ANNUAL REPORT 2018

Readymix

READYMIX (WEST INDIES) LIMITED

CEMEX

Building a better future

Contents

Note: The Notice of the Annual Meeting and Proxy Package will be circulated at a later date.

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Group Strategic Framework

Vision

Building a Brighter Future

Mission

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

Strategic Priorities

Health, Safety and Environment
Customer Centricity
Operational Efficiencies
One Company
Sustainable Returns

Business Model

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

Values

Safety
Customers
Excellence
Leadership
Integrity

Corporate Information

Company Secretary:
Mr. Malcolm Sooknanan

Registered Office:
Tumpuna Road, Guanapo
Arima, Trinidad, W.I.
Tel: (868) 225-8254
Fax: (868) 643-3209
Email: rmlinfo@tclgroup.com

Registrar:
Trinidad & Tobago Central Depository Limited
10th Floor, Nicholas Tower
63–65 Independence Square
Port of Spain, Trinidad, W.I.

Principal Bankers:
First Citizens Bank Limited
Cor. Hollis Avenue & Woodford Street
Arima, Trinidad, W.I.

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

Auditors:
KPMG
Savannah East
11 Queen's Park East
Port of Spain, Trinidad, W.I.

Attorneys-At-Law:
Girwar & Deonarine
Harris Court, 17–19 Court Street
San Fernando, Trinidad, W.I.

J.D. Sellier & Company
129–131 Abercromby Street
Port of Spain, Trinidad, W.I.

Byrne & Byrne
84 Abercromby Street
Port of Spain, Trinidad, W.I.

Jason K. Mootoo
Barrister & Attorney-at-Law
77 Abercromby Street
Port of Spain, Trinidad, W.I.

Mr. Derek Ali
Attorney-at-Law
12 Fitt Street, Woodbrook
Port of Spain, Trinidad, W.I.

MG Daly and Partners
115A Abercromby Street
Port of Spain, Trinidad, W.I.

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

M. Hamel-Smith & Company
Albion Street
Port of Spain, Trinidad, W.I.

Our Board

Michael Glenn Hamel-Smith (Chairman)

Jinda Maharaj

Anton Gopaulsingh

José Luis Seijo González

Luis Gilberto Ali Moya

Directors' Report

The Directors present their Report to the Members together with the Financial Statements for the year ended December 31, 2018.

FINANCIAL RESULTS	**TT$'000**
Turnover	83,330
Net Loss for the year	(12,877)
Translation Difference	Nil
Dividends	Nil
Retained Earnings Carried Forward	45,548

DIRECTORS' INTERESTS:	**ORDINARY SHARES**
Michael Glenn Hamel-Smith, Chairman	Nil
José Luis Seijo González, Director	Nil
Jinda Maharaj, Director	Nil
Luis Gilberto Ali Moya, Director	Nil
Anton Gopaulsingh, Director	Nil

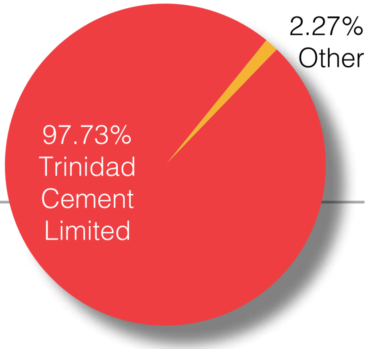
SENIOR OFFICERS' INTERESTS:	**ORDINARY SHARES**
Nigel Tozer, General Manager	Nil
Malcolm Sooknanan, Finance Manager/Company Secretary	Nil

SUBSTANTIAL INTERESTS:

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

	No. of Ordinary Shares	**% of Issued Share Capital**
Trinidad Cement Limited	11,727,712	97.73%

Shareholding Distribution



CONTRACTS

No Director of the Company had any material interest in any contract relating to the business of the Company during or at the end of the financial year.

DIVIDENDS

Given the existing challenges, your Board of Directors does not consider it prudent to approve a dividend for 2018.

DIRECTORS

In accordance with Clause 4.6.1 of By-Law No. 1, Messrs. Jinda Maharaj and Luis Gilberto Ali Moya retire and being eligible, offer themselves for re-election, for a period up to the conclusion of the third Annual Meeting following.

AUDITORS

The Auditors, KPMG, retire and being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

MALCOLM SOOKNANAN

Company Secretary

Principal Officers

Left-right:

Mr. Nigel Tozer	–	General Manager
Mr. Malcolm Sooknanan	–	Finance Manager/Company Secretary
Mr. Wayne Benjamin	–	Technical Services Manager
Mr. Afzal Ali	–	Commercial Manager

Left-right:

Mr. Arneal Sieupresad	–	Quarry & Maintenance Manager
Ms. Cindy Siewbally	–	Human Resource Manager
Mr. Pedro Arjona Conde	–	Senior Procurement Officer
Mr. Anthony Ferguson	–	Health, Safety, Security & Environment Coordinator

New Appointments

ANTON GOPAULSINGH – DIRECTOR

Anton Gopaulsingh was appointed to the Board in June 2018. He is a Finance and Risk Management expert, with more than twenty years' experience in a broad range of finance, technology and consulting skills, spanning multiple industries and geographies. He is a business leader with a proven track record of successful strategic planning and operational execution and is experienced in working with and on Boards of Directors, audit committees and management. He has been a featured speaker on a variety of topics relating to risk management and governance at conferences hosted by the International Governance and Risk Institute, The Association of Audit Committee Members and the Institute of Chartered Accountants of Trinidad & Tobago.

Mr. Gopaulsingh holds a Bachelor of Science (Hons) Degree in Accounting from the University of the West Indies. He is a Certified Information Systems Auditor (U.S.A.), Certified Internal Auditor (U.S.A.) and Certified in Risk and Information Systems Control (U.S.A.). Mr. Gopaulsingh is also a Fellow Member of the Chartered Association of Certified Accountants (U.K.).

PEDRO ARJONA CONDE – SENIOR PROCUREMENT OFFICER

Pedro Arjona Conde was appointed Senior Procurement Officer of Readymix (West Indies) Limited in September 2018. He first joined the CEMEX Group in 2010 and in September 2017, he was appointed to the position of TCL Group & RML Procurement Advisor. Prior to joining the TCL Group, Mr. Arjona was Senior Procurement Specialist at AngloGold Ashanti. He has over 9 years' experience in Procurement and Supply Chain in Central America, South America and the Caribbean region. Mr. Arjona holds a Master's degree in Industrial Engineering from Universidad de los Andes in Bogota, Colombia.

Chairman's Report

Michael Glenn Hamel-Smith
(Chairman)

The ongoing challenges affecting the local economy and by extension the construction sector persisted for all of 2018 and we recognize these conditions are likely to continue into the immediate future. A combination of contracting demand and strong competition in the construction sector have severely affected our operations and consequently Readymix (West Indies) Limited (RML or the Company) incurred a $37.2 million or 31 percent decline in revenue, when compared to the same period in 2017.

The major restructuring of the operations of RML, which commenced in 2017 (following CEMEX's acquisition of controlling interest in the TCL group and RML by extension), continued in 2018. This comprehensive restructuring involved all areas of the Company, including policies, procedures, investment in plant and equipment, manpower levels and health and safety systems and the cost of these necessary changes to RML have not been insignificant. As reflected in the results of the past two years, restructuring costs amounted to $14.6 million in 2018 (2017: $32.6 million). Despite the foregoing, we believe that the majority of the restructuring is now behind us and the Company is now well placed to capitalize on any improvement in the economy and the construction sector in particular.

RML was able to achieve a positive adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals, impairment and restructuring costs) of $3.4 million (2017: $11.1 million), however, there was a loss after taxation of $12.9 million (2017: $20.1 million) for the year.

One of the Board and Management's key priorities is the health, safety and well-being of employees and contractors in the workplace. Consistent with this philosophy, we focused energy and resources towards the goal of zero harm to employees and contractors. We are, therefore, pleased to report another year of safe operations, with no Lost Time Incidents (LTIs) recorded at any of RML's facilities.

Other significant achievements in the year included the successful commissioning of our upgraded Quarry equipment, as well as our strategic partnership with a third party for the development and sale of housing units on unutilized land owned by RML. This project is well underway and sale and delivery of completed units in the first phase is expected to take place in 2019.

