8 million. This is an increase of $2.2 million or 1% compared to 2018.

Net Finance Costs

The Group's annual net finance cost increased by 4% to $97.2 million. This represents increases in net interest on pension and other post-retirement obligations costs, and interest on liabilities of the newly adopted IFRS 16 partially offset by reduction in interest expense on borrowings.

Liquidity & Financial Position

Cash generated from Operations in 2019 was $296.3 million, an increase from 2018 ($220.1 million). A significant amount of this, $139.7 million, was used for capital investment and $51.4 million for net reduction of borrowings.

The Group's net debt decreased to $883.2 million from 2018 ($941.6 million) as it repaid borrowings.

Summary Financial Performance (figures quoted in TTD)

The Group recorded a profit for the year of $15.3 million (in 2018 a loss of $7.0 million). Significantly impacting on this result was a reduction in the annual taxation charge. In 2018 the taxation charge included movement in deferred tax income assets not recognised of $48.9 million.

Group revenue of $1.7 billion (2018: $1.7 billion) was maintained despite the continued contraction of construction activity in Trinidad and Tobago as well as competition across the region.

3.0 Group Marketing

In Jamaica, CCCL's domestic sales volume declined by 3% in comparison to 2018. This was primarily attributed to the delay in project starts and a constriction of market demand. Domestic demand was negatively impacted by the delay in the commencement of several infrastructural projects and commercial developments. However, despite the decline in domestic volumes, total volumes remained marginally flat as a result of an increase in exports, primarily clinker to Haiti and Trinidad.

In Trinidad and Tobago, the TCL plant saw a decline in cement sales volume of 6% compared to 2018. The domestic cement demand has declined by 2.5% compared to 2018. The market remains in a depressed state, added to which, TCL has been faced by heightened competition. Like Barbados, the GORTT has implemented a tax of 35% on imported 'other hydraulic' cement. This took effect in January of 2020.

Noteworthy, the company's export volume increased by a staggering 14% when compared to 2018, which included the export of clinker to Martinique.

In the Readymix concrete sector in Trinidad and Tobago, activity in construction remained flat in 2019. Concrete sales volumes at RML declined by 24% in 2019 compared to 2018, however the company was able to maintain a leadership position in this sector, remaining focused on providing its customers with affordable high-quality concrete solutions and technology together with its reputable level of service.

Third-party aggregate sales increased in 2019 due to product and plant availability and increased road work activity. It is expected that for 2020, the company will continue to grow in this sector as demand further increases in an election year with road paving projects. The company is focused on gaining inroads into the supply of aggregates to industrial customers.

In Barbados, overall cement demand decreased by 9% from 2018 to 2019. Also, ACCL's domestic volume decreased by 11%. This was attributed to the overall decrease in demand, which also affected foreign competition that showed a decline of 2% from its 2018 level. Notably, the Government has implemented a 35% tax on foreign cement for a period of 2 years from September, 2019. Export wise, ACCL's volume grew by 7% because of increased volumes in the Guyana market.

In Guyana, the overall cement demand grew by 0.2% from 2018 to 2019. Despite this, TGI's domestic volume decreased by 3% and foreign competition saw an increase of 5%.

Sales is about building trust and educating - TCL's Build your Business seminar for the company's distributors.

4.0 Group Operations

The main operational focus at TCL was continuous improvement by building on the foundations set in 2018. Key to this was the development of competencies at the engineering level, improved project management supported by subject experts who visited the facilities for major overhauls, and reduced operational costs. Improved mind-sets in the areas of empowerment, leadership, teamwork and creativity are being demonstrated and leading to improved results.

The major areas of focus for CCCL included:

Equipment Overhauls - Jamaica

Heavy capital expenditure continued in 2019 as the Group sought to stabilise its operations with major overhauls - some long overdue, of obsolete equipment and the optimisation of other equipment to enhance safety, environmental and plant performance.

New Jumbo Bag Station

The old jumbo packing system used single loop bags, which were not perfectly sealed and created environmental challenges when loading. The new system uses four loop bags, has a sealing system and a dust collector to recover the dust and prevent dust emissions. The system comprises an 80-tonne buffer bin supported on a structural steel frame, a DCL jumbo loader with automatic weigh scale, and a rollaway conveyor system.

FM4 Clinker Belt Dust Collectors

The FM4 clinker conveyor belts carry 400 tonnes of clinker per hour and stands on a structure 30 meters above sea level. The unit had no dust collection system at the transfer point and during operation, dust would be emanating from this location. Two new 5600 CFM dust collectors with structure have been installed to allow a more environmentally friendly operation.

Clinker Silo Extraction Feeder Upgrade

In 1988, 24 vibrating feeders were installed below the clinker silos to extract clinker. The useful life of the mechanical and electrical systems expired and caused an unreliable operation in the past years. The 24 vibrating feeders have been upgraded resulting in an improved clinker flow and a more stable operation for cement grinding.

TCL achieved a significant operational milestone with a record production of clinker - 72,043 MT in June of 2019, 5,101 MTs more than the 2018 record of 66,942 MTs in April 2018. Other achievements include: a reduction in slurry moisture to 39% resulting in a lower fuel requirement and improved kiln efficiencies; recognition of Kiln 4 as one of the top-ranking kilns in the South, Central America and Caribbean (SCAC) region.

Historic staging of Cement Masters' training in Jamaica.

CEMEX Global Maintenance Seminar - Mexico.

Improvement of competencies through specialised CEMEX Masters' training continues throughout the Group and, supported by Subject Matter Experts (SMEs) it is bringing significant value. Programmes designed to provide a comprehensive understanding of the cement manufacturing process and maintenance excellence were undertaken.

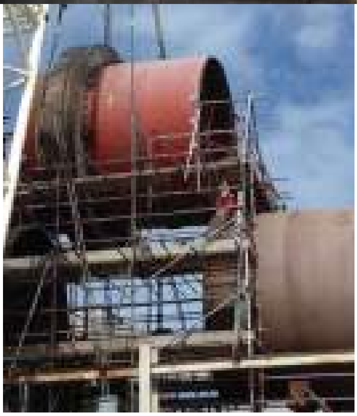
<u>Other major areas of focus in 2019 included:</u>

Equipment Overhauls - Trinidad

Like Jamaica, heavy capital expenditure continued in 2019 as the Group sought to stabilise its operations with major overhauls - some long overdue, and the optimisation of other equipment to enhance quality, environmental and plant performance.

Kiln 3 Shell and Tyre Upgrade

Left: In August 2019, 5.1 metres of shell and the tyre roller were replaced in order to improve Kiln 3's performance. In this changeout, CEMEX's project management best practices were utilised by the local team of competent professionals supported by Subject Matter Experts (SMEs) from within the region.



Kiln 3 Burner upgrades

In 2019, a new burner with modern primary air and protection fans was procured for Kiln 3. Major infrastructural works were done to move the burner carriage from the floor to be suspended overhead. The new unit was installed in February 2020 with the objective of delivering an improved shape and length of flame and ultimately more efficient kiln operation. The new burner allows a more efficient combustion that protects the Kiln lining and also reduces fuel consumption. TCL will continue to work on the burner into 2021 to allow the use of liquid waste, which will positively affect the environment.

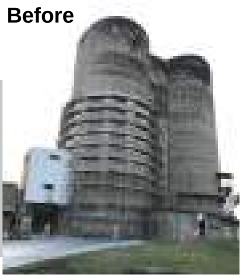
VSK Burner

The installation of the VSK Burner took place in 2019. This Burner was installed to improve cement quality by reducing moisture in the final product thereby alleviating lumping.

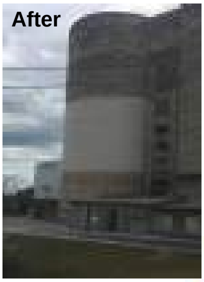
Silo 6

In an effort to further improve cement quality, extensive refurbishments were done on Silo 6 to develop water resistance to the elements for better storage of cement.

Before



After



Equipment Overhauls - Barbados

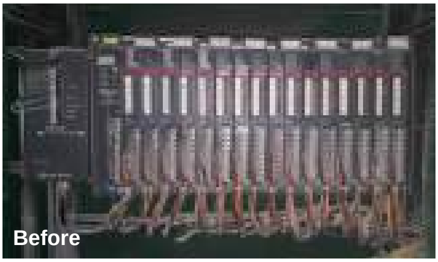
Preheater Tower

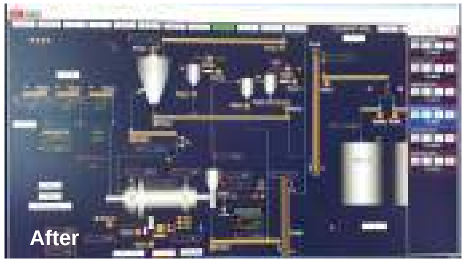
Overall work was done on the severely damaged preheater tower.

Cement Mill Motor

The cement mill motor was replaced to increase the reliability and capacity of the mills.

Cement Mill PLC

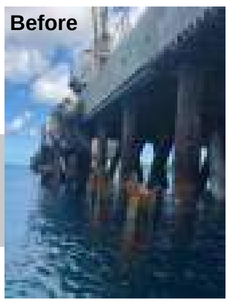


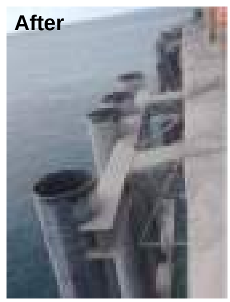


Cement Mill PLC was upgraded to a digital system, improving its efficiency and reliability.

Power Station – Engine #2

As part of 10K hours planned preventive maintenance, turbocharge, cylinder heads, piston rings and rods, bearings were changed and reconditioned.





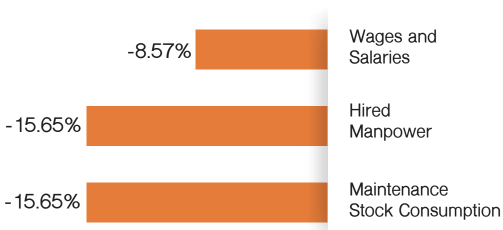
Jetty Fender

Jetty Fendering upgraded to improve reliability and safety of the structure.

Cost Management

Cost control continued aggressively at TCL in 2019 towards bringing the cement plant in line with CEMEX's operating standards. There was major focus on the area of wages and salaries, hired man power and maintenance stock consumption. The results achieved in 2019 over 2018 are reflected below:

TCL - Cost control



Packaging Operations

42.5 kg Laminated sack packed.

In 2019, TPL continued to reorganise its operations to achieve greater operating efficiencies. As the organisation moves towards a more competitive cost structure since the cost of major inputs continue to rise, it has embarked on initiatives to develop a sack with a moisture barrier. This will improve the quality of sacks for its customers by ensuring a longer shelf life for products. A smaller sack option is also being explored to increase the company's sales volumes.

TPL is also pursuing the possibility of becoming a Freezone company to benefit from tax and duty concessions since its business profile for exports fits the requirements.

TPM also continues to reorganise its operations to achieve a more efficient cost structure. The company has embarked on sourcing new suppliers for goods and services from India and China to further reduce overheads and gain a competitive edge. TPM has gained new customers – CEMEX Jamaica and CEMEX Dominican Republic – supplying Jumbo Bags and Slings.

TPM has also embarked on an ergonomic Jumbo Bag Design that is more presentable and better facilitates promotion of the CEMEX brand regionally.

TPM has also designed a standardised and more superior sling for its customers in the region, giving them a competitive advantage.

(Pictured on the following page.)

21.3 kg Small laminated sack by TPL.

TPM ergonomic Jumbo Bag Design promoting the CEMEX brand regionally.

TPM superior sling system.

Housekeeping

In Jamaica, there was a major focus on traffic management, guarding and re-organising of work areas at all the plants. Constant housekeeping to preserve the landscaping inside the plant has taken place. To increase the housekeeping efficiency, a vacuum truck was purchased.

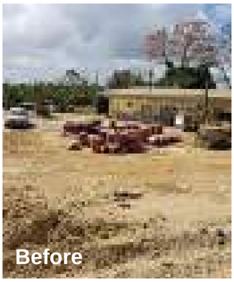
In Trinidad, there was also a major focus on Traffic Management, Pedestrian Crossings, Guarding and Re-organising of work areas at all the plants.

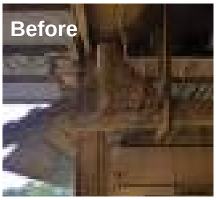
Some housekeeping improvements are highlighted below:

Demolition Work - Old Kiln Shed

Walkway from the Crusher at TCL's Mayo Quarry

Reorganising Mayo's Oil bund





Before

After

Above: *Housekeeping at the overflow finished slurry line.*

Below: *Traffic Management and Pedestrian Crossing at TCL's Claxton Bay plant.*

Below: *Traffic Management and Pedestrian Crossing at RML's Pt Lisas Concrete plant.*

Before

After

Quality and Environmental Management

Regarding CCCL, improvement in quality assurance showed an increase in the Quality Index (QI) score over 2018's 87.5% to 89.6% at the end of 2019. The QI target of 90% is expected to be met in 2020. This is the result of efforts made to stabilise the process plantwide.

CCCL also saw progress with its environmental performance for 2019 in terms of reduction of water abstraction by 15% compared to that of 2018. CCCL has presented an ambitious dust mitigation plan to National Environment and Planning Agency (NEPA), which started in 2019 and will continue over the following three years. The plant seeks to maintain its ISO14001:2015 environmental management certification.

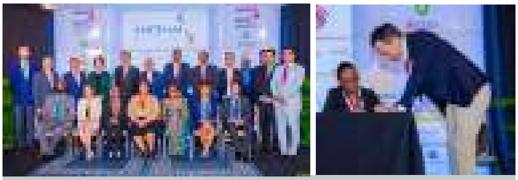
CCCL signed a Memorandum of Understanding with the Ministry of Local Government and Community Development; the Ministry of Economic Growth and Job Creation and the National Solid Waste Management Authority to conduct a pilot project to destroy tyres in its kiln. During the pilot phase of this initiative, 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 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.

This project is part of the company's corporate social responsibility programme and will not result in economic profit.

In Barbados, even though ACCL achieved the 90% goal in some months for its QI performance, the high standard deviation in kiln feed LSF and its residues, due to issues with raw meal silo homogenisation, remains an issue.

In 2019, Trinidad Cement Limited (TCL) obtained a Certificate of Environmental Clearance (CEC) for Mining and Processing of Limestone at the company's Mayo Quarry. This is in compliance with local legislation – the Certificate of Environmental Clearance Rules, 2001, which is generated from the Environmental Management Act, Chapter 35:05. Additionally, a sustainability action team was engaged to focus on sustainable products and solutions, CO_2 strategy, Environmental Compliance and Biodiversity and Water, among other things. This team consists of members from different areas within the organisation.

TCL also achieved recycling of 8,580 gallons of waste oil and 1.012 tonnes of plastic and glass bottles via a third party. This waste oil is re-processed into a blend that can be used for lubrication and then sold by the company doing the recycling.



TCL supports the TTEITI's Principles of Openness, Transparency and Accountability on Oct 24, at the signing of the MOU at AMCHAM.

In 2019, TCL was re-certified for the use of the API monogram, following a successful re-certification audit in the first quarter. The company was able to attain and maintain a performance of over 90% in the QI. The average Quality Index score for 2019 was 90.6%.

There were no customer complaints received for product strength inconsistency as a result of the strict control of raw materials used in the process.

Clay being calcined in kiln 4.

Lab scale and industrial scale testing of calcined clay were successfully completed.

Quarry Management

In 2019, CCCL and TCL continued to utilise the Mining Software – Datamine. A rehabilitation plan for the inactive quarries (Cave, BITO, Upper, Brooks, and Old Pozzolan) and Halberstadt was presented and approved by MGD (Mines and Geology Division). Close monitoring of crushed limestone inventories, lime saturation factor of fed limestone to the process, and reserves is done monthly to optimise quarry reserves.

Concrete Operations

Calcined clay produced.

USD466K in CAPEX was invested in the concrete operation mainly at the Pt. Lisas batch plant and for a health and safety focus at the Guanapo batch plant. These works have enhanced the production capability and HSE performance of the plants, respectively. In 2019, lab facilities were upgraded for both concrete and aggregate to enable better control for Value Added Products (VAPs) initiatives. In Q4, the concrete operation successfully launched its first VAP, Eco Evolution, which is self-compacting concrete. The key performance indicator for VAPs is 1% of total concrete sales.

The Readymix Quarries, which include Melajo Quarry and Bermudez Quarry, continue to carry out sand and gravel extraction methods guided by CEMEX experts. RML's goal remains the optimisation of its mining operations to achieve higher production and quality targets.

RML's "Pit-Run exploration" project is ongoing in a bid to estimate the reserves in virgin territory. A reforestation and rehabilitation project will be concurrently executed with this initiative, ensuring that the areas exploited are properly reclaimed and regenerated.

H&S Improvements at Concrete and Quarry Operations

Oil Room improvement.

Traffic management completed.

Ground storage for material.

Installation of Radial Conveyor.

World-class Improvement

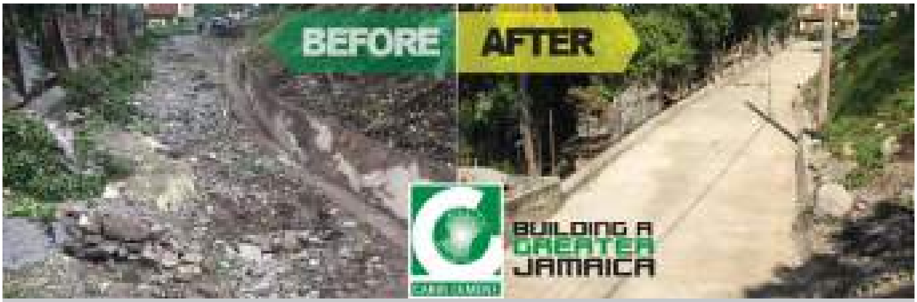
Ground storage for material at Pt. Lisas..

Silo Installation.

5.0 Group Developmental Activities

Community Concrete Paving

CCCL has addressed community challenges through its CSR Department, where concrete paving solutions are offered to repair seriously damaged roads. As a result, people in various communities of Jamaica have benefited from this initiative. CCCL expects to continue executing concrete paved roads in the following years to improve the living conditions of people in the country.



Kintyre Road Rehabilitation.

Sustainable Road Solutions

In Trinidad, continuous lobbying of key government agencies has been the primary step. With the closure of state-owned Petrotrin in Q4 of 2018, the supply of refinery bitumen for road paving has been deeply impacted and the respective CET has since been reduced to facilitate imports. In spite of this, the opportunity remains strong for conversion to concrete and with increased lobbying and promotion of the technologies, our target of capturing at least 5% of all public roads requiring construction or rehabilitation has not been achieved but remains a benchmark.

Housing

Housing continues to be a major socio-economic issue for the Caribbean. Most countries have indicated that affordable housing is an ongoing challenge especially for people in the lower income tier.