Acknowledgements

During the year, Mr. Nigel Edwards resigned from the Board of RML. I would like to extend my sincere appreciation to him for his invaluable contribution to both the Company and the TCL Group as a whole and wish him every success in his future endeavours. To all our valued stakeholders, including, in particular, all the committed, loyal and hardworking employees of the RML Group, I also extend my sincere appreciation. We also express gratitude to all our customers for their continued support and patronage. Finally, I wish to thank the members of the Board of Directors for their contributions in ensuring that Readymix (West Indies) Limited continuously creates value for all its stakeholders.

Mr. Michael Glenn Hamel Smith
Chairman

Management Discussion 2018

THE EXTERNAL ENVIRONMENT

Global and Regional View:

Global economic growth lost momentum in the first half of 2018 and this trend continued into the third and fourth quarters of 2018. Though the growth outturns for the economies of the United States (US) and the United Kingdom (UK) remained solid, economic activity was fragile in other major Advanced Economies (AE) and Emerging Market and Developing Economies (EMDE). Oil producers benefitted from upward momentum in the crude oil market owing to geopolitical concerns (Central Bank of Trinidad & Tobago Economic Bulletin, January 2019). Global growth is projected at 3.7 percent for 2018-19 (IMF World Economic Outlook (WEO)). Among advanced economies, growth disappointed in the Euro area and the UK. Slower export growth after a strong surge in the final quarter of 2017 contributed notably to the Euro area slowdown. The US economy continued to record robust growth (3.0 percent year-on-year) while expansion in the UK economy was negatively affected by the uncertainty surrounding the country's impending exit from the European Union (EU) initially scheduled for March 2019 (and now postponed) and the growing possibility of a "no deal" Brexit. The ongoing tariff disputes between China and the US have contributed to a slowdown in China's economic activity in the fourth quarter of 2018, to its weakest pace in almost a decade.

Trade friction and the lower potential growth of these economies have several implications for Trinidad and Tobago (T&T), including reduced demand for T&T's exports and trade in services, particularly travel related services. Lower energy prices could lead to a potential reduction of T&T's export earnings and a deterioration of the surplus on the external current account, which would impact negatively on Government's capital expenditure programme. On the other hand, the imposition of tariffs on US goods by China may create opportunities for T&T to increase its exports of similar goods to the Chinese market such as Liquefied Natural Gas (LNG).

Economic growth in Latin America and the Caribbean region was low in the third quarter of 2018. The International Monetary Fund (IMF), in its January 2019 WEO Update, estimated growth of 1.1 percent in 2018 for the Latin American region, a reduction of 0.1 percent from its previous forecast in October 2018. In the Caribbean, economic activity was mixed in Jamaica and Barbados. In the third quarter of 2018, Jamaica's economic growth expanded by 1.8 percent (year-on-year), its second highest quarterly growth rate over the last two years. Meanwhile, real GDP contracted by 1.3 percent in Barbados for the three months to September 2018. Although the indebtedness of Caribbean economies remains relatively high, international credit rating agencies upgraded the credit ratings for Barbados and Jamaica. In September 2018, Standard and Poor's (S&P) revised Jamaica's outlook from stable to positive while in November, Barbados' credit rating was upgraded for the first time in a decade as S&P raised its long and short-term local currency ratings to B-/B from selective default (SD). These developments have the potential of improving Trinidad and Tobago's exports of goods and services to these territories

Local Landscape:

In Trinidad and Tobago (T&T), the energy-based recovery continued into the third quarter of 2018, but at a slower pace than the first half of the year. There were expected declines in crude oil production, while natural gas output rose, due to the impact of the third quarter 2017 start of BPTT's Juniper project on natural gas production. The performance of several other sectors, including notably construction, remained relatively muted. The Central Bank of T&T

(CBTT) kept the repo rate at 5.0 per cent in December 2018, where it had been since a 25 basis point increase in June 2018. In taking this decision, the Bank continued to weigh external balance considerations (particularly given increases in US interest rates) as against very low domestic inflation and an economy still in an early stage of recovery. Though foreign exchange inflows increased as a result of improved energy sector performance, the market for foreign exchange remained tight throughout 2018. The domestic economy should receive a boost in 2019 from the anticipated start-up of the Angelin gas platform during the first quarter and other energy projects in the pipeline. This will complement the boost to the energy sector from the Juniper field. Non-energy activity in 2019 is likely to be propelled by the seasonal acceleration in the execution of Government's capital programme in the second half of the fiscal year. There are also important downside risks in 2019 that can affect the T&T economy, which are related to uncertainty on the international front (including developments in nearby Venezuela), tensions among major trading nations, volatility in energy prices, Brexit, and swings in financial market earnings (CBTT Economic Bulletin January 2019).

The Energy Commodity Prices Index (ECPI) increased by 18.9 percent (year-on-year) during the second half of 2018. The surge was led by a 24.1 percent increase in West Texas Intermediate (WTI) crude oil prices while Henry Hub natural gas prices jumped 17.2 percent during the period, given relatively higher demand. However, indicators in the non-energy sectors present a mixed picture suggesting that overall, a durable recovery outside of the energy sector is yet to take hold. Based on information on lower local sales of cement, as well as reduced production of mined aggregate, the Central Bank's Quarterly Index of Economic Activity (QIEA) in the Construction sector is estimated to have declined by 6.4 percent in the third quarter of 2018. Traditionally, Government has been the main driver of activity in the construction sector. As such, significantly reduced spend from Government, coupled with the significant sums of money still outstanding to contractors, has led to economic activity remaining very depressed and consequently, has had a major negative impact on the results of RML.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Board and Management of RML continue to demonstrate their commitment to elevating the health, safety and welfare of all employees and contractors, by focussing on implementing systems that are consistent with international best practices and the allocation of resources, notwithstanding the tight economic conditions.

Improvement works continued on the physical infrastructure of all our facilities, complemented by simultaneous implementation of safe work systems designed to keep employees safe at all times. Some of the key achievements include the completion of Phase 1 of a Traffic Management Plan, the upgrade of safety systems on Wash Plant #1 at the Melajo Quarry, and major upgrade works to our Point Lisas Batch Plant, which included a significant focus on integrating Safe Systems into the layout and design of the Plant.

Training of management and staff continued to be a priority during the year. RML took full advantage of CEMEX's training programs, which were effectively rolled out to RML and contract employees, positively contributing to the achievement of zero lost time incidents (LTIs) during the year. Additionally, a "Health Essentials" program was launched in January and continued throughout the year, focussing on different aspects of overall health each month. This initiative appears to have been very successful and to have had a positive impact on all employees and contractors.

RML continues to be fully compliant with all the necessary requirements for its operations and maintains a close and professional relationship with all relevant statutory and regulatory agencies.

FINANCIAL REVIEW AND ANALYSIS

Economic activity in the construction sector continued to be very depressed in 2018, while competitive forces continued to be very intense for limited market demand. Although the Company was able to maintain the same concrete sales volume of the prior year, there was a 26 percent decline in aggregate sales, as well as downward pressure on the selling prices of both concrete and aggregates. RML consequently recorded $83.3 million in third-party revenue, a decline of $37.2 million, or 31 percent, when compared to the same period in 2017.

Despite this significant decline in revenue and reduced margins, RML was able to achieve a positive adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals, impairment and restructuring costs) of $3.4 million (2017: $11.1 million). The restructuring and cost-saving measures have had a positive impact, facilitating the positive adjusted EBITDA, despite the economic slowdown. In addition, we are pleased to note that although there was a loss after taxation of $12.9 million for the year, this was lower than that of 2017 ($20.1 million), primarily as the restructuring costs incurred in 2018 ($14.6 million) were lower than the prior year ($32.6 million).

Liquidity & Financial Position

Both the decline in revenue and the restructuring costs incurred led to Cash from Operations falling to negative $17.1 million, compared with positive $15.1 million in the previous year. However, despite this, Investment in property, plant and equipment was $8.3 million, while settlement of pension liabilities amounted to $7.6 million.

While there was no debt on the books of RML in 2018, the Company reduced its interest-bearing deposit with its immediate parent company by $30.0 million. Net cash decreased by $3.4 million (2017: decrease $4.7 million), resulting in a cash balance at year-end of $2.2M (2017: $5.6 million).

MARKETING

Customer Centricity is one of five strategic pillars adopted by RML, which seeks to place the customer at the centre of all we do. In 2018, we developed and implemented much improved and simpler systems for customers to transact business with RML, while re-engineering our Marketing Department. We developed guidelines and key performance indicators (KPI's) to treat with customers' needs and requirements, and introduced a Sales Office to interface with all customers. With the aid of technology, an electronic quotation form was also developed to support this process, removing the need for Sales staff to write manual quotations.

OPERATIONS

From an Operations perspective, there were a number of initiatives and successes for the year, including the commissioning of new quarry equipment; the introduction of new and improved chemical admixtures; the transition from the ISO 9001:2008 Quality Management system to the ISO 9001:2015 version, and the procurement of new laboratory equipment for the concrete and aggregate laboratories, which will enhance our ability to do a full suite of testing for RML and external parties. Additionally, we commenced a major upgrade to our Point Lisas concrete plant and, as required by the Environmental Management Act, RML successfully acquired Air and Water pollution permits for all operational facilities.

HUMAN CAPITAL/ INDUSTRIAL RELATIONS

In an effort to improve efficiency and reduce costs of our operations, the company embarked on an exercise to flatten the organizational structure and reduce the manpower requirement within the company, to levels which are leaner and more sustainable in the current competitive environment. To this end, the company pursued the option of mutually negotiated settlement and attrition of employees, as well as the redeployment and automation of plant and processes.

We also implemented a drive to address issues affecting employee morale, as well to improve communication through town hall and breakfast meetings with the General Manager and department heads. Training, re-training and developmental initiatives were undertaken throughout the year, to bridge knowledge/skills gaps in the areas of leadership, customer service, technical know-how and health and safety. RML continues to partner with its' stakeholders to develop the company's human capital, in order to help achieve its strategic objectives and internalize its core values by bridging performance gaps and increasing staff morale.

LOOKING AHEAD

The domestic economy should receive a boost in 2019 from the anticipated startup of the Angelin gas platform during the first quarter and other energy projects in the pipeline. This will complement the boost to the energy sector from the Juniper field. Non-energy activity in 2019 is likely to be propelled by the seasonal acceleration in the execution of Government's capital programme in the second half of the fiscal year (April-September).

Despite the challenges being experienced in the concrete and aggregate sectors that are largely outside of our control, RML continues to invest both time and resources on health and safety improvements and to implement strategies to improve our operational efficiency and secure the long-term viability of the Company. We continue to fully integrate with the systems, policies and best practices of our ultimate parent company - CEMEX S.A.B. de C.V. - and to also leverage on the tremendous benefits that come with this global industry leader. Our strategic partnership for the development and sale of housing units on RML's land is progressing as expected, and we expect to begin to see the rewards of this initiative in 2019.

In accordance with an Order of the Trinidad and Tobago Securities and Exchange Commission (TTSEC), the shares of RML have been removed from the Official List of the Trinidad and Tobago Stock Exchange Limited, as of December 31, 2018. Consistent with this, we also applied to the TTSEC for de-registration as a reporting issuer and await the outcome of the application.

Mr. Nigel Tozer
General Manager

Road Safety Campaign

Readymix launched its first safety-branded concrete mixer, targeting pedestrians with the message ***"Don't Chance It…Look Out Before You Step Out".*** The company hopes to create a stronger road safety culture in Trinidad and Tobago, in conjunction with CEMEX, the ultimate parent company. The branded drum of the concrete mixer is in a strikingly yellow colour, designed to easily capture attention.

"We are hoping to make a difference by using a couple of our trucks as moving billboards to remind everyone of the potential danger around large vehicles. ***If we could save at least one life by this intervention, it would be considered successful.*** Readymix will complement the initiative with ongoing training for the company's drivers under its *'Driving Essentials'* programme."

General Manager of Readymix - Nigel Tozer

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, 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 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 financial statements have been authorised for issue, if later.

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

Nigel Tozer, General Manager

Date: 19 February, 2019

Malcolm Sooknanan, Finance Manager

Date: 19 February, 2019

Independent Auditors’ Report

To the Shareholders of Readymix (West Indies) Limited

Opinion

We have audited the consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries **(the Group)**, which comprise the consolidated statement of financial position as at 31 December 2018, and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its 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 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 judgment, 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)

Allowance for impairment of trade receivables	
See Note 5 to the financial statements and accounting policy notes 2(c) (i) and 2(m)	
The key audit matter	**How the matter was addressed in our audit**
Gross trade receivables amounted to $24.7 million (net - $10.5 million) and were significant to the Group. The valuation of trade receivables requires management judgement due to the specific risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required. For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and amount of realisation of these receivables, are required for the identification of impairment events and the determination of the impairment charge.	Our audit procedures in relation to the recoverability of trade receivables included: • understanding and testing the Group's credit control procedures and testing key controls over granting of credits to customers; • comparing recorded balances to customer confirmations, subsequent payments or delivery documents on a sample basis; • reviewing the Expected Credit Loss model, including methodology, underlying assumptions and data inputs; and • evaluating and testing the Group's policy for provisioning against trade receivables, including management assumptions. In addition, we evaluated the adequacy of the Group's disclosures regarding trade receivables.

Timing of revenue recognition	
See accounting policy note 2 (l)	
The key audit matter	**How the matter was addressed in our audit**
Revenue is recognised when the risks and rewards of products have been transferred to the customer. The Group operates in an industry in which sales growth is constrained as a result of reduced infrastructure spending, lower disposable incomes and increased competition in the market. Furthermore, given an environment in which maintaining market share is challenging, we considered there to be a risk of misstatement of the financial statements related to the recognition of sales transactions occurring close to the reporting date in the wrong financial period (i.e. before the risks and rewards have been transferred).	Our audit procedures in relation to the sales cut-off included testing the Group's controls around revenue recognition and testing individual transactions occurring on either side of the reporting date. Our testing of the Group's manual and automated controls focused on controls around the timely and accurate recording of sales transactions. Our substantive testing focused on sales transactions on either side of the reporting date, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents or system generated reports. We also tested credit notes issued after the reporting date to assess whether the related revenue was recognised in the correct accounting period.

Key Audit Matters (continued)

Deferred tax asset	
See Note 4 to the financial statements and accounting policy note 2 (c) (ii)	
The key audit matter	**How the matter was addressed in our audit**
The Group has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses. We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures in this area included, among others: • using our own tax specialists to evaluate the tax strategies that the Group expects will enable the successful recovery of the recognised deferred tax assets; • reconciling tax losses to tax statements; • assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes; and • evaluating the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities.

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

Management is responsible for the other information. Other information consists of the information included in the Group's 2018 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Group's 2018 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 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 2018 Annual Report, if, based on the work we have performed, 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 judgment 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.

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

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and 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 Robert Alleyne.

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
19 February 2019

Consolidated Statement of Financial Position

As at 31 December 2018

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2018 $	2017 $
ASSETS			
Non-current assets			
Property, plant and equipment	3	59,383	56,561
Investment	1	1	-
Deferred tax assets	4(b)	14,297	12,950
		73,681	69,511
Current assets			
Inventories	6	9,340	11,940
Receivables and prepayments	5	14,099	13,049
Cash at bank and short-term deposits	7	18,380	51,722
		41,819	76,711
Current liabilities			
Payables and accruals	9	52,953	58,942
Liabilities directly associated with the discontinued operation	8	423	421
		53,376	59,363
Net current (liabilities)/ assets		(11,557)	17,348
Non–current liabilities			
Employee benefits liability	10	4,784	12,210
Deferred tax liabilities	4(b)	4,693	4,715
		9,477	16,925
Total net assets		52,647	69,934
Equity attributable to the parent			
Stated capital	11	12,000	12,000
Retained earnings		45,548	62,833
		57,548	74,833
Non-controlling interest	12	(4,901)	(4,899)
Total equity		52,647	69,934

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 19 February 2019 and signed on their behalf by:

Director **Director**

Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2018 $	2017 $
Continuing operations			
Revenue	13	83,330	120,541
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment, restructuring costs and impairment	13	3,360	11,090
Depreciation	3	(5,455)	(5,239)
Gain on disposal of property, plant and equipment		791	92
Stockholding and inventory restructuring costs	6	-	(2,118)
Manpower restructuring costs	14(a)	(14,610)	(190)
Integration restructuring expenses	14(b)	(31)	(30,276)
Impairment credit/(loss) on trade receivables	5	2,438	(600)
Operating loss from continuing operations		(13,507)	(27,241)
Finance costs	15	(304)	(423)
Interest income		334	338
		30	(85)
Loss before taxation from continuing Operations		(13,477)	(27,326)
Taxation	16(a)	600	7,260
Loss for the year from continuing operations		(12,877)	(20,066)
Loss for the year		(12,877)	(20,066)
Attributable to:			
Equity holders of the Parent		(12,877)	(20,066)
		(12,877)	(20,066)
Basic and diluted loss per share:			
From continuing operations	17	(1.07)	(1.67)
Total		(1.07)	(1.67)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2018 $	2017 $
Loss for the year		(12,877)	(20,066)
Other comprehensive income (loss):			
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (loss)/gains on defined benefit plans	10(a)	(16)	4,946
Income tax effect		5	(1,483)
		(11)	3,463
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(2)	-
Total other comprehensive (loss) income for the year, net of taxes		(13)	3,463
Total comprehensive loss for the year, net of tax		(12,890)	(16,603)
Attributable to:			
Equity holders of the Parent		(12,888)	(16,603)
Non-controlling interest		(2)	-
		(12,890)	(16,603)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Equity attributable to the Parent				
	Stated Capital	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	$	$	$	$	$
Year ended 31 December 2017					
Balance at 1 January 2017	12,000	79,436	91,436	(4,899)	86,537
Other comprehensive gain	-	3,463	3,463	-	3,463
Loss after taxation	-	(20,066)	(20,066)	-	(20,066)
Total comprehensive loss	-	(16,603)	(16,603)	-	(16,603)
Balance at 31 December 2017	12,000	62,833	74,833	(4,899)	69,934
Year ended 31 December 2018					
Balance at 1 January 2018	12,000	62,833	74,833	(4,899)	69,934
Recognition of opening carrying amount differences upon initial application of IFRS 9 (Note 2(a))	-	(4,397)	(4,397)	-	(4,397)
	12,000	58,436	70,436	(4,899)	65,537
Currency translation loss	-	-	-	(2)	(2)
Other comprehensive loss	-	(11)	(11)	-	(11)
Loss after taxation	-	(12,877)	(12,877)	-	(12,877)
Total comprehensive loss	-	(12,888)	(12,888)	(2)	(12,890)
Balance at 31 December 2018	12,000	45,548	57,548	(4,901)	52,647

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(13,477)	(27,326)
Adjustments to reconcile loss before taxation to net cash generated by operating activities:			
Depreciation	3	5,455	5,239
Finance costs		304	423
Employee benefits expense	10 (a)	169	3,845
Gain on disposal of long-term assets and other movements		(791)	(92)
		(8,340)	(17,911)
Decrease in inventories		2,600	2,874
(Increase)/decrease in receivables and prepayments		(5,400)	19,324
(Decrease)/Increase in payables and accruals		(6,008)	10,842
Cash (used in)/generated from operations		(17,148)	15,129
Taxation paid		(811)	(1,909)
Tax refund		-	1,060
Finance costs paid		(304)	(423)
Pension contributions paid	10 (a)	(7,611)	(1,693)
Net cash (used in)/generated from operating activities		(25,874)	12,164
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	(8,260)	(8,181)
Reduction (Investment) in short-term deposits	7	29,961	(9,096)
Proceeds from sale of property, plant and equipment		791	409
Net cash generated from/ (used in) investing activities		22,492	(16,868)
Decrease in cash and cash equivalents		(3,382)	(4,704)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		5,626	10,330
CASH AND CASH EQUIVALENTS – END OF YEAR		2,244	5,626
Represented by:			
Cash on hand and at bank	7	2,244	5,626

The accompanying notes are an integral part of these consolidated financial statements.

1. Incorporation and Activities

Readymix (West Indies) Limited (the "Company" or "RML") is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago. The shares of RML were de-listed from the Trinidad and Tobago Stock Exchange on 31 December 2018 and the Company has applied to the Trinidad and Tobago Securities and Exchange Commission to be de-registered as a reporting issuer. The registered office of the Company is Tumpuna Road, Guanapo, Arima. Trinidad Cement Limited ("TCL"), also incorporated in the Republic of Trinidad and Tobago, is the Parent Company and as at 31 December 2018 holds 97.73% (2017: 97.73%) of the issued ordinary shares of the Company. Readymix (West Indies) Limited has a 60% shareholding in Premix & Precast Concrete Incorporated ("PPCI"), a company incorporated and domiciled in Barbados, and a 100% shareholding in RML Property Development Limited, a company incorporated and domiciled in Trinidad and Tobago. Effective 24 January 2017, the Company's ultimate Parent Company is CEMEX, 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 "CEMEXCPO". Each CPO represents two series "A" shares and one series "B" share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, 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.

Readymix (West Indies) Limited and its subsidiaries (the "Group") operate in Trinidad and Tobago. The principal business activities of the Group are the manufacture and sale of pre-mixed concrete, the winning and sale of sand and gravel ("aggregates") and the development of surplus land for sale.

Effective September 2014, the Board of Directors discontinued the operations of Premix & Precast Concrete Incorporated ("PPCI"), the subsidiary previously operating in Barbados. The company is in the process of being dissolved.

On 23 May 2014, RML Property Development Limited ("RML Property''), a limited liability company was incorporated under the Companies Act, 1995 in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the Parent Company Readymix (West Indies) Limited. This subsidiary has had no trading activities to date.

2. Significant Accounting Policies

(a) Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. **Significant Accounting Policies** (continued)

(a) Basis of preparation (continued)

Changes in significant accounting policies

The Group has initially applied IFRS 9 *Financial Instruments* **(IFRS 9)** and IFRS 15 *Revenue from Contacts with Customers* **(IFRS 15)** from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

The effect of initially applying these standards is mainly attributable to an increase in impairment losses recognised on trade receivables.

- **IFRS 9**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs. Consequently, the Group reclassified impairment losses amounting to $600, recognised under IAS 39 *Financial Instruments: Recognition and Measurement* **(IAS 39)**, from 'earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs' to 'impairment credit/(loss) on trade receivables' in the statement of profit or loss for the year ended 31 December 2017. There were no impairment losses on other financial assets.

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

The following summarises the impact, net tax, of transition to IFRS 9 on the opening balances of retaining earnings:

Recognition of expected credit losses under IFRS 9, $4,397

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. **Significant Accounting Policies** (continued)

(a) **Basis of preparation** (continued)

Changes in significant accounting policies *(continued)*

- **IFRS 9** (continued)

IFRS 9 contains 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. IFRS 9 eliminates the previous IAS categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Original Classification under IAS 39	New Classification under IFRS 9	Original Carrying Amount	New Carrying Amount
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	9,264	4,867
Cash and cash equivalents	Loans and receivables	Amortised cost	51,722	51,722
Financial liabilities				
Payables	Other financial liabilities	Other financial liabilities	58,942	58,942

Impairment of financial assets

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

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment on trade receivables alone of $4,397.

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Changes in significant accounting policies *(continued)*

- **IFRS 9** (continued)

Transition

The Group has used an exception not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessment has been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.

- **IFRS 15**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when the customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The Group's adoption of IFRS 15 had no impact on revenue recognition.

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

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

- **IFRS 9**

Effective beginning 1 January 2018, IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and financial liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and replaced IAS 39, Financial instruments: recognition and measurement ("IAS 39"). The Group applied IFRS 9 prospectively. The accounting policies were changed to comply with IFRS 9. The changes required by IFRS 9 are described as follows:

Among other aspects, IFRS 9 changed the classification categories for financial assets under IAS 39 and replaced them with categories that more closely reflect the measurement method, the contractual cash flow characteristics and the entity's business model for managing the financial asset:

2. **Significant Accounting Policies** (continued)

(a) **Basis of preparation** (continued)

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

- **IFRS 9** (continued)

  - Cash and cash equivalents, trade and other accounts receivable and other financial assets, which were classified as "Loans and receivables" and measured at amortised cost under IAS 39, are now classified as "Held to collect" under IFRS 9 and continue to be measured at amortised cost.
  - Investments and non-current accounts receivable that were classified as "Held to maturity" and measured at amortised cost under IAS 39, are now classified as "Held to collect" under IFRS 9 and continue to be measured at amortised cost.
  - Investments that were classified as "Held for trading" and measured at fair value through profit or loss under IAS 39, are now classified as "Other investments" under IFRS 9 and are measured at fair value through profit or loss.
  - Certain investments that were classified as "Held for sale" and measured at fair value through other comprehensive income under IAS 39, are now considered as strategic investments under IFRS 9 and continue to be measured at fair value through other comprehensive income.
  - Financial instruments continue to be measured at fair value through profit or loss under IFRS 9.

The Group assessed which business models applied to its financial assets and liabilities as of the date of initial application of IFRS 9 and classified its financial instruments into the appropriate IFRS 9 categories.