In Trinidad, discussions with the Ministry of Housing (HDC) have been ongoing with the objective of filling the gaps in low-cost housing. The TCL Group has been providing support to assigned contractors through bundled packages for housing.

Phase One of the East Lake Housing Project units being built on RML's land at Guanapo in collaboration with Home Solutions Limited is almost 90% completed. It is primarily aimed at providing middle-income homes, a segment identified by the Housing Ministry to be in high demand. Construction of the development also utilises concrete in ancillary work such as pavements, sidewalks, car parks and drainage. In 2019, USD369K profit was received from sales and we continue to benefit in 2020.

East Lake Development.

East Lake concrete road.

Foundation for multi-storey apartment.

6.0 Human Capital

Innovation and intellectual capital are vital for our company's success. Therefore, in 2019 the TCL Group continued its drive towards developing employees to be more agile. We believe that agility is key to our ability to respond to the rapid changes in our industry and technology, thus securing our future.

Our employees constantly benefit from professional development opportunities, which equip them with the tools to apply innovative methods to solve challenges in our operations.

We also encourage a culture of diversity and continuous improvement by providing experiences that reinforce vision and value. We are acutely focused on building an environment where our employees are highly engaged, by delivering a balanced work-life atmosphere. Hence, initiatives/events that encourage the participation of employees' families are arranged.

At the TCL Group, the transition journey continues as we integrate processes and implement CEMEX's procedures. As a Group, we consider that the adoption of the company's core values by all employees is a significant component that guarantees growth in this influential organisation:-

Trinidad business units build strength together through a "Fit4Life" trek to the Rio Seco Falls.

Health and Wellness – Football Tournament, Jamaica

Health and Wellness – FIT4LIFE, Barbados

Family Fun Day.

Family Plant Tour.

7.0 Communications

While, as a fast paced, high performance environment, we embrace technology, we also ensure that there are frequent direct, face to face touch points with our stakeholders. As part of our stakeholder engagement strategy, meetings with individuals and groups were prioritised during the year. Our plants host formal and informal community meetings while town meetings are held quarterly with employees. Our executive management team leaders conduct Visible Felt Leadership (VFL) exercises weekly, which involves walking the plant and interacting directly with staff at all levels to promote safety and good practices. Leaders also routinely visit customers to directly receive feedback and/or provide updates on new developments. These are in addition to large-scale events such as Customer Appreciation activities, and the Distributors' Academy, a business development workshop held quarterly.

Our companies engage directly with end users of our products in various ways. Our widest reach is through a mix of traditional and digital media channels which facilitate communication for the purposes of providing information, building awareness, receiving feedback and encouraging dialogue. Collectively, our social media platforms reach over 10K people and growing. Internally, our employees have access to a range of tools tailored to their job functions and the need to collaborate seamlessly across buildings, cities and countries. In addition to the tools available to employees, and for which considerable investment is made in licenses and maintenance, the Group is able to leverage the resources of our parent company CEMEX, from which additional communication channels, platforms and training are available to our teams.

8.0 Changes to Executive Management

These were the changes implemented in the Group's executive structure and management team:

1. **Yago Castro Izaguirre** was appointed General Manager – Caribbean Cement Company Limited (CCCL).
2. **Carlos Roberto Cordero Castro** was appointed General Manager - Arawak Cement Company Limited (ACCL).
3. **Edgar Campos Piedra** was appointed BSO/Finance Manager - TCL Group.
4. **Humberto Gutierrez** was appointed Treasury & Consolidation Manager - TCL Group.
5. **Rafael Martinez** was appointed CAPEX Manager - TCL Group.

9.0 Looking Ahead

As we look ahead, we continue to see multiple avenues for competitiveness, profitable growth and sustainability despite the reality of a further contracted construction industry caused by the economic effects of COVID-19 and extremely low oil prices. In addition, the IMF ranks Trinidad and Tobago's recovery in 2021 to be the 2nd lowest in the CARICOM after Haiti. Despite this, our CEMEX backing, strong footprint and operating platform across the region will position us to capitalise on any future growth in our markets. Guyana, for instance, is expected to recover quickly because of the startup of oil production.

The degree to which the COVID-19 pandemic affects the Group's results and operations will depend on future developments, which are highly uncertain, including but not limited to, the duration and spread of the outbreak, its severity, actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. We are quickly adapting our plans and focus on what we could control to offset economic volatility caused by this unprecedented development.

In this increasingly challenging environment, we are committed to our long-term transformation programme designed to improve productivity, raise competitiveness and enhance sustainability across all our production and business units. We will continue to focus on our strategic priorities of Health & Safety, Customer Centricity, Innovation, Sustainability and EBITDA Growth (return to investment grade).

There are significant opportunities for development in different parts of our business, and we will continue to prioritise investing in innovation to launch new products throughout the region. We also remain committed to stringent cost management, strong operational execution and a customer centric focus.

We are confident in our ability to effectively manage our business regardless of the operating environment and expect to continue delivering long-term value for all our shareholders.

10.0 Acknowledgements

The strength of our regional teams and their daily execution of our plans must be recognised. Despite significant economic volatility, unfair trade practices and other challenges, our employees execute decisive actions on an ongoing basis to deliver the strongest brands in the region.

Deepest thanks to our invaluable distributors and end-users for trusting and supporting our brands, making us Number 1 across the Caribbean.

Sincere appreciation to our valued shareholders for their ongoing confidence and investments.

To our former Chairman Wilfred Espinet, present Chairman David G. Inglefield and fellow directors for your vision and astute leadership throughout the year.

The combined excellence of all our stakeholders is responsible for our strength and success as together we build a stronger region. Thank you for your continued support of our brands and products and your investments in our company. We look forward to expanding our legacy of long-term value creation for our shareholders while improving the lives of our communities every single day.

José Luis Seijo González
Managing Director

Corporate Social Responsibility

Our current experience with COVID-19 has brought an even deeper meaning to what we all understand as community responsibility - a caring attitude and sustainable decision-making and behaviour.

We are filled with pride and joy that, collectively and individually, the employees of the CEMEX TCL Group have always embodied the highest standards of those values. Safety, Excellence and Integrity are embedded as strategic objectives in our corporate framework, but without every person's effort and goodwill, these would be unattainable. Guided by the premise that we, too, live and thrive in the environments that we create, and are ourselves rooted in the communities that we serve, our business model incorporates a strong, sustainable and uninterrupted flow of activities and outreach initiatives to the region that we operate in. Here are some highlights of our Corporate Social Responsibility activities in 2019 that form part of our Group's mission to "*Build a Brighter Future*".

TCL CSR Activities

The CEMEX TCL-sponsored Mayo Youth Academy particpated at the Republic Bank Cup.

Under 13

Under 15

Tree Planting at TCL

TCL supports the Chaguanas Borough Corporation with a cement donation for the Borough's Heritage Park.

Corporate Social Responsibility (Continued)

TCL CSR Activities (Continued)

TCL launched its Vulnerable Road User (VRU) Safety Awareness Programme at the Claxton Bay Anglican School. VRUs have been ongoing at schools up until the COVID-19 'stay at home' measure was introduced and will resume after.

Investing in our Youth: TCL hosted 12 part-time Civil Engineering students from UTT for a tour of the Claxton Bay Plant and Mayo Quarry.

TCL launches S.E.A. scholarship programme providing grants for books and school uniforms to students within the company's fence line communities.

TCL's charity drive

TCL spreads Christmas cheer at schools in the Claxton Bay and Mayo communities.

Corporate Social Responsibility (Continued)

Readymix (W.I.) Limited CSR Activities 2019

RML launched its Vulnerable Road User (VRU) Safety Awareness Programme at the La Horquetta North Primary School.

UTT students hosted by RML for a tour of its Guanapo Plant and Melajo Quarry.

TCL Guyana Inc. CSR Activities 2019

Students in Guyana also benefited from the CEMEX TCL Group's Vulnerable Road User (VRU) Safety Awareness Programme. Photos taken at the St. Margaret's Primary School in Georgetown.

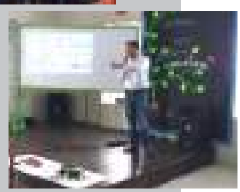
Corporate Social Responsibility (Continued)

ACCL CSR Activities

Arawak Cement supports Breast Cancer Awareness with 5k walk.

Family benefits from Arawak's 'Home Sweet Home' initiative.

Arawak completes another successful VRU at St. Lucy Primary School on November 05, 2019.



Kids get smart about road safety at Arawak as the company hosted another VRU programme at the Ignatius Byer Primary School on November 05, 2019.

Corporate Social Responsibility (Continued)

ACCL CSR Activities (Continued)

Arawak keeping FIT4LIFE at the Nation Newspaper's annual 5k walk and charity event at Queen's Park, St. Michael's.

Arawak Cement partners with the Government to build a stronger Barbados when Colin Jordan, Hon. Minister of Labour and Social Partnership Relations visited the plant on Nov 13, with the Company committing to share its Driving Essentials Programme to be incorporated in policies for local drivers.

Corporate Social Responsibility (Continued)

CCCL CSR Activities

Carib Cement positively impacts road safety with a donation of five (5) AlcoBlow Breathalysers to the Road Safety Unit of the Ministry of Transport and Mining on January 29, 2019.

Carib Cement donates nine (9) more breathalysers to the Road Safety Unit of the Ministry of Transport and Mining.

Carib Cement runs for charity on February 17 at the staging of the Sagicor Sigma 5K Road Race.

Corporate Social Responsibility (Continued)

CCCL CSR Activities (Continued)

Carib Cement delivers road safety message as part of its VRU Programme at the Wolmer's Preparatory School in Kingston on February 21, 2019.

Carib Cement delivers road safety education to Hazard Primary and Denbigh Primary students.

Carib Cement exceeds its VRU target with a visit to the Vaz Preparatory School, its 5th VRU for the start of 2019.

Carib Cement hosted Annotto Bay High School final year carpentry students for a plant tour on April 03, 2019.

Corporate Social Responsibility (Continued)

CCCL CSR Activities (Continued)

Carib Cement celebrates Teachers' Day.

Carib Cement upgrades Angel of Fame Early Childhood School.

Carib Cement refurbishes Community Fire Station.

Carib Cement to burn tyres in its Kiln – a pilot project to destroy old tyres as part of an MOU between the Ministry of Local Government and Community Development, The Ministry of Economic Growth and Job Creation and the National Solid Waste Management Authority saw the disposal of 6,000 tyres in 11 days.

Corporate Social Responsibility (Continued)

CCCL CSR Activities (Continued)

Carib Cement donates playing field.

Carib Cement donates a block making machine for a social enterprise project within the community of 10 Miles Bull Bay, St. Andrew. Carib Cement has been working with community members and agencies to train the youth in capacity building, block making and other entrepreneurial skills while giving them the opportunity to generate an income. The company has funded training for eleven men and seven women.

Carib Cement donates Decontamination Unit to the Rollingston Fire Station. The unit, an addition to the existing building and which houses wash areas, showers and a large specialist industrial washing machine, will allow the officers to exit from their trucks directly to this space.

Corporate Social Responsibility (Continued)

CEMEX TCL signs Olympian Andrew Lewis as new Community Development Ambassador.

CEMEX TCL and the Andrew Lewis Sailing Foundation, led by 3-time Olympic laser dinghy qualifier, Andrew Lewis, have partnered to promote community development through sport, education and team-building.

TCL Group Business Units - Principal Officers

Trinidad Cement Limited

TRINIDAD CEMENT LIMITED

Registered Office
Southern Main Road, Claxton Bay,
Trinidad & Tobago, W.I.
Tel: (868) 225-8254
Fax: (868) 659-2540

Website: www.tcl.co.tt

Trinidad Cement Limited was incorporated in Trinidad in 1951 and commenced production in 1954. Its primary activity is the manufacture and sale of Portland Pozzolan Cement, Ordinary Portland Cement and Class G High Sulphate Resistant (HSR) Oilwell Cement. The distribution of its shareholding is detailed in the pie chart on page 11 and Board of Directors (pages 16 & 17).

Company Secretary

Ms. Michelle Davidson

Principal Officers

1. Mr. Guillermo Rojo de Diego - General Manager
2. Mr. Rodney Cowan - Sales Industrial Segment & Supply Chain Manager
3. Ms. Lisel Cozier - Procurement Manager
4. Mrs. Sonia Gobin - Finance Manager
5. Mrs. Gloria Jacobs - Projects & Operations Support Manager
6. Ms. Bonnie Alexis - Human Resource Manager/ Group Coordinator
7. Mr. Ravi Bahall - Engineering Services Manager
8. Mrs. Reshma Gooljar-Singh - Sales Distributor Segment Manager
9. Mrs. Elena Dupres - Health & Safety Coordinator
10. Mr. David Neuhaus - Operations Manager

TCL Group Business Units – Principal Officers (Continued)

Readymix (W.I.) Limited

READYMIX (WEST INDIES) LIMITED

Registered Office
Tumpuna Road, Guanapo, Arima,
Trinidad & Tobago, W.I.
Tel: (868) 225-8254
Fax: (868) 643-3209

Website: www.readymix.co.tt

Readymix (West Indies) Limited (RML) was incorporated in Trinidad in 1961. Its primary activities are the manufacture and sale of pre-mixed concrete, the winning and sale of sand and gravel ("aggregates") and participation in other ventures that promote utilisation of concrete and aggregates. In 1995, Trinidad Cement Limited (TCL) acquired majority ownership of the Company.

Board of Directors

Mr. Michael Glenn Hamel-Smith (Chairman)
Mr. José Luis Seijo González
Mr. Anton Gopaulsingh
Mr. Guillermo Rojo De Diego

The distribution of its shareholding is as follows:

Trinidad Cement Limited	97.73%%	
Other Shareholders	2.27%	

Company Secretary

Ms. Khelsy Maharaj

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Principal Officers

1. Mr. Guillermo Rojo De Diego – General Manager, Trinidad Cement Limited (With oversight for RML)
2. Mr. Malcolm Sooknanan – Finance Manager
3. Mr. Afzal Ali – Marketing Manager
4. Ms. Cindy Siewbally – Human Resource Manager
5. Mr. Anthony Ferguson – Health, Safety, Security & Environment Coordinator
6. Mr. Pedro Arjona Conde – Senior Procurement Officer
7. Ms. Avaleen Mooloo – Readymix Coordinator
8. Ms. Liselle-Joy Garcia – Quarry Coordinator

TCL Group Business Units – Principal Officers (Continued)

Caribbean Cement Company Limited

Registered Office
Rockfort, Kingston,
Jamaica, W.I.
Tel: (876) 928-6231-5
Fax: (876) 928-7381

Website: www.caribcement.com

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

Board of Directors

Mr. Parris A. Lyew-Ayee (Chairman)
Mr. José Luis Seijo González
Mr. Yago Castro Izaguirre
Mr. Luis Ali Moya
Mr. Hollis N. Hosein
Mr. Peter Moses
Mrs. Dania Jocelyn Heredia Ramirez

Company Secretary

Mrs. Melissa Ferguson

The distribution of its shareholding is as follows:

Grouping	% holdings
CEMEX	4.96%
TCL Group	65.64%
Companies	12.62%
Individuals	8.09%
Financial Institutions	7.18%
Pension Funds	1.44%
Churches, Clubs & Assoc.	0.04%
Government	0.03%

TCL Group Business Units - Principal Officers (Continued)

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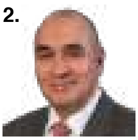
2. 
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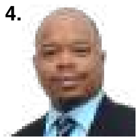
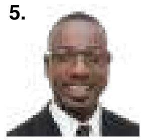
4. 
5. 
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Principal Officers

1. Mr. Yago Castro Izaguirre- General Manager
2. Mr. Miguel Estrada Sanchez- Group Cement Operations and Technical Director
3. Mr. Roberto Villarreal- Commercial Director
4. Mr. Rohan Anderson- Process Manager
5. Mr. Wayne Ballen- Security Manager
6. Mrs. Klao Bell-Lewis- Communications, Community Outreach & Media Strategy Manager
7. Mr. Christopher Brown- Production Manager
8. Mr. Christopher Bryan- Capital Projects Manager
9. Mr. Jorge Camelo- Human Resource Manager
10. Ms. Melissa Ferguson -Legal Counsel / Company Secretary
11. Mr. Jorge Herrera- Supply Chain Manager
12. Mr. Ricardo Lopez Quero- Finance Manage
13. Mr. Victor Aceituno Melgar- Strategic Planning Manager
14. Mr. Carlos Phipps- Maintenance Manager
15. Ms. Marilyn Corte Rodriguez- Quality, Quarry & Environment Manager
16. Mr. Adrian Spencer- Procurement Manager
17. Mr. Garen Williams- Distribution Sales Manager

TCL Group Business Units – Principal Officers (Continued)

Arawak Cement Company Limited

Registered Office
Checker Hall, St. Lucy,
Barbados, W.I.
BB27178
Tel: (246) 439-9880
Fax: (246) 439-7976

Website: www.arawakcement.com.bb

Arawak Cement Company Limited (ACCL) was incorporated in Barbados in 1981 and was acquired by TCL in 1994. Its primary activity is the manufacture and sale of Portland Pozzolan Cement.

Board of Directors

Mr. Arun K. Goyal – Chairman
Mr. José Luis Seijo González
Mr. Miguel Estrada Sanchez
Mr. Juan Carlos Mendoza
Mr. Edgar Campos Piedra

Company Secretary

Ms. Michelle Davidson

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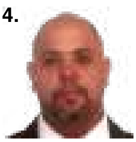
4. 
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Principal Officers

1. Mr. Carlos Cordero Castro – General Manager
2. Mr. Nelson Blanco Bogantes – Operations Director
3. Mr. Juan David Bedoya Velesquez – Marketing Manager
4. Mr. Leonardo Rojas Rondon – Finance Manager
5. Mrs. Sheryllyn Welch-Payne – Procurement Coordinator
6. Mrs. Seema Juman – Health & Safety Coordinator

TCL Group Business Units – Principal Officers (Continued)

TCL Packaging Limited

TCL PACKAGING LIMITED

Registered Office
Southern Main Road, Claxton Bay,
Trinidad & Tobago, W.I.
Tel: (868) 225-8254
Fax: (868) 659-0950

TCL Packaging Limited (TPL) was incorporated in Trinidad in 1989 and commenced operations in 1991. Its primary activity is the manufacture and sale of papersacks.