In addition, under the new impairment model under IFRS 9, based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognised 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. The Company developed an expected credit loss model applicable to its trade accounts receivable that considers the historical performance and economic environment, as well as the credit risk and expected developments for each group of customers and applied the simplified approach upon adoption of IFRS 9.

2. **Significant Accounting Policies** (continued)

(a) **Basis of preparation** (continued)

- **IFRS 15**

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

A performance obligation may be satisfied at a point in time (typically for the sale of goods) or over time (typically for the sale of services and construction contracts). IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

After an extensive analysis of its contracts with customers, business practices and operating systems for all the reported periods in all the countries in which the Group operates in order to review the different performance obligations and other promises (discounts, loyalty programs, rebates, etc.) included in such contracts, among other aspects, aimed to determine the differences in the accounting recognition of revenue with respect to prior IFRS.

New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted.

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

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

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective *(continued)*

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

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

- IFRIC 23 *Uncertainty over Tax Treatments*, which is effective for annual reporting periods beginning on or after 1 January, 2019, clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst aiming to enhance transparency. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
  - judgements made;
  - assumptions and other estimates used; and
  - the potential impact of uncertainties that are not reflected.
- Amendments to IFRS 9, *Prepayment Features with Negative Compensation*, which is effective for annual reporting periods beginning on or after 1 January, 2019, removes the word “additional” so that 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 modifications 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.
  - Amendments to IAS 19, *Plan Amendment, Curtailment or Settlement*, which is effective for annual reporting periods beginning on or after 1 January, 2019, clarifies that:

2. **Significant Accounting Policies** (continued)

(a) **Basis of preparation** (continued)

New, revised and amended standards and interpretations not yet effective *(continued)*

- on amendment, curtailment or settlement of a defined benefit plan, the Group can now use updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separate in other comprehensive income.

- Annual Improvements to IFRS Standards 2015-2017 Cycle, which is effective for annual reporting periods beginning on or after 1 January, 2019:
  - Amendments to IFRS 3, *Business Combinations* and IFRS 11, *Joint Arrangements*, clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business. The amendments also provide further guidance on what constitutes the previously held interest. This is the entire previously held interest in the joint operation.
  - Amendments to IAS 12, Income Taxes, clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
  - Amendments to IAS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that are intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. The changes are to be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.
- Amendments to Reference to Conceptual Framework in IFRS Standards, which is effective for annual reporting periods beginning on or after 1 January, 2020, is a comprehensive revision of the exiting framework. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Most of the concepts are not new, the revised framework codifies the IASB's thinking adopted in recent standards. Some areas such as the distinction between liabilities and equity have been removed from the revised Framework, and are being dealt with in separate projects.

2. Significant Accounting Policies (continued)

(b) Basis of consolidation

These consolidated financial statements comprise the financial statements of Readymix (West Indies) Limited (the "Parent" or the "Company") and its subsidiaries (PPCI and RML Property). Control is achieved when the Group 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.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

2. Significant Accounting Policies (continued)

(b) Basis of consolidation (continued)

- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. All intra-group transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income, comprehensive income and within equity in the consolidated statement of financial position.

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key judgements, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(c) Significant accounting judgements, estimates and assumptions

(i) Trade receivables: Impairment losses

Management exercises judgment in determining the adequacy of provisions established for accounts receivable balances. Judgement is used in the measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate.

(ii) Deferred tax assets

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. Significant management judgment 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.

31 December 2018
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. **Significant Accounting Policies** (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

(iii) Pension benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making judgments 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 the reporting date.

(iv) Property, plant and equipment

Management exercises judgment 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.

Management also exercises judgment in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation charge determined thereon.

(d) Property, plant and equipment

It is the Group's policy to account for property, plant and equipment at cost, net of accumulated depreciation and/or accumulated impairment losses, if any (Note 3). Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are recognised in profit or loss.

Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate.

Current rates of depreciation are:

Buildings	-	2% - 4%
Plant, machinery and equipment	-	3% - 40%
Motor vehicles	-	10% - 20%
Office furniture and equipment	-	10% - 25%

2. **Significant Accounting Policies** (continued)

(d) Property, plant and equipment (continued)

Property, plant and equipment acquired under finance lease or leasehold improvements are depreciated over the shorter of the useful life of the asset and the lease term. Land and capital work in progress are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on the derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in profit or loss in the year the asset is derecognised.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods, raw materials, plant spares and consumables is determined using the weighted average cost method. Land held for sale in the ordinary course of business, or that is in the process of construction or development for such sale is stated at cost. Work in progress and finished goods include attributable production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

(f) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the functional and presentation currency of the Parent. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in profit or loss.

Foreign entities

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date and their statements of income are translated at exchange rates at the date of the transaction. The exchange differences arising on re-translation are recognised in other comprehensive income. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

2. Significant Accounting Policies (continued)

(g) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

(h) Employee benefits

The Company's employees are members of the Trinidad Cement Limited Employee's pension plan, while Premix & Precast Concrete Incorporated's employees are members of the Arawak Cement Limited Employee's pension plan. The Group has taken steps to have this pension plan terminated. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

The Group accounts for this defined benefit plan using the projected unit credit method. Under this method, the cost of providing pensions is calculated based on the advice of independent professional actuaries. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of long-term government securities.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and,
- The date that the Group recognises restructuring-related costs

2. Significant Accounting Policies (continued)

(h) Employee benefits (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'personnel remuneration and benefits' in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,
- Net interest expense or income

(i) Financial instruments

As mentioned in note 2 (a), IFRS 9 was adopted prospectively by The Group for the period starting 1 January 2018. The accounting policies under IFRS 9 are described as follows:

Financial instruments carried on the consolidated statement of financial position include cash at bank and short-term deposits, accounts payables and accounts receivables.

Classification and measurement of financial instruments

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost. Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents.
- Trade receivables, other current accounts receivable and other current assets (note 5). Due to their short-term nature, The Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

The financial assets that are not classified as "Held to collect" or that have strategic characteristics fall into the residual category of held at fair value through the statement of profit or loss as part of "Financial income and other items", net.

Interest accrued on financial instruments is recognised within "Sundry payable and accruals" against financial expense.

The Group's financial liabilities include accounts payable and accruals which are recognised initially at fair value.

2. Significant Accounting Policies (continued)

(i) Financial instruments (continued)

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.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include accounts payable and accruals which are recognised initially at fair value.

Subsequent measurement

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

Derecognition

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

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

Offsetting of financial instruments

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

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include all cash and bank balances and overdraft balances and short-term deposits with maturities of less than three months from date of establishment, which are subject to an insignificant risk of change in value.

2. Significant Accounting Policies (continued)

(k) Revenue recognition

As mentioned in note 2(a), the Group adopted IFRS 15 on 1 January 2018 using the retrospective approach. The Group's policies under IFRS 15 are as follows:

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

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.

When revenue is earned over time as contractual performance obligations are satisfied, which is the case of construction contracts, the Group apply the stage of completion method to measure revenue, which represents: a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; b) the surveys of work performed; or c) the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Revenue and costs related to such construction contracts are recognised in the period in which the work is performed by reference to the contract's stage of completion at the end of the period, considering that the following have been defined: a) each party's enforceable rights regarding the asset under construction; b) the consideration to be exchanged; c) the manner and terms of settlement; d) actual costs incurred and contract costs required to complete the asset are effectively controlled; and e) it is probable that the economic benefits associated with the contract will flow to the entity.

Progress payments and advances received from customers do not reflect the work performed and are recognised as a short-term or long-term advanced payments, as appropriate.

Interest and investment income are recognised as they accrue, unless collectability is in doubt.

2. Significant Accounting Policies (continued)

(l) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. The policy from 31 December 2017 is to recognise impairment under expected credit loss. The policy before 31 December 2017 was to record provisions for specific doubtful receivables based on a review of all outstanding amounts at each year-end.

(m) Payables and accruals

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

(n) Earnings per share

Earnings per share is computed by dividing net profit attributable to the shareholders of the Parent for the year by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares in issue for the assumed conversion of potential dilutive ordinary shares into issued ordinary shares. The Group has no potential dilutive ordinary shares in issue.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan has been established concerning the location and number of employees affected, a detail estimate of the associated costs and timelines have been established and affected employees notified of the plan's main features.