Board of Directors

Mr. Arun K. Goyal – Chairman
Mr. José Luis Seijo González
Mr. Juan Carlos Mendoza
Mr. Guillermo Rojo De Diego
Mr. Edgar Campos Piedra
Mr. Carlos Martinez (Mondi Group
– Parent Company of Dipeco Switzerland)

The distribution of its shareholding is as follows:

TCL	80%	
Dipeco (Switzerland)	20%	

Company Secretary

Ms. Khelsy Maharaj

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Principal Officers

1. Mr. Rajeev Chadee - Business Manager
2. Mr. Kaveer Seepersad - Senior Plant Coordinator
3. Ms. Sursatee Heeralal - Sales and Supply Chain Officer

TCL Group Business Units – Principal Officers (Continued)

TCL Ponsa Manufacturing Limited

TCL – PONSA MANUFACTURING LIMITED

Registered Office
Pacific Avenue, Point Lisas Industrial Estate,
Point Lisas, Trinidad & Tobago, W.I.
Tel: (868) 225-8254

TCL Ponsa Manufacturing Limited (TPM) was incorporated in Trinidad in 1995. Its primary activity is the manufacture and sale of single use slings. It is also involved in the sale of jumbo bags, reusable slings, safety harnesses and polypropylene sacks, as well as webbing for use in the furniture industry.

Board of Directors

Mr. Arun K. Goyal – Chairman
Mr. Juan Ponsa
(Industrias Ponsa – Spain)
Ms. Laura Ponsa
(Industrias Ponsa – Spain)
Mr. Edgar Campos Piedra
Mr. Guillermo Rojo De Diego
Mr. Juan Carlos Mendoza

The distribution of its shareholding is as follows:

TCL	65%
Industrias Ponsa S.A. (Spain)	35%

Company Secretary

Ms. Khelsy Maharaj

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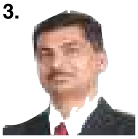
3. 

Principal Officers

1. Mr. Rajeev Chadee – Business Manager
2. Ms. Sursatee Heeralal – Marketing & Logistics Officer
3. Mr. Stephen Ramcharan – Technical Coordinator

TCL Group Business Units – Principal Officers (Continued)

TTLI Trading Limited

Registered Office
Checker Hall, St. Lucy,
Barbados, W.I.
BB27178
Tel: (246) 439-9880

TTLI Trading Limited was incorporated in Barbados on November 4, 2016. Its primary activity is trading in cement and cement-related products. The Company is fully owned by Trinidad Cement Limited.

Board of Directors

Mr. José Luis Seijo González
Mr. Carlos Cordero Castro
Mr. Pedro Emilio Herrera Gazzani

Company Secretary

Ms. Michelle Davidson

Principal Officer

Mr. Jaris Liburd – General Manager

TCL Group Business Units – Principal Officers (Continued)

TCL Guyana Inc.

Registered Office
2-9 Lombard Street,
GNIC Compound,
Georgetown,
Guyana, South America.
Tel: 011 (592) 225-7520
Fax: 011 (592) 225-7347

TCL Guyana Inc. (TGI) was incorporated in the Republic of Guyana on March 17, 2004. Its primary activity is the packaging of bulk cement for sale on the Guyanese market (cement terminal facility).

Board of Directors

Mr. Hollis N. Hosein (Chairman)
Mr. José Luis Seijo González
Mr. Carlos Roberto Cordero Castro
Mr. Edgar Campos Piedra

The distribution of its shareholding is as follows:

TCL (Nevis) Limited	80%
Trinidad Cement Limited	20%

Company Secretary

Ms. Michelle Davidson

Principal Officer

Mr. Carlos Roberto Cordero Castro – General Manager, Arawak Cement Company Limited
(With oversight for TGI)

TCL Group Business Units – Principal Officers (Continued)

TCL (Grenada) Limited

Registered Office

C/O Mitchell & Partners Inc.
Unit No. 1 Hobson House
St. John's Street
St. George's
Grenada

TCL (Grenada) Limited was incorporated in Grenada on December 10, 2019. Its primary activity will be the sale of cement and cement-related products. The Company is fully owned by Trinidad Cement Limited.

Board of Directors

Mr. Bernardo Cioni Diaz
Mr. Jaris Liburd
Mr. Pedro Emilio Herrera
Mr. Rodney Cowan

Company Secretary

Ms. Khelsy Maharaj

Consolidated Financial Statements
For The Year Ended December 31, 2019

(Expressed in Trinidad and Tobago Dollars)

Statement of Management's Responsibilities

Trinidad Cement Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Trinidad Cement Limited ("the Company") and its subsidiaries (collectively, "the Group") which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

José L. Seijo González
Managing Director
March 20, 2020

Edgar Campos Piedra
Group Finance Manager
March 20, 2020

KPMG
Chartered Accountants
Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel: (868) 612-KPMG
Email: kpmg@kpmg.co.tt
Web: https://home.kpmg/tt

Independent Auditors' Report
To the Shareholders of Trinidad Cement Limited

Opinion

We have audited the consolidated financial statements of Trinidad Cement Limited and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of profit or loss, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Timing of Revenue recognition

Key audit matter	**How our audit addressed the key audit matter**
Refer to Note 2.17 and Note 3. The main activities of the Group are the manufacture and sale of cement. The Group recognized revenue from the sale of cement, concrete and aggregates from a combination of domestic and foreign sales. Revenue is a key performance indicator for the Group. Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customer. There is a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions can be recorded at the end of the period to inflate reported sales.	Our audit procedures included: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition. • Testing a sample of revenue transactions occurring immediately before and after the year end. We inspected invoices and delivery notes to identify the date that risk and reward of ownership of the sold items was transferred to the customer to determine whether the sale was recorded in the appropriate period. • Inspecting a sample of credit notes issued after year end and assessing whether the underlying reason for the issue of the credit note required the reversal of a recorded sale. • Inspecting the underlying documentation supporting a targeted sample of manual journal entries entered in the revenue accounts in the general ledger, during the year and subsequent to the reporting date, to determine the rationale for these entries and that these have been recorded in the appropriate period.

Key Audit Matters (continued)

Measurement of expected credit losses on financial assets

Key audit matter	How our audit addressed the key audit matter
Refer to Note 2.6 and Note 10. The Group has significant concentration of credit risk with customers carrying balances both individually and in aggregate, accounting for 97% of gross trade receivables at the reporting date. International Financial Reporting Standard 9, Financial Instruments 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 standard also requires annual re-evaluation of whether there has been a significant depreciation in credit quality on an ongoing basis throughout each reporting period. 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.	Our audit procedures 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 to evaluate the ECL model calculations, agree the data inputs and check the mathematical accuracy of the calculations. • Comparing the Group's definition of default, as outlined in the accounting policy against the definition that Group 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.

Key Audit Matters (continued)

Tax contingencies

Key audit matter	**How our audit addressed the key audit matter**
Refer to Notes 2.11, 2.13 and Note 22. The Group is objecting to tax assessments which have been raised by the tax authority and which are considered to be significant. Compliance with tax regulations is a complex matter within the Group because uncertainties exist with respect to the interpretation of certain tax regulations. Therefore, judgement and assumptions are involved in the determination of any tax provisions recorded in respect of these tax contingencies. Resolution of tax proceedings may span multiple years, and may involve negotiation and therefore, making judgments of potential outcome is a complex issue for the Group. Management applies judgment in estimating the likelihood of the future outcome in each case and recognizes a provision where applicable. We focused on this area due to the inherent complexity and judgement in estimating the amount of the provision that may be required.	Our audit procedures included: • Challenging the Group's view of the likely outcome of the appeals by inspecting the latest correspondence between the Group and the various tax authorities and attorneys. We also obtained written responses from the Group's legal advisors containing their views on material exposures and any related litigation. • Meeting with the Group's tax officers and challenging their judgements on significant cases; their views and strategies; as well as the technical grounds supporting their position based on applicable tax laws. We also involved our own tax specialists in assessing the Group's responses. • Assessing the adequacy of the tax provision in relation to significant uncertain tax positions by considering the success of appeals on matters that have been adjudicated by the Tax Appeal Board. We utilised our own tax specialist to establish an independent view of the likely outcome and compared this to the Group's position. • Assessing whether the Group's disclosures about legal and tax contingencies met the disclosure requirements of accounting standards.

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Key Audit Matters (continued)

Valuation of employee benefits obligation

Key audit matter	**How our audit addressed the key audit matter**
Refer to Notes 2.12 and Note 17. The Group operates defined benefit pension plans and post- retirement medical benefit schemes. Significant assumptions are used in estimating the Group's obligation for these employee benefits. The estimation process poses a significant risk of misstatement, as small variances 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, inflation, salary increase and future growth in medical rates. The Group appointed an external actuarial expert to guide the determination of the assumptions and compute the obligation. The use of significant assumptions increases the risk that the estimate can be materially misstated and required special audit consideration.	Our audit procedures 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 International Accounting Standard 19, Employee Benefits. • Engaging our own actuarial valuation specialist to assess the assumptions used and compare these to industry norms. • Checking that the accounting policy and disclosures were in accordance with the accounting standards.

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Information Other Than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditors' report.

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

When we read the Group's 2019 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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'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 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 consolidated 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.

The engagement partner on the audit resulting in this independent auditors' report is Marissa Quashie.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
March 20, 2020

Consolidated Statement of Profit or Loss

(Thousands of Trinidad and Tobago Dollars, except earnings per share)

	Notes	Years ended December 31, 2019 $	2018 $
Revenue	3	1,670,883	1,721,123
Cost of sales	5	(1,204,872)	(1,245,591)
Gross profit		466,011	475,532
Operating expenses	5	(243,397)	(253,007)
Impairment of trade receivables	10	847	2,415
Operating earnings before other expenses, net		223,461	224,940
Other expenses, net	6	(73,702)	(77,337)
Operating earnings		149,759	147,603
Financial expense	7.1	(97,204)	(93,402)
Financial income and other items, net	7.2	666	1,958
Earnings before taxation		53,221	56,159
Taxation charge	18	(38,295)	(63,171)
Net earnings (loss) from continuing operations		14,926	(7,012)
Net earnings from discontinued operations	8	423	–
NET INCOME (LOSS)		15,349	(7,012)
Non-controlling interest	19.5	(25,730)	(30,650)
CONTROLLING INTEREST		(10,381)	(37,662)
Basic loss per share	20	(0.03)	(0.10)
Basic loss per share from continuing operations		(0.03)	(0.10)
Diluted loss per share		(0.03)	(0.10)
Diluted loss per share from continuing operations		(0.03)	(0.10)

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Thousands of Trinidad and Tobago Dollars, except earnings per share)

	Notes	Years ended December 31, 2019 $	2018 $
NET INCOME (LOSS)		15,349	(7,012)
Items that will not be reclassified subsequently to the statement of profit or loss			
Net actuarial gains (losses) from remeasurements of defined benefit pension plans	17	53,783	(24,530)
Taxation recognised directly in other comprehensive income	18	(16,459)	7,615
	19.4	37,324	(16,915)
Items that are or may be reclassified subsequently to the statement of profit or loss			
Effects from derivative financial instruments designated as cash flow hedges	19.4	(697)	(3,976)
Currency translation results of foreign subsidiaries	19.4	(16,774)	(5,622)
		(17,471)	(9,598)
Total items of other comprehensive income, net	19.4	19,853	(26,513)
TOTAL COMPREHENSIVE INCOME (LOSS)		35,202	(33,525)
Non-controlling interest	19.5	(52,574)	(28,829)
CONTROLLING INTEREST		(17,372)	(62,354)
Out of which:			
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	8	423	-
COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS		(17,795)	(62,354)

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Financial Position

(Thousands of Trinidad and Tobago Dollars)

	Notes	December 31, 2019 $	December 31, 2018 $
CURRENT ASSETS			
Cash and cash equivalents	9	87,453	77,737
Trade accounts receivable, net	10	87,940	98,600
Other accounts receivable	11	47,284	59,739
Taxation receivable		5,871	14,663
Inventories, net	12	253,103	229,182
Total current assets		481,651	479,921
NON-CURRENT ASSETS			
Investments	13	1	1
Property, machinery and equipment, net	14	1,826,491	1,853,066
Deferred taxation assets	18	251,394	179,789
Employee benefits	17	54,793	14,233
Total non-current assets		2,132,679	2,047,089
TOTAL ASSETS		2,614,330	2,527,010
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	15.1	18,000	19,124
Other financial obligations	15.2	6,421	–
Trade payables		247,507	229,447
Taxation payable		4,526	751
Other current liabilities	16	256,386	306,790
Total current liabilities		532,840	556,112

Consolidated Statement of Financial Position (Continued)

(Thousands of Trinidad and Tobago Dollars)

	Notes	December 31, 2019 $	2018 $
NON-CURRENT LIABILITIES			
Long-term debt	15.1	865,182	922,469
Other financial obligations	15.2	20,524	-
Employee benefits	17	176,503	173,311
Deferred taxation liabilities	18.2	309,477	201,122
Other non-current liabilities	16	2,774	2,168
Total non-current liabilities		1,374,460	1,299,070
TOTAL LIABILITIES		1,907,300	1,855,182
STOCKHOLDERS' EQUITY			
Controlling interest:			
Stated capital	19.1	827,732	827,732
Unallocated ESOP shares	19.2	(20,019)	(20,019)
Other equity reserves	19.3	(291,938)	(248,355)
Retained earnings		141,678	147,649
Net loss		(10,381)	(37,662)
Total controlling interest		647,072	669,345
Non-controlling interest	19.5	59,958	2,483
TOTAL STOCKHOLDERS' EQUITY		707,030	671,828
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		2,614,330	2,527,010

The accompanying notes are part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on March 20, 2020 and signed on their behalf by:

Director

Director

Consolidated Statement of Cash Flows

(Thousands of Trinidad and Tobago Dollars)

	Notes	Years ended December 31, 2019 $	2018 $
OPERATING ACTIVITIES			
Net income (loss)		15,349	(7,012)
Discontinued operations		(423)	-
Net income (loss) from continuing operations		14,926	(7,012)
Non-cash items:			
Depreciation and amortisation of assets	14	143,195	127,126
Financial expense, net		96,538	91,444
Pension plan and other post-retirement benefit	17	26,298	22,465
Other items, net		2,314	(7,593)
Taxation charge	18	38,295	63,171
Changes in working capital, excluding taxation		(25,292)	(69,532)
Net cash flow provided by operating activities from continuing operations before financial expense, taxation and post employment benefits paid		296,274	220,069
Financial expense paid		(66,422)	(42,373)
Taxation paid		(16,707)	(21,470)
Pension plan contributions and other post-retirement benefit paid		(15,814)	(28,922)
Net cash flow provided by operating activities from continuing operations		197,331	127,304
Net cash flows provided by operating activities		197,331	127,304

Consolidated Statement of Cash Flows (Continued)

(Thousands of Trinidad and Tobago Dollars)

	Notes	Years ended December 31, 2019 $	2018 $
INVESTING ACTIVITIES			
Property, machinery and equipment, net	14	(139,742)	(169,661)
Net cash flows used in investing activities		(139,742)	(169,661)
FINANCING ACTIVITIES			
Purchase of non-controlling interests in subsidiaries		–	(6,815)
(Repayment) increase of debt, net		(51,379)	7,946
Other financial obligations, net		4,289	–
Net cash flows (used in) provided by financing activities		(47,090)	1,131
Increase (decrease) in cash and cash equivalents from continuing operations		10,499	(41,226)
Cash conversion effect, net		(783)	137
Cash and cash equivalents at beginning of period		77,737	118,826
CASH AND CASH EQUIVALENTS AT END OF PERIOD		87,453	77,737
Changes in working capital, excluding taxation:			
Trade accounts receivable, net		10,660	13,926
Other accounts receivable		12,455	(33,614)
Inventories, net		(23,921)	(16,908)
Trade payables		21,835	51,943
Other current and non-current liabilities		(46,321)	(84,879)
Changes in working capital, excluding taxation		(25,292)	(69,532)

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Changes in Stockholders' Equity

(Thousands of Trinidad and Tobago Dollars)

			Reserves				
	Stated capital	Unallocated ESOP shares	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balance as of December 31, 2017	827,732	(20,019)	(241,067)	169,707	736,353	(17,048)	719,305
Effects from adoption of IFRS 9	–	–	–	(6,932)	(6,932)	(205)	(7,137)
Restated balance as of January 1, 2018	827,732	(20,019)	(241,067)	162,775	729,421	(17,253)	712,168
Net (loss) income	–	–	–	(37,662)	(37,662)	30,650	(7,012)
Total other items of comprehensive income, net	–	–	(7,288)	(17,404)	(24,692)	(1,821)	(26,513)
Acquisition of NCI without change of control	–	–	–	2,278	2,278	(9,093)	(6,815)
Balance as of December 31, 2018	827,732	(20,019)	(248,355)	109,987	669,345	2,483	671,828
Net (loss) income	–	–	–	(10,381)	(10,381)	25,730	15,349
Total other items of comprehensive income, net	–	–	(43,583)	36,592	(6,991)	26,844	19,853
Change in NCI	–	–	–	(4,901)	(4,901)	4,901	–
Balance as of December 31, 2019	827,732	(20,019)	(291,938)	131,297	647,072	59,958	707,030

The accompanying notes are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

1) DESCRIPTION OF BUSINESS

Trinidad Cement Limited (the "Company" or the "Parent Company") is resident and incorporated in the Republic of Trinidad and Tobago and is engaged in the manufacture and sale of cement, concrete and aggregates. The Company is a limited liability company with its registered office located at Southern Main Road, Claxton Bay and is the parent company of various subsidiary companies operating in Trinidad & Tobago and the wider Caribbean region.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

As at year end the ordinary shares of the Company are publicly traded on the Trinidad and Tobago Stock Exchange (TTSE) and Barbados Stock Exchange (BSE). At the date of approval of the consolidated financial statements, the Company was delisted from the Jamaica Stock Exchange (JSE) and has embarked upon a process of delisting from the BSE. The ordinary shares of Caribbean Cement Company Limited (CCCL) were publicly traded on the JSE. The shares of Readymix (West Indies) Limited (RML) were de-listed from the Trinidad and Tobago Stock Exchange on December 31, 2018 and the Company has applied to the Trinidad and Tobago Securities and Exchange Commission to be de-registered as a reporting issuer.

The Company is a subsidiary of Sierra Trading. As a result, the Group's ultimate parent company is the Group, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organised under the laws of the United Mexican States, or Mexico and its shares are publicly traded on the Mexican Stock Exchange ("MSE") as Ordinary Participation Certificates ("CPOs") under the symbol "the GroupCPO". Each CPO represents two series "A" shares and one series "B" share of common stock of the Group, S.A.B. de C.V. In addition, the Group, S.A.B. de C.V.'s shares are listed on the New York Stock Exchange ("NYSE") as American Depositary Shares ("ADSs") under the symbol "CX." Each ADS represents ten CPOs.

The Company's subsidiaries and their principal activities are detailed in note 26.

These consolidated financial statements were authorised for issue by Trinidad Cement Limited's Board of Directors on March 20, 2020.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1) BASIS OF PRESENTATION AND DISCLOSURE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation currency and definition of terms

During the reported periods, the presentation currency of the consolidated financial statements was the Trinidad and Tobago Dollar (TTD). When reference is made to "$" it means Trinidad and Tobago Dollars. The amounts in the consolidated financial statements and the accompanying notes are stated in thousands, except when references are made to earnings per share and/or prices per share. When reference is made to "USD $" or "dollars", it means dollars of the United States of America ("United States"). When

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1) BASIS OF PRESENTATION AND DISCLOSURE (Continued)

Presentation currency and definition of terms (Continued)

reference is made to "€" or "euros," it means the currency in circulation in a significant number of European Union ("EU") countries. When it is deemed relevant, certain amounts in foreign currency presented in the notes to the consolidated financial statements include between parentheses a convenience translation into dollars and/or into TTD, as applicable. Previously reported convenience translations of prior years are not restated unless the transaction is still outstanding, in which case those are restated using the closing exchange rates as of the reporting date. These translations should not be construed as representations that the amounts in TTD or dollars, as applicable, represent those TTD or dollar amounts or could be converted into TTD or dollars at the rate indicated. As of December 31, 2019 and 2018, translations of TTD into dollars and dollars into TTD, were determined for the consolidated statement of financial position amounts using the closing exchange rate of $6.7992 and 6.7986, respectively, and for consolidated statements of profit or loss and other comprehensive income amounts, using the average exchange rates of $6.7674 and $6.7813 TTD per dollar for 2019 and 2018 respectively.

Newly issued IFRS adopted in 2019

IFRS 16, Leases ("IFRS 16") (note 23)

The Group initially applied IFRS 16 Leases from January 1, 2019. The Group applied IFRS 16 using the modified retrospective approach, under which 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 below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information. The Group has applied the recognition exemption for 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 separately presented in note 23.

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 of the underlying asset against a corresponding financial liability, representing the NPV of estimated lease payments under the contract, with a single consolidated statement of profit or loss model in which a lessee recognises 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.

On transition to IFRS 16, the Group recognised additional right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1) BASIS OF PRESENTATION AND DISCLOSURE (Continued)

Newly issued IFRS adopted in 2019 (Continued)

IFRS 16, Leases ("IFRS 16") (note 23) (Continued)

	January 1, 2019
Right-of-use assets – property, machinery and equipment	22,656
Lease liabilities	22,656

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 is 12.5%.

	January 1, 2019
Operating lease commitments at December 31, 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	32,259
Discounted using the incremental borrowing rate at January 1, 2019	22,656
Lease liabilities recognised at January 1, 2019	22,656

IFRIC 23, Uncertainty over income tax

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 consolidated financial statements. The entity will disclose 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 taxation recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1) BASIS OF PRESENTATION AND DISCLOSURE (Continued)

Amendments to IAS 28, Long-term interests in associates and joint ventures ("IAS 28")

Amendments to IAS 28, Long-term interests in associates and joint ventures became effective on January 1, 2019. It requires that an entity should recognise the tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

The adoption of amendments to IAS 28 did not result in any changes to the consolidated 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).

The adoption of amendments to IAS 19 did not result in any changes to the consolidated financial statements.

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, i.e. 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 the case of an early repayment penalty and the case of an 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. If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to transitional reliefs.

The adoption of amendments to IFRS 9 did not result in any changes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1) BASIS OF PRESENTATION AND DISCLOSURE (Continued)

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.

The adoption of amendments to IAS 23 did not result in any changes to the consolidated financial statements.

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.

The adoption of amendments to IFRS 3 did not result in any changes to the consolidated financial statements.

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 amendments to IAS 12 did not result in any changes to the consolidated financial statements.

Consolidated financial statements (note 27)

For the year ended December 31, 2019, the Group has adopted the presentation style of its ultimate parent company, Cemex S.A.B. de C.V. This style of presentation aligns with the information regularly reviewed by the entity's top management to make decisions about resource allocation and performance review.

As a result of this change, certain amounts from 2018 have been reclassified. Reconciliations of the amounts disclosed for 2018 in these consolidated financial statements to the amounts disclosed for 2018 in the consolidated financial statements for the year ended December 31, 2018 are presented in note 27.

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2) PRINCIPLES OF CONSOLIDATION

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

Investments are accounted for by the equity method when Trinidad Cement Limited has significant influence which is generally presumed with a minimum equity interest of 20%. The equity method reflects in the consolidated financial statements, the investee's original cost and the Group's share of the investee's equity and earnings after acquisition. The consolidated financial statements of joint ventures, which relate to those arrangements in which the Group and other third-party investors have joint control and have rights to the net assets of the arrangements, are recognised under the equity method. During the reported periods, the Group did not have joint operations, referring to those cases in which the parties that have joint control of the arrangement have rights over specific assets and obligations for specific liabilities relating to the arrangements. The equity method is discontinued when the carrying amount of the investment, including any long-term interest in the investee or joint venture, is reduced to zero, unless the Group has incurred or guaranteed additional obligations of the investee or joint venture.

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 consolidated 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 includes:

(i) Allowance for expected credit 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 this ECL model, the Group segments its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 24 to 36 months, analysis of future delinquency and the economic environment 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 balances aged in excess of the cut-off date. The cut-off dates of various entities range from 180 days to 360 days depending on the specific products sold and historical delinquency patterns observed. The use of assumptions make uncertainty inherent in such estimates.

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS (Continued)

(ii) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the existence of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised or there are available timing differences. Significant management judgement is 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 and the availability of timing differences.

(iii) Net realisable value of inventories

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

(iv) Property, machinery and equipment

Management exercises judgement in determining whether costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense.

Further judgement is applied in the annual review of the useful lives of all categories of property, machinery and equipment and the resulting depreciation determined thereon.

Additionally, management exercises judgement in the determination of the key assumptions utilised in the impairment tests performed on the property, machinery and equipment. These assumptions include the use of a suitable discount rate and applicable cash flow forecasts to be used in the analysis. These variables significantly impact the results and conclusions derived from the impairment tests performed.

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3) USE OF ESTIMATES AND CRITICAL ASSUMPTIONS (Continued)

(v) Rehabilitation provision (note 16)

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.

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 16).

(vi) Defined benefit plans (note 17)

The cost of defined benefit pension plans, and other post-retirement benefits are determined using actuarial valuations. The actuarial valuation involves making judgements and assumptions in determining discount rates, expected rates of return on assets, future salary increases, and future pension increases. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

2.4) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY

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 earnings, except for exchange fluctuations arising from: 1) foreign currency indebtedness associated with the acquisition of foreign entities; and 2) fluctuations associated with related parties' balances denominated in foreign currency, whose settlement is neither planned nor likely to occur in the foreseeable future and as a result, such balances are of a permanent investment nature. These fluctuations are recorded against "Other equity reserves", as part of the foreign currency translation adjustment (note 19.3) until the disposal of the foreign net investment, at which time, the accumulated amount is recycled through the statement of operations as part of the gain or loss on disposal.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to Trinidad and Tobago Dollars (TTD) at the closing exchange rate for statement of financial position accounts and at the closing exchange rates of each month within the period for statements of operations accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash.

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY (Continued)

The corresponding translation effect is included within "Other equity reserves" and is presented in the statement of comprehensive income for the period as part of the foreign currency translation adjustment (note 19.3) until the disposal of the net investment in the foreign subsidiary.

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

	2019		2018	
Currency	**Closing**	**Average**	**Closing**	**Average**
Jamaican Dollar (JMD)	0.0513	0.0505	0.0532	0.0524
United States Dollar (USD)	6.7992	6.7674	6.7986	6.7813
Guyanese Dollar (GYD)	0.0323	0.0322	0.0323	0.0323
Barbadian Dollar (BBD)	3.3532	3.3284	3.3346	3.3261

The financial statements of foreign subsidiaries are translated from their functional currencies into TTD using implied exchange rates with reference to the U.S. dollar. The implied rate represents the ratio of the selling rates for U.S. dollars published by the respective central banks at the last business day of the month.

2.5) CASH AND CASH EQUIVALENTS (note 9)

The balance in this caption is comprised of available amounts of cash and cash equivalents, mainly represented by highly-liquid short-term investments, which are readily convertible into known amounts of cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Accrued interest is included in the consolidated statement of profit or loss as part of "Financial income and other items, net."

The amount of cash and cash equivalents in the consolidated statement of financial position includes restricted cash and investments, comprised of deposits in margin accounts that guarantee certain of the Group's obligations, to the extent that the restriction will be lifted in less than three months from the consolidated statement of financial position reporting date. When the restriction period is greater than three months, such restricted cash and investments are not considered cash equivalents and are included within short-term or long-term "Other accounts receivable," as appropriate. When contracts contain provisions for net settlement, these restricted amounts of cash and cash equivalents are offset against the liabilities that the Group has with its counterparties.

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6) FINANCIAL INSTRUMENTS

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade accounts receivable, other accounts receivable, debt instruments, other financial obligations, trade payables, other current liabilities and derivative financial instruments.

Initial recognition

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Classification and measurement of financial instruments

The financial assets are classified under three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Debt instruments and other financial obligations are classified as "Loans" and measured at amortised cost (notes 15.1 and 15.2). Interest accrued on financial instruments is recognised within "Other 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 consolidated statement of financial position at their estimated fair values, and the changes in such fair values are recognised in the consolidated statement of profit or loss within "Financial income and other items, net" for the period in which they occur, except in the case of hedging instruments as described in note 15.4.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

As of 31 December 2019
(Thousands of Trinidad and Tobago Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6) FINANCIAL INSTRUMENTS (Continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

Costs incurred in the issuance of debt or borrowings

Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering that the holders and the relevant economic terms of the new instrument are not substantially different to the replaced instrument, adjust the carrying amount of the related debt and are amortised as interest expense as part of the effective interest rate of each instrument over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements, when the new instrument is substantially different from the old instrument according to a qualitative and quantitative analysis, are recognised in the consolidated statement of profit or loss as incurred.

Hedging instruments (note 15.4)

A hedging relationship is established to the extent the entity considers, based on the analysis of the overall characteristics of the hedging and hedged items, that the hedge will be highly effective in the future and the hedge relationship at inception is aligned with the entity's reported risk management strategy (note 15.5). The accounting categories of hedging instruments are: a) cash flow hedge, b) fair value hedge of an asset or forecasted transaction, and c) hedge of a net investment in a subsidiary.

In cash flow hedges, the effective portion of changes in fair value of derivative instruments are recognised in consolidated statements of changes in stockholders' equity within other equity reserves and are reclassified to earnings as the interest expense of the related debt is accrued, in the case of interest rate swaps, or when the underlying products are consumed in the case of contracts on the price of raw materials and commodities. In hedges of the net investment in foreign subsidiaries, changes in fair value are recognised in consolidated stockholders' equity as part of the foreign currency translation result within other equity reserves (note 2.4), whose reversal to earnings would take place upon disposal of the foreign investment. During the reported periods, the Group did not have derivatives designated as fair value hedges. Derivative instruments are negotiated with institutions with significant financial capacity; therefore, the Group believes the risk of non-performance of the obligations agreed to by such counterparties to be minimal.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6) FINANCIAL INSTRUMENTS (Continued)

Embedded derivative financial instruments

The Group reviews its contracts to identify the existence of embedded derivatives. Identified embedded derivatives are analysed to determine if they need to be separated from the host contract and recognised in the consolidated statement of financial position as assets or liabilities, applying the same valuation rules used for other derivative instruments. During the reported periods, the Group did not identify the existence of embedded derivatives.

Fair value measurements (note 15.3)

Assets and liabilities for employee benefits are measured at fair value (note 17). The fair values of assets and liabilities which are measured at amortised cost are presented in note 15.3.

Under IFRS, fair value represents an "Exit Value" which 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, considering the counterparty's credit risk in the valuation. The concept of Exit Value is premised on the existence of a market and market participants for the specific asset or liability. When there are no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

The three levels of the fair value hierarchy are as follows:

- Level 1.- represent quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.
- Level 2.- are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility and credit spreads, among others, as well as inputs extrapolated from other observable inputs. In the absence of Level 1 inputs, the Group determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.
- Level 3.- inputs are unobservable inputs for the asset or liability. The Group used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models such as Black-Scholes, binomial, discounted cash flows or multiples of Operative EBITDA, including risk assumptions consistent with what market participants would use to arrive at fair value.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7) INVENTORIES (note 12)

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. Cost is calculated using the weighted average method. 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 inventory obsolescence reserve is increased. In both cases, these adjustments are recognised against the results of the period. Net realisable value represents the estimated selling price less estimated costs of completion and cost to be incurred in marketing, selling and distribution.

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 and operating expenses (note 5) and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method.

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

	Years
Administrative buildings	27
Industrial buildings	39
Machinery and equipment in plant	24
Office equipment and other assets	10

The Group capitalises, as part of the related cost of property, machinery and equipment, interest expense from existing debt during the construction or installation period of significant fixed assets, considering the Group’s corporate average interest rate and the average balance of investments in process for the period.

All waste removal costs or stripping costs incurred in the operative phase of a surface mine in order to access the mineral reserves are recognised as part of the carrying amount of the related quarries. The capitalised amounts are further amortised over the expected useful life of exposed ore body based on the units of production method.

Costs incurred in respect of operating property, machinery and equipment 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

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8) PROPERTY, MACHINERY AND EQUIPMENT (note 14) (Continued)

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 property, machinery and equipment. Periodic maintenance on property, machinery and equipment is expensed as incurred. Advances to suppliers of property machinery and equipment are presented as part of other accounts receivable.

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

2.9) BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS

Business combinations are recognised using the acquisition method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognised at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortised and is subject to periodic impairment tests (note 2.10). Goodwill may be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the consolidated statement of profit or loss as incurred.

The Group capitalises intangible assets acquired, as well as costs incurred in the development of intangible assets, when 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. Indefinite life intangible assets are not amortised since the period in which the benefits associated with such intangibles will terminate cannot be accurately established. Definite life intangible assets are amortised on straight-line basis as part of operating costs and expenses (note 5).

Start-up costs are recognised in the consolidated statement of profit or loss as they are incurred. Costs associated with research and development activities (“R&D activities”), performed by the Group to create products and services, as well as to develop processes, equipment and methods to optimise operational efficiency and reduce costs are recognised in the operating results as incurred. Direct costs incurred in the development stage of computer software for internal use are capitalised and amortised through the operating results over the useful life of the software, which on average is approximately 5 years.

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 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.

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10) IMPAIRMENT OF NON-FINANCIAL ASSETS (note 14)

Property, machinery and equipment, intangible assets of definite life and other investments

These assets are tested for impairment upon the occurrence of factors such as the occurrence of a significant adverse event, changes in the Group's operating environment or in technology, as well as expectations of lower operating results, to determine whether their carrying amounts may not be recovered. An impairment loss is recorded in the consolidated 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, 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.

Impairment of long-lived assets – Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year. The Group determines the recoverable amount of cash-generating units ("CGUs") to which goodwill balances were allocated, which consists of the higher of such group of CGUs fair value less cost to sell and its value in use, the latter represented by the NPV of estimated future cash flows to be generated by such CGUs to which goodwill was allocated, which are generally determined over periods of 5 years. However, in specific circumstances, when the Group considers that actual results for a CGU do not fairly reflect historical performance and most external economic variables provide confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to 5 years, to the point in which future expected average performance resembles the historical average performance, to the extent the Group has detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Group determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions. An impairment loss is recognised within "Other expenses, net", if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognised on goodwill are not reversed in subsequent periods.

The reportable segments reported by the Group (note 4.4), represent the Group's groups of CGUs considering: a) that the operating components that comprise the reported segment have similar economic characteristics; b) that the reported segments are used by the Group to organise and evaluate its activities in its internal information system; c) the homogeneous nature of the items produced and traded in each operative component,

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10) IMPAIRMENT OF NON-FINANCIAL ASSETS (note 14) (Continued)

which are all used by the construction industry; d) the vertical integration in the value chain of the products comprising each component; e) the type of clients, which are substantially similar in all components; and f) the operative integration among components.

Impairment tests are significantly sensitive to the estimation of future prices of the Group's products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, the Group uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following experience. However, such operating expenses are also reviewed considering external information sources in respect of inputs that behave according to international prices, such as oil and gas. The Group uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. Likewise, the amounts of discounted estimated future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of CGUs obtained.

2.11) PROVISIONS

The Group recognises provisions when it has a legal or constructive obligation resulting from past events, whose resolution would imply 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 22.

Restructuring

The Group recognises provisions for restructuring when the detailed restructuring plans have been properly finalised and authorised by management and have been communicated to the third parties involved and/or affected by the restructuring prior to the consolidated statement of financial position's date. These provisions may include costs not associated with the Group's ongoing activities.

Costs related to remediation of the environment (note 16)

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.

Notes to the Consolidated Financial Statements

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11) PROVISIONS (Continued)

Reimbursements from insurance companies are recognised as assets only when their recovery is practically certain. In that case, such reimbursement assets are not offset against the provision for remediation costs.

Contingencies and commitments (notes 21 and 22)

Obligations or losses related to contingencies are recognised as liabilities in the consolidated statement of financial position only when present obligations exist resulting from past events that are expected 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 consolidated financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognised in the consolidated 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 consolidated financial statements. The Group does not recognise contingent revenues, income or assets, unless their realisation is virtually certain.

2.12) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 17)

Defined contribution pension plans

The costs of defined contribution pension plans 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.

Defined benefit pension plans and other post-employment benefits

The costs associated with employees' benefits for: a) defined benefit pension plans; and b) other post-employment benefits, basically comprised of health care benefits, life insurance and seniority premiums, granted by the Group are recognised as services are rendered, based on actuarial estimations of the benefits' present value with the advice of external actuaries. For certain pension plans, the Group has created irrevocable trust funds to cover future benefit payments ("plan assets"). These plan assets are valued at their estimated fair value at the consolidated statement of financial position date. The actuarial assumptions and accounting policy consider: a) the use of nominal rates; b) a single rate is used for the determination of the expected return on plan assets and the discount of the benefits obligation to present value; c) a net interest is recognised on the net defined benefit liability (liability minus plan assets); and d) all actuarial gains and losses for the period, related to differences between the projected and real actuarial assumptions at the end of the period, as well as the difference between the expected and real return on plan assets, are recognised as part of "Total items of comprehensive income, net" within the consolidated statement of stockholders' equity.

The service cost, corresponding to the increase in the obligation for additional benefits earned by employees during the period, is recognised within profit or loss. The net interest cost, resulting from the increase in obligations for changes in NPV and the change during the period in the estimated fair value of plan assets, is recognised within "Financial income and other items, net."

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 17) (Continued)

The effects from modifications to the pension plans that affect the cost of past services are recognised within profit or loss over the period in which such modifications become effective to the employees or without delay if changes are effective immediately. Likewise, the effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or reduce significantly the population subject to pension benefits, respectively, are recognised within other expenses.