(p) Leases

Operating leases

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

2. Significant Accounting Policies (continued)

(p) Leases (continued)

Finance leases

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(q) Interest bearing loans and borrowings

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. There were no borrowing costs capitalised during the year.

(s) Impairment of assets

Non–financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in profit or loss under expense categories consistent with the function of the impaired asset.

2. Significant Accounting Policies (continued)

(s) Impairment of assets (continued)

Non–financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years. Such reversal is treated as a revaluation increase.

Financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(t) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its consolidated statement of financial position. The fair value of assets and liabilities which are measured at amortised cost is presented in Note 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

2. Significant Accounting Policies (continued)

(t) Fair value measurement (continued)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

(u) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets and liabilities classified as held for discontinuation are presented separately as current items in the consolidated statement of financial position. Discontinued operations are excluded from the results of the continuing operations and presented as profit or loss from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in Note 8.

31 December 2018
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

3. Property, Plant and Equipment

	Land & Buildings $	Plant Machinery & Equipment & Motor Vehicles $	Office Furniture & Equipment $	Capital WIP $	Total $
At 31 December 2017					
Cost	31,730	103,427	6,412	24,100	165,669
Accumulated depreciation	(16,853)	(87,366)	(4,889)	-	(109,108)
Net book amount	14,877	16,061	1,523	24,100	56,561
1 January 2017	13,280	18,765	2,165	19,726	53,936
Additions	562	807	131	6,681	8,181
Transfer from WIP	2,307	-	-	(2,307)	-
Disposals and adjustments	-	(241)	(76)	-	(317)
Depreciation charge	(1,272)	(3,270)	(697)	-	(5,239)
31 December 2017	14,877	16,061	1,523	24,100	56,561
At 31 December 2018					
Cost	33,799	125,366	5,718	3,864	168,747
Accumulated depreciation	(18,430)	(85,613)	(5,321)	-	(109,364)
Net book amount	15,369	39,753	397	3,864	59,383
1 January 2018	14,877	16,061	1,523	24,100	56,561
Additions	436	4,128	88	3,608	8,260
Transfer from WIP	542	23,228	74	(23,844)	-
Disposals and adjustments	1,027	(204)	(806)	-	17
Depreciation charge	(1,513)	(3,460)	(482)	-	(5,455)
31 December 2018	15,369	39,753	397	3,864	59,383

A concrete pump and a motor vehicle with net book values of nil were disposed of during the year which resulted in a net gains on disposal of $0.791 million (2017: $0.092 million).

Capital WIP is comprised mainly of the costs incurred to date on the upgrade of our Pt. Lisas concrete plant and lab equipment and facilities. These upgrade are expected to be commissioned in 2019, at which time all related costs would be transferred from WIP to plant, machinery and equipment.

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

4. Deferred Taxation

	2018 $	2017 $
(a) Movement in deferred taxation (net)		
Balance as at 1 January	(8,235)	(1,359)
Other rounding movements	-	1
Credit to other comprehensive income	(5)	1,483
Credit to income:		
Continuing operations (Note 16(a))	(1,364)	(8,360)
Balance at 31 December	(9,604)	(8,235)
(b) Components of deferred taxation		
Deferred tax assets:		
Tax losses carried forward	(6,557)	(1,568)
Employee benefits liability	(1,435)	(3,663)
Restructuring costs and other obligations	(6,305)	(7,719)
	(14,297)	(12,950)
Deferred tax liabilities:		
Accelerated tax depreciation	4,693	4,715
Net balance at 31 December	(9,604)	(8,235)

The Group has losses of approximately $21.9 million (2017: $5.2 million) available for set off against future taxable profits. These losses are subject to agreement with the respective tax authorities.

5. Receivables and Prepayments

	2018 $	2017 $
Trade receivables	24,719	24,731
Less: provision for doubtful debts	(14,176)	(15,467)
Trade receivables (net)	10,543	9,264
Sundry receivables and prepayments	1,195	1,645
Due from related parties (Note 23(a))	257	82
Corporation tax recoverable	2,105	2,058
	14,099	13,049
Presented in the consolidated statement of financial position as follows:		
Current	14,099	13,049

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

5. **Receivables and Prepayments** (continued)

Trade receivables balances are all due within one year for 2018.
As at 31 December the aging analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	1-90 days	91-180 days	Over 180 days
	$	$	$	$	$
2018	10,543	5,073	5,470	-	-
2017	9,264	4,125	3,734	1,405	-

As at 31 December, trade receivables at a value of $14.1 million (2017: $15.4 million) were considered impaired and provided for. Movements in the provision for doubtful debts were as follows:

	2018	2017
	$	$
At 1 January	15,467	23,981
Charge for the year	902	6,341
Expected credit losses (net increase)	1,147	-
Unused amounts reversed	(3,340)	-
Amounts written-off	-	(14,855)
At 31 December	14,176	15,467

6. **Inventories**

	2018	2017
	$	$
Finished goods	5,290	7,141
Raw materials	1,484	1,696
Plant spares and consumables	2,566	3,103
	9,340	11,940

Inventory includes finished goods held at the Melajo quarry, which comprises of sand and gravel (''aggregates''), and raw materials held at the concrete plants which comprises of cement, add-mixtures, fiber-mesh and aggregates, and pitrun at the Melajo quarry.

Inventories are shown net of restructuring obsolescence provision of $2.921 million (2017: $2.921 million) in relation to plant spares and consumables.

Land held for sale in the ordinary course of business, or that is in the process of construction or development for such sale comprise a portion of the Group's landholdings that has been parceled and earmarked for sale.

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

6. Inventories (continued)

Stockholding and inventory restructuring costs comprise a write down of overstocked and obsolete spares, consumables and by-product write-off, there was no write down in 2018 (2017: $2.118 million), identified in a comprehensive review of inventory, which was undertaken in 2017. In accordance with IAS 2: “Inventories”, management has recorded an expense of $2.118 million in respect of these items in 2017, which have been written down to their net realisable value. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: “Accounting Policies, Changes in Accounting Estimates and Errors” resulting from new developments in relation to the implementation of a more robust preventative maintenance programme and closer proximity to a wider operational and technical capabilities.

7. Cash at Bank and Short-Term Deposits

	2018 $	2017 $
Cash on hand and at bank	2,244	5,626
Short-term deposits	16,136	46,096
	18,380	51,722

Cash at bank earns interest at floating rates based on daily deposits rates.

Short-term deposits include an advance placed with Trinidad Cement Limited for a period of one year maturing 15 March 2019 and which earns interest at a rate of 0.92% per annum (refer to Note 23(b)). This advance was rolled over on the maturity date of 15 March 2018, for a period of one year. During the year this deposit was reduced by $29.96 million.

8. Net Liabilities Directly Associated with the Discontinued Operation

The Board of Directors suspended operations of Premix & Precast Concrete Incorporated (PPCI) (“the subsidiary”), located in Barbados effective 30 September 2014, due to a major decline in the demand for concrete on the island.

In September 2014, the Board of Directors agreed to pursue disposal of the subsidiary, and Management continues to explore all options in this regard.

As at 31 December 2014, the subsidiary was classified as a disposal group held for sale and as a discontinued operation. There were no income or expenses recorded in 2018 for this subsidiary (2017: NIL). At 31 December 2018, there were no assets recorded (2017: NIL) while total liabilities were $423 (2017: $421).

31 December 2018
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

9. Payables and Accruals

	2018 $	2017 $
Due to related parties (Note 23 (a))	4,763	2,580
Sundry payables and accruals	12,948	16,424
Restructuring costs and other obligations	24,952	26,700
Trade payables	10,290	13,238
	52,953	58,942

10. Employee Benefits Liability

	2018 $	2017 $
Defined benefit liability	4,784	12,210

The Company (RML) participates in a defined benefit pension plan which is a final salary Plan for its employees, which requires contributions to be made to a separately administered fund.

This Plan is governed by the employment laws of Trinidad and Tobago, which require final salary payments to be adjusted for the consumer price index once in payment during retirement. The level of benefits provided depends on the members' length of service and salary at retirement age.

The Fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer's and employee's representatives. The Board of Trustees is responsible for the administration of the Plan's assets and for the definition of the investment strategy.

The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent actuary, Bacon Woodrow & de Souza Limited. The Actuarial Valuation report as at 31 December 2015 revealed that the Company's section of the Plan was in deficit of $2.1 million and the Company would need to increase its contributions above the current rate of 15.8% of pensionable earnings to reverse the existing deficit. The next triennial Actuarial Valuation is due as at 31 December 2019.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints and the availability of suitable investments.