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 18)

The effects reflected in the consolidated statement of profit or loss for taxation charge include the amounts incurred during the period and the amounts of deferred taxation, determined according to the income tax law applicable to each subsidiary. Consolidated deferred income taxes represent the addition of the amounts determined in each subsidiary by applying the enacted statutory income 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 carryforwards 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 income 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 income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. According to IFRS, all items charged or credited directly in consolidated statement of stockholders' equity or as part of other comprehensive income or loss for the period are recognised net of their current and deferred income 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 carryforwards that the Group believes will not be rejected by the tax authorities based on available evidence and the likelihood of recovering them prior to their expiration through an analysis of estimated future taxable income. If it is probable that the tax authorities would reject a self-determined deferred tax asset, the Group would decrease such asset. When it is considered that a deferred tax asset will not be recovered before its expiration, 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, carryforward periods, current tax structure,

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13) TAXATION (note 18) (Continued)

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 consolidated statement of profit or loss for such period.

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

The effective income 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 Trinidad and Tobago (note 18.3). A significant effect in the Group's effective tax rate and consequently in the reconciliation of the Group's effective tax rate, relates to the difference between the statutory income tax rate in Trinidad and Tobago of 30% against the applicable income tax rates of each country where the Group operates.

For the years ended December 31, 2019 and 2018, the statutory tax rates in the Group's main operations were as follows:

Country	**2019**	**2018**
Trinidad and Tobago	30.00%	30.00%
Jamaica	25.00%	25.00%
Guyana	25.00%	27.50%
Barbados	15.00%	15.00%

The Group's current and deferred taxation amounts included in the consolidated statement of profit or loss for the period are highly variable, and are subject, among other factors, to taxable income determined in each jurisdiction in which the Group operates. Such amounts of taxable income depend on factors such as sale volumes and prices, costs and expenses, exchange rates fluctuations and interest on debt, among others, as well as to the estimated tax assets at the end of the period due to the expected future generation of taxable gains in each jurisdiction.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14) BORROWINGS AND BORROWING COSTS (note 15.1)

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 consolidated 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 consolidated 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 January 1, 2019 using the modified retrospective approach, under which the right-of-use 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 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.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15) LEASES (Continued)

Policy applicable from January 1, 2019 (Continued)

As lessee (Continued)

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.

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 recognise right-of-use assets and lease liabilities for leases of low value assets with a value of US$5,000 or less. 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.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16) STOCKHOLDERS' EQUITY

Stated capital

This item represent the value of issued and fully paid ordinary shares of no par value.

Unallocated ESOP shares (note 19.2)

The Company operates an Employee Share Ownership Plan ("the Plan" or "ESOP") to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Company based on a set formula.

Shares acquired by the ESOP are funded by the Company's contributions. The cost of the shares so acquired, and which remain unallocated to employees have been recognised in the consolidated statement of stockholders' equity under 'Unallocated ESOP Shares'.

Other equity reserves (note19.3)

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

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

- Currency translation effects from the translation of foreign subsidiaries, net of: a) exchange results from foreign currency debt directly related to the acquisition of foreign subsidiaries; and b) exchange results from foreign currency related parties' balances that are of a non-current investment class (note 2.4);
- The effective portion of the valuation and liquidation effects from derivative instruments under cash flow hedging relationships, which are recorded temporarily in the consolidated statement of stockholders' equity (note 2.6); and
- Current and deferred income taxes during the period arising from items whose effects are directly recognised in the consolidated statement of stockholders' equity.

Items of "Other equity reserves" not included in other comprehensive income:

- Effects related to controlling stockholders' equity for changes or transactions affecting non-controlling interest stockholders in the Group's consolidated subsidiaries;
- ESOP transactions.

Retained earnings (note 19.4)

Retained earnings represent the cumulative net results of prior years, net of: a) dividends declared; b) capitalisation of retained earnings; c) items of other comprehensive income that will not be reclassified subsequently to the statement of profit or loss; and d) cumulative effects from adoption of new IFRS.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16) STOCKHOLDERS' EQUITY (Continued)

Non-controlling interest (note 19.5)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated subsidiaries.

2.17) REVENUE RECOGNITION (note 3)

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the Group's subsidiaries 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 on consolidation.

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

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.

Progress payments and advances received from customers do not reflect the work performed and are recognised as other accounts receivable.

2.18) 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 of the Group's ready-mix concrete business.

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

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

Distribution and logistics expenses refer to expenses of storage at points of sales, 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.

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19) FINANCE INCOME AND EXPENSE

Finance income comprises interest income on savings from bank accounts. Interest income is recognised as it accrues, using the effective interest method. Finance expense comprises interest charges on borrowings, unwinding of discount on other financial liabilities, unwinding of discount on lease liabilities and unwinding of discount on rehabilitation provision. Interest is recognised and accrued using the effective interest method.

2.20) 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 (Continued)

2.21) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these financial statements which have not yet been adopted are described as follow. The Group is currently reviewing the possible impact of these new standards.

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.	01/01/20
IFRS 3 Business Combinations	Definition of Business: The new 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.	01/01/20

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2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21) NEWLY ISSUED IFRS NOT YET ADOPTED (Continued)

Standard	Main topic	Effective date
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. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	01/01/20
IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors	The amended Standard provides a definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.	01/01/20
IAS 1, Presentation of Financial Statements	The amended Standard provides guidance on the classification of liabilities as current or noncurrent and introduces narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	01/01/22
Amendments to IFRS 10, Consolidated financial statements and IAS 28	The amendments clarify the recognition of gains or losses in the Parent’s financial statements for the sale or contribution of assets between an investor and its associate or joint venture.	Available for adoption/ effective date deferred indefinitely

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3) REVENUE

The Group's revenue is mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates, packaging and other construction materials. The Group grants credit for terms ranging from 3 to 60 days depending on the type and risk of each customer. For the years ended December 31, 2019 and 2018, revenue, after eliminations between related parties resulting from consolidation, is as follows:

	2019 $	2018 $
From the sale of goods associated with the Group's main activities	1,670,883	1,721,123

The Group sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Group operates. As of and for the years ended December 31, 2019 and 2018, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

Information on revenue by reportable segment and primary geographical markets for the years 2019 and 2018 is presented in note 4.

4) FINANCIAL INFORMATION BY SEGMENT

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. The Group operates geographically and by business on a country basis. For the reported periods, the Group's main lines of business are: 1) Cement, 2) Concrete and 3) Packaging, and the Group's geographical segments are as follows: 1) Trinidad and Tobago, 2) Jamaica, 3) Barbados and 4) Guyana. The accounting policies applied to determine the financial information by reportable segment are consistent with those described in note 2.

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

Financial information related to the operating segment results for the year ended December 31, 2019, can be found in the consolidated 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.

The Group is organized and managed on the basis of the main product lines provided which

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4) FINANCIAL INFORMATION BY SEGMENT (Continued)

are cement, concrete and packaging. Management records and monitors the operating results of each of the business units separately for the purpose of making decisions about resource allocations and performance assessment. Transfer pricing between operating segments is on an arm's length basis.

Selected information of the consolidated financial statements by reportable segment for the years 2019 and 2018 was as follows:

	Cement $	Concrete $	Packaging $	Adjustments $	Total $
2019					
Total revenue	1,842,551	72,807	73,483	–	1,988,841
Inter-segment revenue	247,020	3,089	67,849	–	317,958
Third party revenue	1,595,531	69,718	5,634	–	1,670,883
Depreciation	136,177	7,958	2,326	(3,266)	143,195
Profit before tax	67,079	(17,220)	880	2,482	53,221
Segment assets	3,104,293	111,722	97,603	(699,288)	2,614,330
Segment liabilities	2,403,080	53,026	29,502	(578,308)	1,907,300
Capital expenditure	134,979	3,468	1,295	–	139,742
Operating cash flows	188,290	5,904	(11,858)	14,995	197,331
Investing cash flows	(82,367)	(4,734)	(1,241)	(51,400)	(139,742)
Financing cash flows	(98,648)	(903)	(1,393)	53,854	(47,090)
Net (decrease) increase in cash and cash equivalents	7,275	267	(14,492)	17,449	10,499
2018					
Total revenue	1,867,067	83,330	72,517	–	2,022,914
Inter-segment revenue	237,962	–	63,829	–	301,791
Third party revenue	1,629,105	83,330	8,688	–	1,721,123
Depreciation	126,139	5,455	2,564	(7,032)	127,126
Profit before tax	(91,034)	(13,477)	(1,890)	162,560	56,159
Segment assets	3,172,640	113,574	79,338	(838,542)	2,527,010
Segment liabilities	2,998,459	56,633	30,892	(1,230,802)	1,855,182
Capital expenditure	159,865	8,260	1,536	–	169,661
Operating cash flows	42,361	(25,874)	(7,059)	117,876	127,304
Investing cash flows	(159,865)	(8,260)	(1,536)	–	(169,661)
Financing cash flows	56,438	–	–	(55,307)	1,131
Net (decrease) increase in cash and cash equivalents	(61,066)	(34,134)	(8,595)	62,569	(41,226)

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4) FINANCIAL INFORMATION BY SEGMENT (Continued)

Selected information of the consolidated financial statements by geographical segment for the years 2019 and 2018 was as follows:

	2019 Revenue[1] $	2019 Property, machinery and equipment $	2019 Additions to fixed assets $	2018 Revenue[1] $	2018 Property, machinery and equipment $	2018 Additions to fixed assets $
Trinidad and Tobago	353,051	393,548	41,052	393,117	471,247	44,835
Jamaica	884,127	1,250,742	57,509	918,300	1,234,125	72,932
Barbados	41,149	135,658	39,458	43,332	107,277	47,931
Others	392,556	46,543	1,723	366,374	40,417	3,963
Total	1,670,883	1,826,491	139,742	1,721,123	1,853,066	169,661

[1] The revenue information above represents third party revenue based on the location of the customers' operations. Other countries include Guyana and the OECS islands.

5) COST OF SALES, OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

(i) Consolidated cost of sales and operating expenses during 2019 and 2018 by nature are as follows:

	2019 $	2018 $
Personnel remuneration and benefits	206,586	323,764
Fuel and electricity	332,766	362,599
Operating expenses	313,879	240,137
Raw materials and consumables	243,051	199,300
Equipment hire and haulage	105,276	112,220
Repairs and maintenance	50,168	85,319
Changes in finished goods and work in progress	53,348	68,088
Other income	–	(19,955)
Depreciation (note 5 (iv))	143,195	127,126
Total cost of sales and operating expenses	1,448,269	1,498,598

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5) COST OF SALES, OPERATING EXPENSES, DEPRECIATION AND AMORTISATION (Continued)

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

	2019 $	2018 $
Cost of sales	1,204,872	1,245,591
Operating expenses	243,397	253,007
	1,448,269	1,498,598

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

	2019 $	2018 $
Administrative expenses	(144,393)	(159,045)
Selling expenses	(18,860)	(23,012)
Distribution and logistics expenses	(80,144)	(70,950)
	(243,397)	(253,007)

(iv) Depreciation and amortisation recognised during 2019 and 2018 are detailed as follows:

	2019 $	2018 $
Included in cost of sales	(137,205)	(123,435)
Included in administrative, selling, distribution and logistics expenses	(5,990)	(3,691)
	(143,195)	(127,126)

Consolidated statement of profit or loss

Trinidad Cement Limited 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 results on disposal of assets and restructuring costs, among others. Under IFRS, the inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the consolidated statement of profit or loss vary significantly by industry and company according to specific needs.

(Thousands of Trinidad and Tobago Dollars)

6) OTHER EXPENSES, NET

The detail of the line item "Other expenses, net" in 2019 and 2018 was as follows:

	2019 $	2018 $
Restructuring costs[1]	(64,105)	(77,099)
Past service cost of pension and post-retirement employee benefits (note 17)	(4,431)	–
Fixed asset write-off	(4,617)	–
Loss from the sale of assets and others, net	(549)	(238)
	(73,702)	(77,337)

1 In 2019 and 2018, restructuring costs mainly refer to severance payments and reversals of overstock and restructuring costs.

7) FINANCIAL EXPENSE, NET

7.1) FINANCIAL EXPENSE

The details of financial expense in 2019 and 2018 were as follows:

	2019 $	2018 $
Financial expense	(63,534)	(65,835)
Interest on IFRS 16 liabilities (note 23)	(3,083)	–
Net interest on pension and other post-retirement obligations cost (note 17)	(8,699)	(6,887)
Foreign exchange results	(21,888)	(19,033)
Others, net	–	(1,647)
	(97,204)	(93,402)

7.2) FINANCIAL INCOME AND OTHER ITEMS, NET

The details of financial income and other items, net in 2019 and 2018 were as follows:

	2019 $	2018 $
Financial income	666	1,958
	666	1,958

The former caption "Finance costs, net" has been separated into "Finance expenses" and

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7) FINANCIAL EXPENSE, NET (Continued)

7.2) FINANCIAL INCOME AND OTHER ITEMS, NET (Continued)

"Finance income and other items, net" and adjusted as follows:

Financial expense of $93,402 comprises:	**2018**
Interest expense on borrowings costs	65,835
Net interest charged to the profit or loss in respect of pension plans	(2,030)
Net interest charged to the profit or loss in respect of other post-retirement obligations	8,917
	72,722

Financial income and other items, net of $1,958 comprises:	**2018**
Other finance costs	(35)
Bank and related charges	1,682
Interest income	(1,958)
Foreign currency exchange loss	19,033
	18,722

8) DISCONTINUED OPERATIONS

As described in note 26, Premix & Precast Concrete Incorporated was dissolved and balances of $423 were recorded as discontinued operations.

9) CASH AND CASH EQUIVALENTS

As of December 31, 2019 and 2018, consolidated cash and cash equivalents consisted of:

	2019 $	**2018 $**
Cash at bank and on hand	87,453	77,737

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10) TRADE ACCOUNTS RECEIVABLE, NET

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

	2019 $	2018 $
Trade accounts receivable	115,303	128,486
Allowances for expected credit losses	(27,363)	(29,886)
	87,940	98,600

Under the Expected Credit Loss (ECL) model, the Group segments its accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due and determines for each segment an average rate of ECL, considering actual credit loss experience over the last 24 to 36 months and analyses 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.

As of December 31, 2019 and 2018, the balances of trade accounts receivable and the allowance for ECL were as follows:

	2019			2018		
	Accounts receivable $	ECL allowance $	ECL average rate %	Accounts receivable $	ECL allowance $	ECL average rate %
Trinidad and Tobago	26,517	(11,778)	44%	39,923	(14,267)	36%
Jamaica	26,183	(56)	0%	19,014	(275)	1%
Barbados	48,242	(14,181)	29%	47,670	(14,052)	29%
Guyana	14,361	(1,348)	9%	21,879	(1,292)	6%
Total	115,303	(27,363)	24%	128,486	(29,886)	23%

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10) TRADE ACCOUNTS RECEIVABLE, NET (Continued)

Changes in the allowance for ECL in 2019 and 2018, were as follows:

	2019 $	2018 $
Allowances for ECL at beginning of period	29,886	31,136
Adoption effects of IFRS 9 charged to retained earnings	–	7,137
Charged to selling expenses	(847)	(2,415)
Deductions	(1,670)	(6,002)
Foreign currency translation effects	(6)	30
Allowances for ECL at end of period	27,363	29,886

The former caption "Trade and other receivables" with a balance of $173,002 has been separated into the following captions:

	Note	2018 $
Trade accounts receivable, net		98,600
Other accounts receivable	11	59,739
Taxation receivable		14,663
		173,002

11) OTHER ACCOUNTS RECEIVABLE

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

	2019 $	2018 $
Non-trade accounts receivable	9,493	47,952
Interest receivable	–	1
Loans to employees and others	5,918	1,374
Value added tax	24,668	8,670
Due from related companies	7,205	1,742
	47,284	59,739

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12) INVENTORIES, NET

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

	2019 $	2018 $
Finished goods	39,129	37,397
Work-in-process	43,669	34,032
Raw materials	15,231	26,103
Materials and spare parts	145,430	125,110
Inventory in transit	9,644	6,540
	253,103	229,182

For the years ended December 31, 2019 and 2018, inventories are shown net of inventory impairment losses of $40.0 million and $25.2 million, respectively.

13) INVESTMENTS

As of December 31, 2019 and 2018, consolidated other investments and non-current accounts receivable were summarised as follows:

	2019 $	2018 $
Investments in strategic equity securities[1]	1	1
	1	1

[1] This is a strategic investment in a property development company. The Group holds a 10% minority shareholding and does not exercise control.

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14) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2019 and 2018, consolidated property, machinery and equipment, net and the changes in such line item during 2019 and 2018 were as follows:

	Land and mineral reserves $	Buildings $	Machinery and equipment $	Construction in progress $	Total $
2019					
Cost at beginning of period	146,240	354,537	3,106,116	226,581	3,833,474
Recognition of right-of-use assets on initial application of IFRS16 (note 23)[1]	9,208	5,487	7,961	–	22,656
Adjusted cost at beginning of period.	155,448	360,024	3,114,077	226,581	3,856,130
Accumulated depreciation	(33,182)	(238,175)	(1,666,918)	(42,133)	(1,980,408)
Adjusted net book value at beginning of period	122,266	121,849	1,447,159	184,448	1,875,722
Capital expenditures	2,398	7,146	48,055	81,755	139,354
Stripping costs	388	–	–	–	388
Disposals	(304)	(259)	(1,780)	(1,740)	(4,083)
Reclassifications	(2,411)	(12,890)	157,555	(134,531)	7,723
Depreciation for the period	(206)	(12,903)	(130,086)	–	(143,195)
Foreign currency translation effects	2	(1,420)	(43,732)	(4,268)	(49,418)
Cost at end of period	154,413	327,205	3,636,875	168,031	4,286,524
Accumulated depreciation	(32,280)	(225,682)	(2,159,704)	(42,367)	(2,460,033)
Net book value at end of period	122,133	101,523	1,477,171	125,664	1,826,491
2018[2]					
Cost at beginning of period	136,989	331,487	3,482,110	322,202	4,272,788
Accumulated depreciation	(30,926)	(206,947)	(2,181,221)	(41,915)	(2,461,009)
Net book value at beginning of period	106,063	124,540	1,300,889	280,287	1,811,779
Capital expenditures	10,289	1,719	190,615	(32,962)	169,661
Disposals	–	–	(524)	(6,402)	(6,926)
Reclassifications	(2,278)	4,023	47,725	(49,470)	–
Depreciation for the period	(1,315)	(15,452)	(110,359)	–	(127,126)
Foreign currency translation effects	299	1,532	10,852	(7,005)	5,678
Cost at end of period	146,240	354,537	3,106,116	226,581	3,833,474
Accumulated depreciation	(33,182)	(238,175)	(1,666,918)	(42,133)	(1,980,408)
Net book value at end of period	113,058	116,362	1,439,198	184,448	1,853,066

1 Right-of-use assets recorded in property, machinery and equipment are disclosed in note 23.

2 Within "Property, machinery and equipment" (formerly "Plant, property and equipment"), the classifications presented have been altered so that the former caption "Land and buildings" is now presented as two separate captions, "Land and mineral reserves" and "Buildings"; and the former captions "Plant machinery & equipment & motor vehicles" and "Office furniture and equipment" are combined as "Machinery and equipment". "Capital WIP" has been renamed "Construction in progress".

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15) FINANCIAL INSTRUMENTS

15.1) SHORT-TERM AND LONG-TERM DEBT

As of December 31, 2019 and 2018, the Group's consolidated debt, summarised by interest rates and currencies, was as follows:

TYPE	2019 Short-term $	2019 Long-term $	2019 Total $	2018 Short-term $	2018 Long-term $	2018 Total $
USD floating rate debt	–	431,670	431,670	–	243,234	243,234
TTD floating rate debt	18,000	275,750	293,750	18,000	282,750	300,750
USD fixed rate debt	–	–	–	1,124	231,714	232,838
JMD fixed rate debt	–	157,762	157,762	–	164,771	164,771
	18,000	865,182	883,182	19,124	922,469	941,593
Effective rate[1]						
USD floating rate debt	–	6.85%	6.85%	–	7.74%	7.74%
TTD floating rate debt	4.13%	4.13%	4.13%	4.13%	4.35%	4.35%
USD fixed rate debt	–	–	–	–	8.06%	8.06%
JMD fixed rate debt	–	7.45%	7.45%	–	7.45%	7.45%

CURRENCY	2019 Short-term $	2019 Long-term $	2019 Total $	2019 Effective rate[1]	2018 Short-term $	2018 Long-term $	2018 Total $	2018 Effective rate[1]
USD	–	431,670	431,670	6.85%	1,124	474,948	476,072	7.90%
TTD	18,000	275,750	293,750	4.13%	18,000	282,750	300,750	4.35%
JMD	–	157,762	157,762	7.45%	–	164,771	164,771	7.45%
	18,000	865,182	883,182		19,124	922,469	941,593	

[1] In 2019 and 2018, the effective rate represents the weighted-average interest rate of the related debt agreements.

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15) FINANCIAL INSTRUMENTS (Continued)

15.1) SHORT-TERM AND LONG-TERM DEBT (Continued)

As of December 31, 2019 and 2018, the Group's consolidated debt, summarised by type of facility, was as follows:

FACILITY	2019 Short-term $	2019 Long-term $	2019 Total $	2018 Short-term $	2018 Long-term $	2018 Total $
Related party loans						
Revolving loan facilities	–	431,670	431,670	1,124	474,947	476,071
Bank loans						
Term loans	18,000	318,011	336,011	18,000	342,271	360,271
Revolving loan facilities	–	115,501	115,501	–	105,251	105,251
	18,000	433,512	451,512	18,000	447,522	465,522
	18,000	865,182	883,182	19,124	922,469	941,593

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

	2019 $	2018 $
Debt at beginning of year	941,593	913,108
Debt repayments	(18,000)	(4,500)
Net change in revolving facilities	(33,379)	12,446
Foreign currency translation and accretion effects	(7,032)	20,539
Debt at end of year	883,182	941,593

The maturities of consolidated long-term debt as of December 31, 2019 were as follows:

	2019 $	2018 $
2020	–	18,000
2021	275,750	316,337
2022	–	–
2023	277,403	164,771
2024	–	–
2025 and thereafter	312,029	423,361
	865,182	922,469

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15) FINANCIAL INSTRUMENTS (Continued)

15.1) SHORT-TERM AND LONG-TERM DEBT (Continued)

(i) Related party loans ($431.7 million)

On the April 25, 2017 and May 28, 2017, the Group negotiated revolving facilities with a related company with the following key terms:

	Maximum available	Interest rate	Maturity date
Fixed rate loan A	USD 52,000	7.25%	May 27, 2025
Floating rate loan B	USD 50,000	LIBOR 3M+4.20%	May 27, 2025
Floating rate loan C	USD150,000	LIBOR 6M+4.99%	April 25, 2023

(ii) Bank loans ($451.5 million)

Trinidad and Tobago bank loans ($293.8 million)

On July 24, 2018 the Group negotiated three (3) 3-year loan facilities with the banks in Trinidad and Tobago. The terms of these loans are disclosed below:

	Maximum available	Interest rate	Maturity date
Term loan D	TTD 110,000	OMO[1] 3m+305 bps[2] (effective rate 4.13%)	July 26, 2021
Term loan E	TTD 90,000	OMO 3m+305bps (effective rate 4.13%)	July 26, 2021
Revolving loan F	TTD 120,000	OMO 3m+305bps (effective rate 4.13%)	July 26, 2021

1 The abbreviation "OMO" refers to the Government of Trinidad and Tobago securities open market operation trading rate.

2 The abbreviation "bps" means basis points. One hundred basis points equal 1%.

The loans from the Trinidad and Tobago banks all have similar restrictions and financial covenants which mainly include: a) the consolidated ratio of debt to Operating EBITDA (the "Leverage ratio"); and b) the consolidated ratio of Operating EBITDA to interest expense (the "Coverage ratio"). These financial ratios are calculated according to the formulas established in the debt contracts using the consolidated amounts under IFRS. The Group must comply with a Coverage Ratio and a Leverage Ratio for each quarter as follows:

Coverage ratio	> = 1.25
Leverage ratio	< = 4.25

Jamaican bank loans ($157.8 million)

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 available	Interest rate	Maturity date
Term loan	JMD3,076,000	7.45%	Nov 30, 2023

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15) FINANCIAL INSTRUMENTS (Continued)

15.1) SHORT-TERM AND LONG-TERM DEBT (Continued)

(ii) Bank loans ($451.5 million) (Continued)

Jamaican bank loans ($157.8 million) (Continued)

The loan from the local bank in Jamaica has 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 using the amounts under IFRS. 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

At December 31, 2019 the Group was compliant with all terms and covenants of loan agreements.

15.2) OTHER FINANCIAL OBLIGATIONS

As of December 31, 2019 and 2018, other financial obligations in the consolidated statement of financial position are detailed as follows:

	2019		
	Short-term	Long-term	Total
	$	$	$
IFRS 16 lease liabilities (note 23)	6,421	20,524	26,945

As discussed in note 2.1 above, the Group adopted IFRS 16 under the modified retrospective approach.

Changes in consolidated IFRS 16 lease liabilities for the years ended December 31, 2019 and 2018 were as follows:

	2019
	$
Initial application of IFRS16 (note 2.1)	22,656
New leases	10,982
Unwinding of discount on lease liabilities (note 7)	3,083
Payment	(9,776)
Balance at end of year	26,945

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15) FINANCIAL INSTRUMENTS (Continued)

15.3) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

The carrying amounts of cash, trade accounts receivable, other accounts receivable, trade payables, other current and non-current liabilities, as well as short-term debt and other financial obligations, 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. As of December 31, 2019 and 2018, the carrying amounts of fixed interest rate debt and their respective fair values were the same because institutions' indicative rates quoted remained unchanged - these are fixed rate.

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.

Fair Value Hierarchy

As of December 31, 2019 and 2018, liabilities carried at fair value in the consolidated statements of financial position are included in the following fair value hierarchy categories:

2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities measured at fair value				
Derivative financial instruments (note 15.4)	-	697	-	697
2018				
Liabilities measured at fair value				
Derivative financial instruments (note 15.4)	-	-	-	-

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15) FINANCIAL INSTRUMENTS (Continued)

15.4) DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	2019		2018	
	Notional amount	**Fair value**	**Notional amount**	**Fair value**
Fuel price hedging	697	697	–	–

Up to December 31, 2019, the Group maintained a forward contract negotiated with CEMEX S.A. de C.V. to hedge the price of diesel fuel with the objective of changing the risk profile and fixing the price of fuel. At December 31, 2019, the aggregate notional amount of the contract is $697 (US$103) [2018: $nil], with estimated aggregate fair value of $697 (US$103) [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. Gains or losses in fair value of a previous contract recognised in the 2017 consolidated statement of other comprehensive income, amounted to a loss of $3,976 (US$566) was recycled through profit or loss in 2018.

15.5) 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 assets, services, inputs, products or commodities owned, produced, manufactured, processed, merchandised, leased or sell or reasonably anticipated to be owned, produced, manufactured, processed, merchandising, leasing or selling 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, petcoke, 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, equity 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

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15) FINANCIAL INSTRUMENTS (Continued)

15.5) RISK MANAGEMENT (Continued)

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 and 2018, these strategies are sometimes complemented with the use of derivative financial instruments as mentioned in note 15.4, such as the commodity forward contracts on fuels negotiated to fix the price of these underlying commodities.

The main risk categories are mentioned below:

(i) Credit risk

Credit risk is the risk of financial loss faced by the Group if a customer or counterparty to 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. Exposure to credit risk is monitored constantly according to the payment behaviour of debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behaviour regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Group's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Group'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 10), the allowance for doubtful accounts was $27,363 (2018: $29,886).

At December 31, 2019 and 2018 the Group had 10 and 9 customers respectively that owed the Group more than $2 million each and which accounted for 41% and 50% respectively of all trade accounts receivable.

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

The aged receivable balances are regularly monitored. Allowances are determined upon origination of the trade accounts receivable and are 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 ECL on trade receivable using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL for trade accounts receivable as at December 31, 2019 and 2018.

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15) FINANCIAL INSTRUMENTS (Continued)

15.5) RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

	2019			2018		
	Accounts receivable $	ECL allowance $	ECL average rate	Accounts receivable $	ECL allowance $	ECL average rate
Current (not past due)	61,653	(847)	1%	53,604	(1,984)	4%
1-30	16,048	(760)	5%	28,483	(1,593)	6%
31-60	4,390	(344)	8%	10,603	(793)	7%
61-90	608	(92)	15%	2,376	(283)	12%
91-120	2,218	(72)	3%	2,554	(436)	17%
121-150	758	(27)	4%	2,535	(856)	34%
151-180	1,005	(9)	1%	–	–	0%
181-210	576	(13)	2%	–	–	0%
211-240	356	(8)	2%	–	–	0%
241-270	334	(8)	2%	1,094	(9)	1%
271-300	733	(18)	2%	–	–	0%
301-330	131	(3)	2%	–	–	0%
331-360	79	(2)	3%	–	–	0%
Specific and over 360	26,414	(25,160)	95%	27,237	(23,932)	88%
	115,303	(27,363)	24%	128,486	(29,886)	23%

(ii) 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 affects the Group's results if the fixed-rate long-term debt is measured at fair value. All of the Group's 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 at a high point when the interest rates market expects a downward trend. That is, there is an opportunity cost for continuing to pay 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 cost and commissions that would have to be paid in such renegotiation or repurchase of debt.

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15) FINANCIAL INSTRUMENTS **(Continued)**

15.5) RISK MANAGEMENT (Continued)

(ii) Interest rate risk (Continued)

As of December 31, 2019 and 2018, approximately 73% and 60% was denominated in floating rates, if interest rates at that date had been 0.5% higher, with all other variables held constant, the Group's net loss (income) for 2019 and 2018 would have increased/reduced by $3,209 and $1,956, respectively, as a result of higher interest expense on variable rate denominated debt.

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. Due to its geographic diversification, the Group's revenues and costs are generated and settled in various countries and in different currencies. For the year ended December 31, 2019, approximately 26% of the Group's net sales, before eliminations resulting from consolidation, were generated in Trinidad and Tobago, 49% in Jamaica, 18% in Barbados and 7% in Guyana.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, on profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity:

	Increase/ decrease in US/Euro rate	Effect on profit before tax	Effect on equity
2019			
Dollars	+1%	(4,480)	(3,136)
	-1%	4,480	3,136
Euros	+1%	(16)	(11)
	-1%	16	11
2018			
Dollars	+1%	(5,269)	(3,688)
	-1%	5,269	3,688
Euros	+1%	(39)	(27)
	-1%	39	27

As of December 31, 2019, approximately 49% of the Group's financial debt was USD-denominated, 33% was TTD-denominated and 18% was JMD-denominated. The denomination of financial debt is closely related to the amount of revenues generated in such currencies; therefore, the Group considers that the foreign currency risk related to these amounts of debt is low. Nonetheless, the Group cannot guarantee that it will generate sufficient revenues in USD, TTD and JMD from its operations to service these obligations. As of December 31, 2019 and 2018, the Group had not implemented any derivative financing hedging strategy to address this foreign currency risk. Nonetheless,

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15) FINANCIAL INSTRUMENTS (Continued)

15.5) RISK MANAGEMENT (Continued)

(iii) Foreign currency risk (Continued)

the Group may enter into derivative financing hedging strategies in the future if any of its debt portfolio currency mix, interest rate mix, market conditions and/or expectations changes.

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

2019	Trinidad and Tobago $	Jamaica $	Barbados $	Guyana $	Total $
Monetary assets	61,723	56,940	76,172	22,494	217,329
Monetary liabilities	(533,933)	(623,101)	(41,787)	(16,040)	(1,214,861)
Net monetary assets (liabilities)	(472,210)	(566,161)	34,385	6,454	(997,532)
Out of which:					
Dollars	(155,761)	(321,811)	30,612	(1,044)	(448,004)
TTD	(314,099)	–	–	–	(314,099)
Euros	(1,638)	–	–	–	(1,638)
JMD	–	(244,350)	–	–	(244,350)
Other currencies	(712)	–	3,773	7,498	10,559
	(472,210)	(566,161)	34,385	6,454	(997,532)
2018					
Monetary assets	60,703	41,137	51,305	25,945	179,090
Monetary liabilities	(444,421)	(755,507)	(42,832)	(6,078)	(1,248,838)
Net monetary assets (liabilities)	(383,718)	(714,370)	8,473	19,867	(1,069,748)
Out of which:					
Dollars	(71,880)	(466,240)	11,894	(587)	(526,813)
TTD	(308,220)	–	(23)	–	(308,243)
JMD	–	(248,070)	–	–	(248,070)
Euros	(3,655)	(60)	(190)	–	(3,905)
Other currencies	37	–	(3,208)	20,454	17,283
	(383,718)	(714,370)	8,473	19,867	(1,069,748)

(iv) Equity risk

The primary objective of the Group's equity risk management is to ensure that it maintains a healthy financial position in order to support its business activities and maximise shareholder value. Management monitors operating cash flows, return on capital and working capital.

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15) FINANCIAL INSTRUMENTS (Continued)

15.5) RISK MANAGEMENT (Continued)

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

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

(vi) 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, 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 in the countries in which it operates, any one of which may materially affect the Group's results and reduce cash from operations. The maturities of the Group's contractual obligations are included in note15.1 and 23.

The table below summarises the maturity profile of the Group's financial liabilities based on their undiscounted cash flows at December 31. The balance includes principal and interest over the remaining term to maturity and therefore would differ from the carrying amounts shown in the consolidated statement of financial position.

	On demand	1 year	2 to 5 years	> 5 years	Total
2019					
Borrowings	–	71,589	677,276	341,919	1,090,784
Interest and finance charges	–	2,377	–	–	2,377
Trade payables	–	247,507	–	–	247,507
Due to group companies	–	41,458	–	–	41,458
	–	362,931	677,276	341,919	1,382,126
2018					
Borrowings	–	32,061	500,259	443,520	975,840
Interest and finance charges	–	2,437	–	–	2,437
Trade payables	–	229,361	86	–	229,447
Due to group companies	–	75,362	–	–	75,362
	–	339,221	500,345	443,520	1,283,086

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16) OTHER CURRENT AND NON-CURRENT LIABILITIES

As of December 31, 2019 and 2018, consolidated other current liabilities were as follows:

	2019 $	2018 $
Provisions[1]	139,153	92,471
Due to group companies	41,458	75,362
Sales and withholding tax payable	14,270	19,718
Interest payable	2,377	3,561
Advances from customers	17,378	14,775
Other accounts payable and accrued expenses	41,750	100,903
	256,386	306,790

[1] Current provisions primarily consist of accrued employee benefits, insurance payments, accruals for legal assessments and others. These amounts are revolving in nature and are expected to be settled and replaced by similar amounts within the next 12 months.

As of December 31, 2019 and 2018, consolidated other non-current liabilities were as follows:

	2019 $	2018 $
Rehabilitation provision	2,774	2,082
Other accounts payable and accrued expenses	–	86
	2,774	2,168

Movement in consolidated rehabilitation provision during 2019 and 2018 was as follows:

	2019 $	2018 $
Balance as of January 1	2,429	2,081
Additions or increases in estimates	426	382
Unwinding of discount on rehabilitation provision	40	(35)
Foreign currency translation	(81)	1
Balance as of December 31	2,814	2,429

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16) OTHER CURRENT AND NON-CURRENT LIABILITIES **(Continued)**

Rehabilitation provision is disclosed in the statement of consolidated financial position under the following captions:

	2019 $	2018 $
Other current liabilities	40	347
Other non-current liabilities	2,774	2,082
	2,814	2,429

The former caption "Trade and other payables" with a short-term balance of $539,070 and a long-term balance of $86 has been separated into the following captions and the amount of $2,082 was reclassified from short-term to long-term balances:

	2018 $
Long-term	
Other non-current liabilities	2,168
Short-term	
Short-term Trade payables	229,447
Taxation payable	751
Other current liabilities	306,790
	536,988

17) 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. This plan is mandatory for all categories of permanent employees of CCCL and its subsidiaries. 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 contributions in the year amounted to $2,518 (2018: $2,627).

Defined benefit pension plans

The plans expose the Group to actuarial risks such as longevity, currency, interest rate and market risks.

The Trinidad Cement Limited Employees' Pension Fund Plan, a defined benefit plan, is sectionalised for funding purposes into three segments to provide retirement pensions to the retirees of Trinidad Cement Limited ("TCL"), TCL Packaging Limited ("TPL") and Readymix (West Indies) Limited ("RML"). Another pension plan, resident in Barbados, covers the employees of Arawak Cement Company Limited and Premix and Precast Concrete Incorporated. Employees of TCL Ponsa Manufacturing Limited are paid an end of service lump sum payment directly by the company.

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17) PENSIONS AND POST-EMPLOYMENT BENEFITS (Continued)

Defined benefit pension plans (Continued)

The Parent Company's employees and employees of TPL and RML are members of the Trinidad Cement Limited Employees' Pension Fund Plan (the Plan). This is a defined benefit pension plan which provides pensions related to employees' length of service and basic earnings at retirement. The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent professional actuary. The Actuarial Valuation report (the Report) as at December 31, 2018 revealed that the TCL section was in surplus by $9,554 and the RML section by $3,728 but the TPL section was in deficit by $7,292. The next triennial actuarial valuation is due as at December 31, 2021.

The Report recommended service contribution rates for TCL, RML and TPL as a percentage of salaries at 10%, 15.7% and 19.3%, respectively.

Employees of Arawak Cement Company Limited are members of a defined benefit pension plan (the ACCL Plan), which became effective in September 1994. The ACCL Plan is established under an irrevocable trust and its assets are invested through an independently administered segregated fund policy. The triennial actuarial valuation was last carried out as at January 2018 and showed a funding surplus of $15.9 million. The actuary has recommended that the company contributes at the rate of 0% of members' earnings.

Projected benefit obligations were computed by qualified actuaries using the projected unit credit method to determine the present value of defined benefit obligations for the years ended December 31, 2019 and 2018.