The Barbados subsidiary participated in a defined benefit pension plan, operated by a fellow subsidiary of TCL, which is a final salary Plan for the subsidiary's employees that required contributions to be made to a separately administered fund. As a result of cessation of PPCI Operations, the participation in that pension plan in respect of the subsidiary's employees was terminated with effect from 31 December 2014. A potential defined benefit asset relating to the participation in that plan, based on its current actuarial position, has not been recognised in these financial statements.

The data that follows relates to the defined benefit plan of the Company (RML).

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

10. Employee Benefits Liability (continued)

(a) Changes in the defined benefit obligation and fair value of plan assets

	Defined Benefit Obligation $	Fair Value of Plan Assets $	Net Benefit Liability $
Balance at 1 January 2018	(74,612)	62,402	(12,210)
Pension cost charged to profit or loss			
Current service cost	391	-	391
Expenses	-	(169)	(169)
Net interest	(4,047)	3,656	(391)
Sub-total included in profit or loss	(3,656)	3,487	(169)
Re-measurement gains (losses) in OCI			
Return on plan assets	-	(3,217)	(3,217)
Experience adjustment	3,201	-	3,201
Sub-total included in OCI	3,201	(3,217)	(16)
Other movements			
Contributions by employees	(2,909)	2,909	-
Contributions by employer	-	7,611	7,611
Benefits paid	2,097	(2,097)	-
Sub-total – other movements	(812)	8,423	7,611
Balance at 31 December 2018	(75,879)	71,095	(4,784)

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

10. Employee Benefits Liability (continued)

(a) Changes in the defined benefit obligation and fair value of plan assets (continued)

The weighted average duration of the defined benefit obligation as at 31 December 2018 is 17.4 years (2017: 17.4 years).

	Defined Benefit Obligation $	Fair Value of Plan Assets $	Net Benefit Liability $
Balance at 1 January 2017	(71,745)	56,741	(15,004)
Pension cost charged to profit or loss			
Current service cost	(2,843)	-	(2,843)
Expenses	-	(234)	(234)
Net interest	(3,906)	3,138	(768)
Sub-total included in profit or loss	(6,749)	2,904	(3,845)
Re-measurement gains (losses) in OCI			
Return on plan assets	-	1,890	1,890
Experience adjustment	3,056	-	3,056
Sub-total included in OCI	3,056	1,890	4,946
Other movements			
Contributions by employees	(647)	647	-
Contributions by employer	-	1,693	1,693
Benefits paid	1,473	(1,473)	-
Sub-total – other movements	826	867	1,693
Balance at 31 December 2017	(74,612)	62,402	(12,210)

(b) Major categories of plan assets as a percentage of fair value

	2018 %	2017 %
Equities – locally listed	29	29
– overseas	16	14
Debt securities	50	50
Other assets	5	7
	100	100

Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the markets are relatively illiquid. Other assets principally include cash and cash equivalents.

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

10. Employee Benefits Liability (continued)

(c) The principal actuarial assumptions used for accounting purposes for the pension plans are:

	2018 %	2017 %
Discount rate	5.5	5.5
Rate of future salary increases	5.0	5.0
Rate of future pension increases	0.0	0.0

(d) A quantitative sensitivity analysis for significant assumptions as at 31 December 2018 is as shown below:

Assumptions	**Discount Rate**		**Future Salary Increases**		**Life Expectancy of Pensioners Increase**
Sensitivity level - 1%	**Increase**	**Decrease**	**Increase**	**Decrease**	**by 1 year**
Impact on the defined benefit obligation	(11,136)	14,206	6,473	(5,632)	861

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The Group expects to contribute $1.8 million to its defined benefit plan in 2019.

11. Stated Capital

	2018 $	2017 $
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
12,000,000 ordinary shares of no par value	12,000	12,000

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12. Material Partly Owned Subsidiaries

Financial information of the subsidiary with a material non-controlling interest and the related percentage of equity interest held by a non-controlling interest are shown below:

Name	Country of incorporation and operation	2018	2017
		%	%
Premix & Precast Concrete Inc. (PPCI)	Barbados	40	40
Accumulated balances of material non-controlling interest:		**$**	**$**
Premix & Precast Concrete Inc		(4,901)	(4,899)

PPCI recorded NIL income or expenses in 2018 (2017: NIL). The entity recorded a brought forward liability of $423 in 2018 (2017: $421). Of this amount $170 is attributable to non-controlling interests (2017: $168).

13. Earnings before Interest, Tax, Depreciation, Gain on Disposal of Property, Plant and Equipment and Restructuring Costs

	2018	2017
	$	$
Revenue	83,330	120,541
Less expenses:		
Raw materials and consumables	25,097	36,649
Personnel remuneration and benefits (see below)	21,257	27,734
Equipment hire	13,732	21,118
Other operating expenses	11,463	12,565
Changes in raw materials and work in progress	4,828	4,047
Repairs and maintenance	4,362	4,514
Fuel and electricity	1,688	2,032
Insurance	565	748
Foreign exchange loss	5	193
	333	10,941
Other income	3,027	149
Total	3,360	11,090
Personnel remuneration and benefits include		
Salaries and wages	19,134	21,460
Pension cost – defined benefit plan (Note 10 (a))	169	3,845
National insurance	951	1,128
Other benefits	1,003	1,301
	21,257	27,734

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

14 (a) Manpower Restructuring Costs

	2018 $	2017 $
Manpower restructuring costs	14,610	190

Manpower restructuring costs mainly comprise of severance costs incurred during the year relative to the implementation of restructuring programmes by the Group. The objective of the programmes is to improve cost efficiency.

(b) Integration Restructuring Expenses

	2018 $	2017 $
Integration restructuring expenses	31	30,276

Integration restructuring expenses comprise the expenses incurred to align the operations and integrate the processes with the ultimate Parent Company.

15. Finance Costs

	2018 $	2017 $
Bank and other finance charges	304	423

16. Taxation

	2018 $	2017 $
(a) Taxation (credit) charge – continuing operations		
Deferred taxation (Note 4(a))	(1,364)	(8,360)
Current taxation	764	1,100
	(600)	(7,260)
(b) Reconciliation of applicable tax (credit) charge reported to the statutory tax rate		
Loss before tax from continuing operations	(13,699)	(27,326)
Tax calculated at the rate of 30% (2017: 30%)	(4,110)	(8,198)
Green Fund levy	255	375
Business levy	510	725
Prior year over provision	-	(148)
Effect of not recognising tax on deferred tax asset	2,406	-
Effect of allowances and non-taxed income	339	(14)
Taxation (credit) charge reported in the consolidated statement of income – continuing operations	(600)	(7,260)

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17. Loss per Share

The following reflects the income and share data used in the loss per share computation:

	2018 $	2017 $
Net loss for the year attributable to equity holders of the Parent – continuing operations	(12,877)	(20,066)
Net loss for the year attributable to equity holders – total company	(12,877)	(20,066)
Weighted average number of ordinary shares issued (thousands)	12,000	12,000
Basic and diluted loss per share – continuing operations (expressed in $ per share)	($1.07)	($1.67)
Basic and diluted loss per share – total company (expressed in $ per share)	($1.07)	($1.67)

The Group has no dilutive potential ordinary shares in issue.

18. Segmental Information

The Group derived 81% (2017: 63%) of its revenue from the sale of pre-mixed concrete in Trinidad & Tobago. The sale of aggregates in Trinidad and Tobago accounts for the remaining 19% (2017: 37%) of the Group's revenue and forms part of the sales strategy for RML and hence it is incorporated in the Group's business activities. Accordingly, the Group's assets and liabilities are associated with the pre-mixed concrete and aggregates business.

Operating segments are reported in a manner consistent with the internal reporting framework. The General Manager monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

	Concrete		Aggregate		Total	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Revenue	67,250	76,355	16,080	44,186	83,330	120,541
(Loss) profit before tax	(14,554)	(23,050)	1,077	(4,276)	(13,477)	(27,326)
Capital expenditure	3,618	2,531	4,642	5,650	8,260	8,181
Segment assets	24,428	21,153	58,395	60,397	82,823	81,550

Administrative and general and selling expenses are apportioned between the concrete and aggregate segments based on the ratio of revenues derived from each segment. Certain assets are not managed by business unit, being cash and deferred tax $32,677 (2017: $64,672).