The Group offers post-retirement medical benefits to retirees of TCL, TPL and the CCCL group whereby the Group pays premiums for medical health insurance policies for retired employees and their spouses.

Actuarial results related to pension and other post-retirement benefits are recognised in earnings and/or in "Other comprehensive income" for the period in which they are generated, as appropriate. For the years ended December 31, 2019 and 2018, the effects of pension plans and other post-employment benefits are summarised as follows:

	Pensions		Other benefits		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Net period cost (income):						
Recorded in operating costs and expenses						
Service cost	17,874	18,619	3,993	3,846	21,867	22,465
Past service cost	3,038	–	1,393	–	4,431	–
	20,912	18,619	5,386	3,846	26,298	22,465
Recorded in other financial expenses						
Net interest cost	(394)	(2,030)	9,093	8,917	8,699	6,887
Recorded in other comprehensive income						
Return on plan assets	(37,699)	46,686	–	–	(37,699)	46,686
Actuarial (gains) losses for the period	(22,130)	(30,452)	6,046	8,296	(16,084)	(22,156)
	(59,829)	16,234	6,046	8,296	(53,783)	24,530
	(39,311)	32,823	20,525	21,059	(18,786)	53,882

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17) PENSIONS AND POST-EMPLOYMENT BENEFITS (Continued)

Defined benefit pension plans (Continued)

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

	Pensions		Other benefits		Total	
	2019 $	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Actuarial (gains) losses due to experience	(32,421)	(30,452)	4,702	1,329	(27,719)	(29,123)
Actuarial (gains) losses due to demographic assumptions	10,291	–	3,651	–	13,942	–
Actuarial (gains) losses due to financial assumptions	–	–	(2,307)	6,967	(2,307)	6,967
	(22,130)	(30,452)	6,046	8,296	(16,084)	(22,156)

As of December 31, 2019 and 2018, the reconciliation of the actuarial benefit obligation and pension plan assets, are presented as follows:

	Pensions		Other benefits		Total	
	2019 $	**2018 $**	**2019 $**	**2018 $**	**2019 $**	**2018 $**
Change in benefit obligation:						
Projected benefit obligation at beginning of the period	(950,152)	(966,917)	(160,952)	(148,063)	(1,111,104)	(1,114,980)
Service cost	(20,426)	(16,321)	(2,600)	(3,846)	(23,026)	(20,167)
Interest cost	(51,743)	(52,447)	(9,093)	(8,917)	(60,836)	(61,364)
Actuarial (gains) losses	24,831	31,709	(6,046)	(8,296)	18,785	23,413
Employee contributions	(4,954)	(10,441)	–	–	(4,954)	(10,441)
Benefits paid	62,068	64,472	6,487	8,170	68,555	72,642
Foreign currency translation	(215)	(207)	1,577	–	1,362	(207)
Projected benefit obligation at end of the period	(940,591)	(950,152)	(170,627)	(160,952)	(1,111,218)	(1,111,104)
Change in plan assets:						
Fair value of plan assets at beginning of the period	952,026	980,808	–	–	952,026	980,808
Administrative costs	(1,721)	(2,298)	–	–	(1,721)	(2,298)
Return on plan assets	93,528	7,791	–	–	93,528	7,791
Actuarial (gains) losses	(2,719)	(1,257)	–	–	(2,719)	(1,257)
Employee contributions	4,538	10,441	–	–	4,538	10,441
Employer contributions	9,327	20,752	–	–	9,327	20,752
Benefits paid	(62,068)	(64,472)	–	–	(62,068)	(64,472)
Foreign currency translation	(3,403)	261	–	–	(3,403)	261
Fair value of plan assets at end of the period	989,508	952,026	–	–	989,508	952,026
Net projected asset (liability) in the consolidated statement of financial position	48,917	1,874	(170,627)	(160,952)	(121,710)	(159,078)

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17) PENSIONS AND POST-EMPLOYMENT BENEFITS (Continued)

Defined benefit pension plans (Continued)

Employee benefits are disclosed in the statement of consolidated financial position under the following captions:

	2019 $	2018 $
Non-current assets	54,793	14,233
Non-current liabilities	(176,503)	(173,311)
	(121,710)	(159,078)

As of December 31, 2019 and 2018, the major categories of plan assets of the fair value of the total plan assets are, as follows:

	2019 $				2018 $			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	75,791	–	–	75,791	49,878	–	–	49,878
Equities	448,334	–	–	448,334	407,003	–	–	407,003
Bonds	–	462,358	–	462,358	–	489,678	–	489,678
Mortgages	–	–	3,025	3,025	–	–	5,467	5,467
Total plan assets	524,125	462,358	3,025	989,508	456,881	489,678	5,467	952,026

The most significant assumptions used in the determination of the benefit obligation were as follows:

	2019			2018		
	Trinidad and Tobago %	Jamaica %	Barbados %	Trinidad and Tobago %	Jamaica %	Barbados %
Discount rates	5.50	7.50	7.75	5.50	7.00	7.75
Rate of return on plan assets	10.40	–	7.75	2.30	–	7.75
Rate of salary increases	5.00	–	6.75	5.00	–	6.75
Future medical premium increases	5.00	6.00	–	5.00	8.00	6.75
	Years	Years	Years	Years	Years	Years
Post retirement mortality for retirees at age 60: Male	21.70	–	–	21.00	–	–
Post retirement mortality for retirees at age 60: Female	26.00	–	–	25.10	–	–

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17) PENSIONS AND POST-EMPLOYMENT BENEFITS (Continued)

Defined benefit pension plans (Continued)

In Jamaica 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. In Barbados post-employment mortality for active members and mortality for pensioners is based on 1994 Uninsured Pensioner Generational Tables with Projection Scale AA.

The Group expects to contribute $13.9 million to its pension and other post-retirement benefits in 2020.

As of December 31, 2019 and 2018, the aggregate projected benefit obligation ("PBO") for pension plans and other post-employment benefits and the plan assets by country were as follows:

		2019 $			2018 $	
	PBO	**Assets**	**Deficit**	**PBO**	**Assets**	**Deficit**
Trinidad and Tobago	(1,029,302)	942,584	(86,718)	(1,026,894)	902,219	(124,675)
Jamaica	(43,041)	–	(43,041)	(44,330)	–	(44,330)
Barbados	(38,875)	46,924	8,049	(39,880)	49,807	9,927
	(1,111,218)	989,508	(121,710)	(1,111,104)	952,026	(159,078)

Sensitivity analysis of pension and other post-employment benefits during the reported periods

For the year ended December 31, 2019, the Group performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 100 basis points in each of these assumptions. The increase (decrease) that would have resulted in the PBO of pensions and other post-employment benefits as of December 31, 2019 are shown below:

Assumptions:	Pensions +100 bps	Pensions -100 bps	Other benefits +100 bps	Other benefits -100 bps	Total +100 bps	Total -100 bps
Discount Rate Sensitivity	(138,145)	156,996	(9,493)	15,942	(147,638)	172,938
Salary Increase Rate Sensitivity	76,770	(59,594)	–	–	76,770	(59,594)
Future Medical Premium Increases Sensitivity	–	–	20,249	(15,805)	20,249	(15,805)

Assumptions:	Pensions +1 year	Other benefits +1 year	Total +1 year
Life expectancy of pensioners	12,224	6,463	18,687

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18) TAXATION

18.1) TAXATION EXPENSE FOR THE PERIOD

The amounts of taxation expense in the statements of operations for 2019 and 2018 are summarised as follows:

	2019 $	2018 $
Current taxation expense	(16,603)	(19,101)
Deferred taxation expense	(21,692)	(44,070)
	(38,295)	(63,171)

18.2) DEFERRED INCOME TAXES

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

	2019 $	2018 $
Deferred tax assets:		
Tax loss carryforwards and other tax credits	236,183	127,940
Trade payables and other liabilities	15,211	7,767
Other post-retirement benefits	–	44,082
Total deferred tax assets, net	251,394	179,789
Deferred tax liabilities:		
Property, machinery and equipment	(182,224)	(201,038)
Other post-retirement benefits	(113,045)	–
Others	(14,208)	(84)
Total deferred tax liabilities, net	(309,477)	(201,122)
Net deferred tax liabilities	(58,083)	(21,333)

Net deferred tax assets (liabilities) by reportable segment for the years ended December 31, 2019 and 2018 were as follows:

	2019 $	2018 $
Trinidad and Tobago	8,636	12,765
Jamaica	(65,943)	(32,690)
Guyana	(776)	(1,408)
	(58,083)	(21,333)

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18) TAXATION (Continued)

18.2) DEFERRED INCOME TAXES (Continued)

Movement in consolidated deferred taxation during 2019 and 2018 was as follows:

	2019 $	2018 $
Balance as of January 1	(21,333)	15,872
Deferred income tax (charged) credited to profit or loss	(21,692)	(44,070)
Deferred income tax (charged) credited to other comprehensive income	(16,459)	7,615
Foreign currency translation	1,401	(750)
Balance as of December 31	(58,083)	(21,333)

18.3) RECONCILIATION OF EFFECTIVE TAXATION RATE

Deferred taxation relative to items of other comprehensive income during 2019 and 2018, the effective were as follows:

	2019 $	2018 $
Tax effects relative to actuarial (gains) and losses	(16,459)	7,615
	(16,459)	7,615

For the recognition of deferred tax assets, the Group analyses the aggregate amount of self-determined tax loss carryforwards included in its income tax returns in each country where the Group believes, based on available evidence, that the tax authorities would not reject such tax loss carryforwards; and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through an analysis of estimated future taxable income. If the Group believes that it is probable that the tax authorities would reject a self-determined deferred tax asset, it would decrease such asset. Likewise, if the Group believes that it would not be able to use a tax loss carryforward before its expiration or any other tax asset, the Group would not recognise such asset. Both situations would result in additional income tax expense for the period in which such determination is made. With the objective to determine whether it is probable that deferred tax assets will ultimately be realised, the Group takes into consideration all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies and future reversals of existing temporary differences. In addition, every reporting period, the Group analyses its actual results versus its estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from the Group's estimates, the deferred tax asset may be affected, and necessary adjustments will be made based on relevant information. Any adjustments recorded will affect the Group's consolidated statement of profit or loss in such period.

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18) TAXATION **(Continued)**

18.3) RECONCILIATION OF EFFECTIVE TAXATION RATE (Continued)

As of December 31, 2019, consolidated tax loss and tax credits carryforwards expire as follows:

	2019 $			2018 $		
	Total	**Unrecognised**	**Recognised**	**Total**	**Unrecognised**	**Recognised**
2019	–	–	–	18,419	18,419	–
2020	37,800	37,799	–	38,039	38,039	–
2021	69,522	69,522	–	69,961	69,961	–
2022	21,309	21,309	–	21,444	21,444	–
2023	122,603	122,603	–	123,377	123,377	–
2024 and thereafter	1,013,916	774,786	239,131	997,856	943,393	54,463
	1,265,150	1,026,019	239,131	1,269,096	1,214,633	54,463

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

	2019 $	2018 $
Earnings before taxation	53,221	56,159
Taxation charge	(38,295)	(63,171)
Effective consolidated taxation rate[1]	(72.0%)	(112.5%)

[1] The average effective tax rate equals the net amount of taxation revenue or expense divided by earnings or loss before taxation, as these line items are reported in the consolidated statement of profit or loss.

Differences between the financial reporting and the corresponding tax basis of assets and liabilities and the different tax rates and laws applicable to the Group, among other factors, give rise to permanent differences between the statutory tax rate applicable in Trinidad and Tobago, and the effective tax rate presented in the consolidated statements of profit or loss, which in 2019 and 2018 were as follows:

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18) TAXATION (Continued)

18.3) RECONCILIATION OF EFFECTIVE TAXATION RATE (Continued)

	2019		2018	
	%	$	%	$
Trinidad and Tobago statutory tax rate	30.0%	$15,966	30.0%	$16,848
Net expenses non-deductible for tax purposes	86.2%	$45,858	0.0%	–
Adjustments due to accounting consolidation	21.2%	$11,309	87.0%	$48,858
Other accounting consolidation effects for TCL	(42.1%)	($22,411)	0.0%	–
Impact of income not subject to tax	0.0%	–	(8.1%)	$(4,576)
Business and green fund levies	9.3%	$4,925	10.7%	$6,005
Differences in the income tax rates in the countries where the Group operates[1]	2.8%	$1,483	(3.9%)	$(2,181)
Tax credit effect	(7.9%)	$(4,186)	0.0%	–
Others	(27.5%)	$(14,649)	(3.2%)	$(1,783)
Effective consolidated tax rate	72.0%	$38,295	112.5%	$63,171

[1] Refers mainly to the effects of the differences between the statutory income tax rate in Trinidad and Tobago of 30% against the applicable income tax rates of each country where the Group operates.

18.4) UNCERTAIN TAX POSITIONS AND SIGNIFICANT TAX PROCEEDINGS

As at December 31, 2019, a deferred tax asset of $199.8 million (2018: $127.9 million) in relation to tax losses and capital allowances available for reducing future tax payments was not recognised in the consolidated statement of financial position given a level of uncertainty regarding their utilisation within a reasonable time.

The Group has tax losses of $778.4 million (2018: $738.2 million) available for set off against future taxable profits in Trinidad and Tobago. These losses do not expire. Tax returns are subject to audit by the taxation authorities within six years of being filed with the taxation authority.

In Jamaica, tax losses amounted to approximately $12.8 million (2018: $84.5 million) for the Group. These losses are subject to agreement with the Taxpayer Audit and Assessment Department. 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.

In Barbados, there are tax losses of $415.7 million (2018: $372.5 million) available for set off against future taxable profits. These tax losses expire over a 6-year period ending in 2026

These losses are subject to agreement with the respective tax authorities.

Significant tax proceedings

The Group's significant tax proceedings are detailed in note 22.2.

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19) STOCKHOLDERS' EQUITY

19.1) STATED CAPITAL

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

Authorised

An unlimited number of ordinary and preference shares of no par value.

Issued and fully paid	**2019 $**	**2018 $**
374,647,704 ordinary shares of no par value	827,732	827,732

All ordinary shares rank equally with regard to the Company's assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

19.2) UNALLOCATED ESOP SHARES

	Thousands of shares	
	2019 $	**2018 $**
Employee share ownership plan		
Number of shares held – unallocated	2,845	2,845
Number of shares held – allocated	3,447	3,447
	6,292	6,292
Cost of unallocated ESOP shares	20,019	20,019
Fair value of shares held – unallocated	5,690	7,767
Fair value of shares held – allocated	6,894	9,410
	12,584	17,177
Charge to profit or loss for provision of shares allocated to employees	(550)	77

The Parent Company operates an Employee Share Ownership Plan ("the Plan" or "ESOP") to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Parent Company based on a set formula. Employees may acquire additional company shares to be held in trust by the Trustees, but the costs of such purchases are for the employees' account. All permanent employees of the Parent Company and certain subsidiaries are eligible to participate in the Plan that is directed, including the voting of shares, by a Management Committee comprising management of the Parent Company and the general employee membership. Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions.

Shares acquired by the ESOP are funded by the Parent Company's contributions. The cost of the shares so acquired, and which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the reporting date.

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19) STOCKHOLDERS' EQUITY (Continued)

19.3) OTHER EQUITY RESERVES

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

	2019	2018
At beginning of period	(248,355)	(241,067)
Other comprehensive loss		
Currency translation (note 19.3 (i))	(43,067)	(4,342)
Change in fair value of cash flow hedge (note 19.3 (ii))	(516)	(2,946)
	(43,583)	(7,288)
	(291,938)	(248,355)

(i) Foreign currency translation account

This reserve records exchange differences arising from the translation of the consolidated financial statements of foreign subsidiaries.

(ii) Hedging reserve

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

Up to December 31, 2019, the Group maintained a forward contract negotiated with CEMEX S.A. de C.V. to hedge the price of diesel fuel with the objective of changing the risk profile and fixing the price of fuel. At December 31, 2019, the aggregate notional amount of the contract is $711 (US$105) [2018: $nil], with estimated aggregate fair value of $697 (US$103) [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. Gains or losses in fair value of this contract recognised in other comprehensive income for 2018, amounted to a loss of $3,976 (US$566). In 2018, the losses were recycled through profit or loss.

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19) STOCKHOLDERS' EQUITY (Continued)

19.4) RESERVES

	Hedging Reserve	Foreign Currency	Retained Earnings	Total
2019				
Currency translation	–	(16,774)	–	(16,774)
Change in fair value of cashflow hedge	(697)	–	–	(697)
Remeasurement gains on pension plans and other post-retirement benefits	–	–	37,324	37,324
	(697)	(16,774)	37,324	19,853
2018				
Currency translation	–	(5,622)	–	(5,622)
Change in fair value of cashflow hedge	(3,976)	–	–	(3,976)
Remeasurement gains on pension plans and other post-retirement benefits	–	–	(16,915)	(16,915)
	(3,976)	(5,622)	(16,915)	(26,513)

19.5) NON-CONTROLLING INTEREST

Material Partly-Owned Subsidiaries - (Non-controlling Interests)

The financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity held by non-controlling interests:

Name	Country of Incorporation and Operation	2019	2018
Caribbean Cement Company Limited (Group)	Jamaica	26%	26%
Readymix (West Indies) Limited	Trinidad and Tobago	1.9%	2.3%
TCL Packaging Limited	Trinidad and Tobago	20%	20%
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	35%	35%
Accumulated balances of material non-controlling interests		**$**	**$**
Caribbean Cement Company Limited (Group)		43,127	(6,135)
Readymix (West Indies) Limited		1,059	(3,066)
TCL Packaging Limited		9,892	7,030
TCL Ponsa Manufacturing Limited		5,880	4,654
		59,958	2,483

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19) STOCKHOLDERS' EQUITY (Continued)

19.5) NON-CONTROLLING INTEREST (Continued)

	2019	2018
Profit (loss) allocated to material non-controlling interests	**$**	**$**
Caribbean Cement Company Limited (Group)	25,441	30,817
Readymix (West Indies) Limited	(421)	(292)
TCL Packaging Limited	(516)	(487)
TCL Ponsa Manufacturing Limited	1,226	166
TCL Guyana Inc	–	446
	25,730	30,650

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2019:

	Caribbean Cement Company Limited	Readymix (West Indies) Limited	TCL Packaging Limited	TCL Ponsa Manufacturing Limited
	$	$	$	$
Revenue	692,649	52,905	37,075	19,363
Cost of sales	(394,200)	(48,456)	(36,027)	(11,477)
Operating expenses	(93,123)	(8,596)	(1,258)	(1,733)
Other expenses, net	(13,605)	(12,748)	(1,338)	(3,659)
Financial expenses, net	(72,679)	(317)	723	(5)
Earnings (loss) before taxation	119,042	(17,212)	(825)	2,489
Taxation (charge) credit	(36,736)	(464)	265	–
Net earnings (loss) from continuing operations	82,306	(17,676)	(560)	2,489
Total comprehensive income (loss)	88,840	8,171	1,365	–
Non-controlling interest	49,262	(776)	2,862	1,226

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19) STOCKHOLDERS' EQUITY (Continued)

19.5) NON-CONTROLLING INTEREST (Continued)

Summarised statement of profit or loss for 2018:

	Caribbean Cement Company Limited $	Readymix (West Indies) Limited $	TCL Packaging Limited $	TCL Ponsa Manufacturing Limited $	TCL Guyana Inc $
Revenue	934,816	86,357	47,522	25,416	138,183
Cost of sales	(602,472)	(73,494)	(46,052)	(20,768)	(127,037)
Operating expenses	(115,876)	(9,391)	(2,124)	(3,155)	(6,574)
Other expenses, net	(1,543)	(16,974)	(3,241)	(981)	(2,794)
Financial expenses, net	(52,565)	25	1,530	(37)	(1,821)
Earnings (loss) before taxation	162,360	(13,477)	(2,365)	475	(43)
Taxation (charge) credit	(43,376)	600	(72)	–	(287)
Net income (loss) from continuing operations	118,984	(12,877)	(2,437)	475	(330)
Total comprehensive income (loss)	110,733	(12,890)	(2,074)	817	(525)
Non-controlling interest	29,240	(392)	(414)	286	109

Summarised statement of financial position as at December 31, 2019:

	Caribbean Cement Company Limited $	Readymix (West Indies) Limited $	TCL Packaging Limited $	TCL Ponsa Manufacturing Limited $
Inventories, cash and bank balances and other current assets	175,589	24,503	48,895	17,630
Property, machinery and equipment and other non-current assets	1,374,639	87,219	28,397	2,681
Trade and other payables and other current liabilities	(221,820)	(51,975)	(11,075)	(3,510)
Interest bearing loans, borrowings and deferred tax and other non-current liabilities	(741,797)	(13,716)	(16,754)	–
Total equity	586,611	46,031	49,463	16,801
Attributable to:				
Equity holders of parent	543,484	44,972	39,571	10,921
Non-controlling interests	43,127	1,059	9,892	5,880
	586,611	46,031	49,463	16,801

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19) STOCKHOLDERS' EQUITY (Continued)

19.5) NON-CONTROLLING INTEREST (Continued)

Summarised statement of financial position as at December 31, 2018:

	Caribbean Cement Company Limited $	Readymix (West Indies) Limited $	TCL Packaging Limited $	TCL Ponsa Manufacturing Limited $	TCL Guyana Inc $
Inventories, cash and bank balances and other current assets	160,140	41,820	55,332	17,036	36,810
Property, machinery and equipment and other non-current assets	1,321,257	54,600	1,709	2,806	40,417
Trade and other payables and other current liabilities	(195,393)	(53,375)	(16,451)	(5,151)	(31,450)
Interest bearing loans, borrowings and deferred tax and other non-current liabilities	(1,032,028)	9,604	(5,442)	(1,393)	(1,408)
Total equity	253,976	52,649	35,148	13,298	44,369
Attributable to:					
Equity holders of parent	260,110	55,715	28,117	8,644	44,369
Non-controlling interests	(6,134)	(3,066)	7,031	4,654	–
	253,976	52,649	35,148	13,298	44,369

Summarised cash flow information for the year ended December 31, 2019:

	Caribbean Cement Company Limited $	Readymix (West Indies) Limited $	TCL Packaging Limited $	TCL Ponsa Manufacturing Limited $
Operating	211,470	(4,010)	(15,267)	(544)
Investing	(75,131)	4,025	(785)	(29)
Financing	(132,125)	1,434	75	–
	4,214	1,449	(15,977)	(573)

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19) STOCKHOLDERS' EQUITY (Continued)

19.5) NON-CONTROLLING INTEREST (Continued)

Summarised cash flow information for the year ended December 31, 2018:

	Caribbean Cement Company Limited $	Readymix (West Indies) Limited $	TCL Packaging Limited $	TCL Ponsa Manufacturing Limited $	TCL Guyana Inc $
Operating	224,410	(25,874)	(7,728)	669	(657)
Investing	(868,028)	22,492	9,426	(165)	(5,584)
Financing	(578,177)	–	–	–	–
	(1,221,795)	(3,382)	1,698	504	(6,241)

20) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders of the Company (the numerator) by the weighted-average number of shares outstanding (the denominator) during the period. The balance of the TCL Employee Share Ownership Plan (the Plan) relating to the cost of unallocated shares held by the Plan is presented as a separate component in equity. The weighted average number of unallocated shares held by the Plan during the year is deducted in computing the weighted average number of ordinary shares in issue. The Group has no dilutive potential ordinary shares in issue.

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

	2019 $	2018 $
Denominator (thousands of shares)		
Weighted-average number of shares outstanding	374,648	374,648
Weighted-average number of unallocated shares held by the Plan	(2,845)	(2,845)
Weighted-average number of shares	371,803	371,803
Numerator		
Net earnings (loss) from continuing operations	14,926	(7,012)
Less: non-controlling interest net income	(25,730)	(30,650)
Controlling interest net loss from continuing operations	(10,804)	(37,662)
Controlling interest net loss from continuing operations – for basic earnings per share calculations	(10,804)	(37,662)
Controlling interest net loss from continuing operations for diluted earnings per share calculations	(10,804)	(37,662)
Net income from discontinued operations	423	–

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20) EARNINGS PER SHARE (Continued)

	2019 $	2018 $
Basic and diluted earnings per share		
Controlling interest basic earnings per share	(0.03)	(0.10)
Controlling interest basic earnings per share from continuing operations	(0.03)	(0.10)
Controlling interest basic earnings per share from discontinued operations	–	–

21) COMMITMENTS

21.1) GUARANTEES AND PLEDGED ASSETS

On November 29, 2018, Readymix (West Indies) Limited ("RML"), in its capacity as land owner, and East Lake Development Company, as the borrower, executed a loan agreement for $80 million with Republic Bank Limited for the financing of the East Lake Land Development Project. RML has guaranteed up to $21.765 million, collateralised by the land, to secure the repayment of principal and interest and other monies due and payable under the loan agreement.

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

21.2) OTHER COMMITMENTS

The Group has contractual capital commitments of $15.1 million as at December 31, 2019 and $33.5 million as of December 31, 2018.

22) LEGAL PROCEEDINGS

22.1) CONTINGENCIES RESULTING FROM LEGAL PROCEEDINGS

The Group is involved in various significant legal proceedings, the resolutions of which are deemed probable and imply the incurrence of losses and/or cash outflows or the delivery of other resources owned by the Group. As a result, certain provisions or losses have been recognised in the consolidated financial statements, representing the best estimate of the amounts payable or the amount of impaired assets. Therefore, the Group believes that it will not make significant expenditure or incur significant losses in excess of the amounts recorded.

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22) LEGAL PROCEEDINGS (Continued)

22.2) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS

The Group is involved in various legal proceedings, which have not required the recognition of accruals, considering that the probability of loss is less than probable or remote. In certain cases, a negative resolution may represent a decrease in future revenues, an increase in operating costs or a loss. Nonetheless, until all stages in the procedures are exhausted in each proceeding, the Group cannot assure the achievement of a final favourable resolution. There are contingent liabilities which have not been recognised amounting to $14.96 million (2018: $83.9 million) for various claims, assessments, bank guarantees and bonds against the Group. Included therein, are primarily industrial relations matters which are currently occupying the attention of the industrial court, pending legal actions and other claims in which the Group is involved. Based on the information provided by the Group's attorneys at law, owing to the uncertainty of the outcome of these possible liabilities, no provision has been made in these consolidated financial statements in respect of these matters.

The Board of Inland Revenue (the "BIR") had disallowed expenditure claimed by the Parent Company in respect of the following fiscal years:

Fiscal Year	Disallowed Expenditure	Additional Tax Assessed
2007	$102.1 million	–
2008	$284.4 million	–
2009	$235.2 million	–
2010	$247.4 million	$12.9 million
2011	$129.3 million	$30.8 million

This has been objected to as the Parent Company is of the view that its claim is well supported in law and will defend its position in the resolution process. The BIR has confirmed their assessment in respect of the tax years 2007, 2008 and 2009. The Parent Company has appealed a decision of the Board of Inland Revenue to disallow expenditure claimed by TCL (viz. wear and tear allowances, interest expense, management charges and other deductions) for tax exemptions under the Corporation Tax Act, in respect of those fiscal years. The Board's decision is expected to be given on May 4, 2020. No provision has been made in these consolidated financial statements in respect of this matter as the possible liability is not considered probable. Subject to future resolution of this matter, there may be a reduction in the accumulated tax losses of the Parent Company and future tax liabilities in respect of these years.

The subsidiary in Guyana (the subsidiary) was given a commitment by the Government of Guyana in 2006 to have the corporate tax rate for non-commercial companies of 30 percent made applicable to its operations. Subsequent action by the Guyana Revenue Authority (the GRA) held that the corporate tax rate for commercial companies of 40 percent was applicable. The subsidiary computes its corporation tax liability on the basis of the original commitment received while it contests through court action failure to honour the original commitment. The AG's office has appointed an arbitrator and TGI has requested Mr Timothy Jonas, a commercial attorney to act as its arbitrator. A third arbitrator Mr. Luckhoo was appointed on June 3, 2019. Witness statements were exchanged and factual objections to the aforementioned

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22) LEGAL PROCEEDINGS (Continued)

22.2) OTHER CONTINGENCIES FROM LEGAL PROCEEDINGS (Continued)

content was first heard on January 30, 2020 and is in progress. The total possible liability arising out of these open tax matters (including the assessed years 2012, 2013 and 2014 as well as the years 2015 to 2018) is $7 million. No provision has been made in these consolidated financial statements for the higher tax rate as the possible liability is not considered probable.

23) LEASES

The Group leases real estate (property, warehouse and factory facilities) and machinery and equipment (mobile equipment and motor vehicles). Real estate leases have a term of 3 to 20 years and machinery equipment leases have a term of 3 to 5 years. Some leases provide for periodic renegotiation of payments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

As described in note 2.1 the Group adopted IFRS 16 Leases effective January 1, 2019.

The following balances were included in property, machinery and equipment (note 14).

		2019	
	Buildings	**Machinery and equipment**	**Total**
Recognition of right-of-use assets on initial application of IFRS16	14,695	7,961	22,656
Additions to right-of-use assets included in Capital Expenditures	5,364	5,618	10,982
Depreciation	(2,880)	(4,435)	(7,315)
Translation differences	50	(477)	(427)
Cost at end of period	20,060	12,273	32,333
Accumulated depreciation	(2,831)	(3,606)	(6,437)
Net book value at end of period	17,229	8,667	25,896

The following balances were included in the consolidated statement of cash flows:

	2019 $
Depreciation	7,315
Interest expense on lease liabilities	3,083
Additions to right-of-use assets	(10,982)
Interest paid	(3,083)
New loans	10,982
Repayment of loans	(6,693)

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23) LEASES (Continued)

The following balances were included in the consolidated statement of profit or loss:

	2019 $
Lease expense of low value assets.	201
Lease expense of short-term leases	361

The table below summarises the maturity profile of the Group's lease liabilities based on their undiscounted cash flows at December 31. The balance includes future interest over the remaining term to maturity and therefore would differ from the carrying amounts shown in the consolidated statement of financial position.

	2019			
	1 year $	2 to 5 years $	> 5 years $	Total $
Lease liabilities	6,421	14,243	6,281	26,945
Interest	2,834	6,547	3,110	12,491
Total lease payments	9,255	20,790	9,391	39,436

24) RELATED PARTIES

All significant balances and transactions between the entities that constitute the Group have been eliminated in the preparation of the consolidated financial statements. These balances with related parties resulted primarily from: (i) the sale and purchase of goods between group entities; (ii) the invoicing of administrative services and other services rendered between group entities; and (iii) loans between related parties. When market prices and/or market conditions are not readily available, the Group conducts transfer pricing studies in the countries in which it operates to assure compliance with regulations applicable to transactions between related parties.

The Group has entered into related party transactions with CEMEX S.A.B. de C.V. ("CEMEX"). The following table provides the total amount of transactions and balances at year end that have been entered into with the CEMEX Group for the relevant financial year:

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24) RELATED PARTIES (Continued)

	2019 $	2018 $
Sales for the year	54,057	34,376
Purchases for the year	144,068	188,463
Management fee expenses	30,647	22,593
Due from related companies	7,205	1,742
Due to related companies	41,458	75,362
Long-term debt (note 18)	431,670	476,071
Interest and other finance charges	–	(339)
Interest charges	33,951	48,784

Outstanding trade receivables and trade payable balances are unsecured and interest free and no provision has been established at year end for these balances.

The Group has entered into related party transactions with East Lake Development Company Limited. The following table provides the total amount of transactions and balances at year end that have been entered into with the East Lake Development Company Limited for the relevant financial year:

	2019 $	2018 $
Sales for the year	9,192	9,422
Trade receivables	1,392	1,966
Key management compensation of the Group		
Short-term employment benefits	12,847	21,789
Pension plan and post-retirement benefits	396	680
Directors' fees	507	674

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

25) SUBSEQUENT EVENTS

There are no events occurring after the consolidated statement of financial position date and before the date of approval of these consolidated financial statements by the Board of Directors that require adjustment to or disclosure in these consolidated financial statements.

Notes to the Consolidated Financial Statements

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26) MAIN SUBSIDIARIES

The Group's subsidiaries are as follows:

Subsidiary	Country	Principal activities	% Interest 2018	% Interest 2019
Readymix (West Indies) Limited	Trinidad and Tobago	Concrete batching	97.70	98.05
TCL Packaging Limited	Trinidad and Tobago	Packaging production	80.00	80.00
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	Packaging production	65.00	65.00
TCL Leasing Limited	Trinidad and Tobago	Leasing	100.00	100.00
RML Property Development Limited	Trinidad and Tobago	Property development	100.00	100.00
Caribbean Cement Company Limited	Jamaica	Cement production	74.10	74.10
Jamaica Gypsum and Quarries Limited[1]	Jamaica	Mining and port management	74.10	N/A
Rockfort Mineral Bath Complex Limited	Jamaica	Spa facility	74.10	74.00
Caribbean Gypsum Company Limited[1]	Jamaica	Mining	74.10	N/A
Arawak Cement Company Limited	Barbados	Cement production	100.00	100.00
Premix & Precast Concrete Incorporated[2]	Barbados	Concrete batching	58.60	N/A
TCL Trading Limited	Anguilla	Cement distribution	100.00	100.00
TCL (Nevis) Limited	Nevis	Holding company	100.00	100.00
TCL Guyana Inc.	Guyana	Cement distribution	100.00	100.00
Arawak Concrete Solutions Limited	Barbados	Cement production	100.00	100.00
TTLI Trading Limited	Barbados	Cement distribution	100.00	100.00
TGI Concrete Solutions Inc.	Guyana	Concrete batching	100.00	100.00

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26) MAIN SUBSIDIARIES (Continued)

[1] 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 issued share capital of Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited being extinguished and all assets and liabilities assumed by Caribbean Cement Company Limited. Having regard to the approval of the Supreme Court, Jamaica Gypsum & Quarries Limited and Caribbean Gypsum Company Limited was dissolved and struck off the Register of Companies without winding up pursuant to section 208 of the Jamaican Companies Act.

[2] On November 6, 2019, approval was granted for the dissolution of Premix & Precast Concrete Incorporated. The approval resulted in Premix & Precast Concrete Incorporated being struck off the Registrar of Companies pursuant to sections 360 to 370 of the Companies Act, Chap. 308 of the laws of Barbados. The remaining liabilities of Premix & Precast Concrete were extinguished, having been previously carried in the consolidated financial statements as liabilities associated with a discontinued operation.

27) RECLASSIFICATIONS

Reconciliations of the amounts disclosed for 2018 in these consolidated financial statements to the amounts disclosed for 2018 in the consolidated financial statements for the year ended December 31, 2018 are explained as follows:

(i) Consolidated Statement of Profit or Loss

		Impact of Reclassifications		
	Note	**As previously stated $**	**Adjustments $**	**As restated $**
December 31, 2018				
Earnings before interest, tax, depreciation, gain on disposal of property, machinery and equipment, restructuring and impairment		342,764	(342,764)	–
Depreciation		(127,126)	127,126	–
Revenue	3	–	1,721,123	1,721,123
Cost of sales	5	–	(1,245,591)	(1,245,591)
Operating expenses	5	–	(253,007)	(253,007)
Loss on disposal of Property, machinery and equipment		(238)	238	–
Stockholding and restructuring costs		7,831	(7,831)	–
Manpower restructuring costs		(84,930)	84,930	–
Other expenses, net	6	–	(77,337)	(77,337)
Finance costs, net	7.1	(84,557)	84,557	–
Financial expense	7.1	–	(93,402)	(93,402)
Financial income and other items, net	7.2	–	1,958	1,958

Notes to the Consolidated Financial Statements

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27) RECLASSIFICATIONS (Continued)

(ii) Consolidated Statement of Financial Position

	Note	Impact of Reclassifications As previously stated $	Adjustments $	As restated $
December 31, 2018				
CURRENT ASSETS				
Trade and other accounts receivable	10	173,002	(173,002)	–
Trade accounts receivable, net	10	–	98,600	98,600
Other accounts receivable	11	–	59,739	59,739
Taxation receivable		–	14,663	14,663
CURRENT LIABILITIES				
Trade and other payables		539,070	(539,070)	–
Trade payables		–	229,447	229,447
Taxation payable		–	751	751
Other current liabilities	16	–	306,790	306,790
December 31, 2018				
NON-CURRENT LIABILITIES				
Employee benefits	17	12,359	160,952	173,311
Other post-retirement benefits		160,952	(160,952)	–
Trade and other payables		86	(86)	–
Other non-current liabilities	16	–	2,168	2,168
STOCKHOLDERS' EQUITY				
Retained earnings	19.3	109,987	37,662	147,649
Net loss		–	(37,662)	(37,662)

Trinidad Cement Limited 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 non-financial 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.

"Cost of sales" is now included as a caption in the consolidated statement of profit or loss. In the prior year, a list of expenses would have been disclosed as the items deducted to get "Earnings before interest, tax, depreciation, gain on disposal of Property, machinery and equipment and restructuring costs". Those expenses are included in the disclosure "Expenses by Nature" in note 5.

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27) RECLASSIFICATIONS **(Continued)**

(ii) Consolidated Statement of Financial Position (Continued)

The former caption "Personnel remuneration and benefits" is the sum of "Financial expenses from pensions" and "Wages, salaries and personnel benefits". Other expenses, net of $77,337 comprises:

Manpower restructuring costs	$84,930
Stockholding and inventory restructuring costs	($7,831)
Loss on disposal of property, machinery and equipment	$238
	$77,337

Consolidated statements of financial position and related notes

The "Retained earnings" caption in the consolidated statement of financial position now represents the retained earnings less the net income for the year and "Net income" is now included as a separate caption.

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