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19. Fair Value

The fair value of short-term financial assets and liabilities comprising cash and short-term deposits balances, receivables and payables approximate their carrying amounts because of the short-term maturities of these instruments. The fair value and carrying amounts of financial assets and liabilities is presented below:

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial assets				
Cash and short-term deposits	18,380	18,380	51,722	51,722
Receivables and due from related parties	10,800	10,800	9,346	9,346
Financial liabilities				
Payables and due to related parties	15,033	15,033	15,818	15,818

20. Commitments and Contingencies

(a) Capital commitments

There were seven capital commitments for $1.416 million (2017: $2.488 million) as at 31 December 2018. These capital commitments consist of the following:

(i) North Beach Enterprise for $0.022 million to upgrade Pt.Lisas Concrete Plant.
(ii) Corrosion Coating Ltd. for $0.361 million to upgrade Pt. Lisas Concrete Plant.
(iii) Corrosion Coating Ltd. for $0.034 million to upgrade Melajo garage.
(iv) Control Testing Equipment for $0.238 million for lab equipment.
(v) Southern System Ltd for $0.609 million for lab equipment.
(vi) Ramkasso Lurkhur and Sons for $0.152 million to build Melajo water retention pond.

(b) Operating lease commitments

Future minimum rentals payable under operating leases entered into with various companies in respect of motor vehicles and property rentals are as follows:

	2018	2017
	$	$
Due within one year	241	1,700
Due after one year but not more than five years	1,204	1,354
More than five years	482	859
	1,927	3,913

Operating lease expenses amounting to $1.202 million (2017: $1.435 million) are included within the other operating expenses (refer to Note 13).

20. Commitments and Contingencies (continued)

(c) Contingent liabilities

- Rehabilitation Bond ($1.448 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Melajo at Tapana Road, Valencia. Expiry: 15 April 2019.
- Rehabilitation Bond ($0.295 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Bermudez at Valencia Old Road, Tapana, Valencia. Expiry: 15 April 2019.

(d) Other contingencies

- The Company was assessed by the Board of Inland Revenue (BIR) for additional corporation taxes of principal and interest for income tax year 2004. The Company has formally objected to this assessment. No provision has been recorded for the exposure of $0.88 million inclusive of estimated interest as at 31 December 2018 as the Directors are of the opinion that the liability is not considered probable.
- The Company has been and is a defendant in various legal actions from time to time and continues to vigorously defend its position on all such matters. Based on advice received from the Company's attorneys, provisions have been recognised in these financial statements reflecting the possible outcome of one or more of such matters in the coming year.

21. Financial Risk Management

Introduction

The Group's activities expose it to a variety of financial risks, including the effects of changes in interest rates, market liquidity conditions, and foreign currency exchange rates which are accentuated by the Group's foreign operations, the earnings of which are denominated in foreign currencies. Accordingly, the Group's financial performance and position are subject to changes in the financial markets. Overall risk management measures are focused on minimising the potential adverse effects on the financial performance of the Group of changes in financial markets.

Risk management structure

The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management in compliance with the policies approved by the Board of Directors.

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21. Financial Risk Management (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the reporting date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one customer, or group of customers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

Continued exposure to credit risk is further managed through regular analysis of the ability of debtors to settle outstanding balances and by changing these credit limits when appropriate. The Group does not hold collateral as security.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, without taking account of any other credit enhancements:

	Gross maximum exposure	
	2018	**2017**
	$	**$**
Cash at bank and short-term deposits	18,380	51,722
Receivables and due from related parties	10,800	9,346
Total credit risk exposure	29,180	61,068

Credit risk related to receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2018, the Group had six (6) individual customers (2017: 4 customers) that owed the Group more than $1.0 million each and accounted for approximately 46% (2017: 29%) of all trade receivables outstanding. Included therein are amounts receivable from four class of customers with an outstanding receivable balance of $6.7 million (2017: $2.6 million) net of provision.

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21. Financial Risk Management (continued)

Credit risk related to cash and short-term deposits

Credit risks from balances with banks and financial institutions are managed in accordance with Group policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Credit Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. As such, there is no material risk relating to foreign currency fluctuations.

The aggregate value of financial assets and liabilities by denominated currency are as follows:

	TT $	US $	BDS $	Total $
2018				
Assets				
Cash at bank and short-term deposits	18,331	49	-	18,380
Receivables and due from related parties	10,800	-	-	10,800
	29,131	49	-	29,180
Liabilities				
Payables and due to related parties	15,053	-	-	15,053
2017				
Assets				
Cash at bank and short-term deposits	51,610	112	-	51,722
Receivables and due from related parties	9,346	-	-	9,346
	60,956	112	-	61,068
Liabilities				
Payables and due to related parties	15,818	-	-	15,818

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21. **Financial Risk Management** (continued)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible the Group utilises surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Group also utilises available credit facilities such as loans, overdrafts and other financing options where required.

The table below summarises the maturity profile of the Group's financial instruments at 31 December based on contractual undiscounted payments:

	On demand $	<1 year $	1 to 5 years $	> 5 years $	Total $
2018					
Financial assets					
Cash at bank and short-term deposits	2,244	16,136	-	-	18,380
Receivables and due from related parties	-	10,800	-	-	10,800
	2,244	26,936	-	-	29,180
Financial liabilities					
Payables and due to related parties	-	15,053	-	-	15,053
2017					
Financial assets					
Cash at bank and short-term deposits	5,626	46,096	-	-	51,722
Receivables and due from related parties	-	9,346	-	-	9,346
	5,626	55,442	-	-	61,068
Financial liabilities					
Payables and due to related parties	-	15,818	-	-	15,818

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21. Financial Risk Management (continued)

Credit quality per category of financial asset

The credit quality of the balance due from the Group's various counterparties are internally determined from an assessment of each counterparty based on a combination of factors.

These factors include financial strength and the ability of the counterparty to service its debts, the stability of the industry or market in which it operates and its proven track record with the Company. The categories defined are as follows:

Superior: This category includes balances due from the Government and Government agencies that have been secured by a letter of comfort from the Government and balances due from institutions that have been accorded the highest rating by an international rating agency or is considered to have the highest credit rating. These balances are considered risk free.

Desirable: These are balances due from counterparties that are considered to have good financial strength and reputation.

Acceptable: These are balances due from counterparties that are considered to have fair financial strength and reputation.

Sub-standard: Balances that are impaired.

The table below illustrates the credit quality of the Group's trade receivables as at December 31:

	Superior	Desirable	Acceptable	Sub-Standard	Total
	$	$	$	$	$
2018	7,660	2,883	-	14,176	24,719
2017	6,017	1,842	1,405	15,467	24,731

22. 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, maximise shareholder value and comply with the capital requirements set by the regulators of the markets where the Group operates.

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

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23. Related Party Disclosures

Related party balances arose from transactions with fellow subsidiaries of the Trinidad Cement Limited Group.

	2018 $	2017 $
(a) Related party balances		
Amounts due from related parties (Note 5)		
Trinidad Cement Limited	239	71
TCL Ponsa Manufacturing Limited	11	11
Arawak Cement Company Limited	3	-
TCL Guyana Inc.	4	-
	257	82
Amounts due to related parties (Note 9)		
Trinidad Cement Limited	4,393	2,580
TCL Ponsa Manufacturing Limited	3	-
Superquimicos De Centroamerica S.A	367	-
	4,763	2,580

All related party balances above are unsecured and carry no fixed repayment terms.

The Group also holds short-term advances at year-end with the ultimate Parent Company, Trinidad Cement Limited (TCL), amounting to $16.1 million (2017: $46.1 million), which earns interest at a rate of 0.92% per annum and matures on 15 March 2019 (Refer to Note 7).

(b) Related party transactions

	2018 $	2017 $
Purchases of goods	19,777	20,996
Management fee expenses – Parent Company	4,436	2,551
Interest income	332	336
Reduction/(increase) in investment In short-term deposits	29,961	(9,098)
Disposal of long-term asset and logistics charge	781	955

The purchase of goods were conducted with the ultimate Parent Company, Trinidad Cement Limited, and its subsidiaries. These transactions were consummated on terms no less favorable than those that could have been obtained from other parties providing goods and services.

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

23. Related Party Disclosures (continued)

(b) Related party transactions (continued)

Compensation of key management personnel:

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

	2018	**2017**
	$	**$**
Short-term employment benefits	3,163	3,112
Pension plan benefits	113	88

In 2018, the total remuneration of the directors was $0.220 million (2017: $0.101 million).

24. Subsequent Events

There are no events occurring after these 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.

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