Notes to the Financial Statements

31 December 2000

1. Principal Activities

   The parent company and its subsidiaries are incorporated under the Laws of Jamaica. The group's principal activities are the manufacture and sale of cement and the winning and sale of gypsum.

   During April 1999, Trinidad Cement Limited (TCL) a company incorporated under the Laws of Trinidad and Tobago, acquired the stock units held by the Government of Jamaica in Caribbean Cement Company Limited (CCCL). This acquisition, in addition to the stock units previously held and from a subsequent rights issue in July 1999 (note 25) resulted in TCL and a wholly owned subsidiary (TCL Nevis Limited), acquiring 74.1% of the issued stock units of CCCL at 31 December 1999.

2. Significant Accounting Policies

   a) Basis of preparation

      These financial statements have been prepared under the historical cost convention, modified to take account of the revaluation of certain land, buildings, plant and machinery and in accordance with Jamaican generally accepted accounting principles and therefore include all required material disclosures.

b) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of the following new Accounting Standards:

(i) JSSAP 3.29 - Financial Instruments: Disclosure and Presentation
(ii) JSSAP 3.30 - Presentation of Financial Statements.

c) Basis of consolidation

Subsidiary undertakings, being those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights, have been fully consolidated. All intercompany transactions and balances and unrealised surpluses and deficits on transactions between group companies have been eliminated.

The excess of the cost of acquisition over the fair values of the assets and liabilities acquired is set off against reserves as a consolidation adjustment (Goodwill).

A listing of the group's subsidiaries is set out in note 13.

d) Property, Plant and Equipment

It is the group's policy to account for property, plant and equipment at cost except for certain plant and equipment which were professionally revalued in 1991 and in prior years and the respective asset values adjusted accordingly. Subsequent thereto, all property, plant and equipment have been recorded at cost.

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	-	2.5%	to	5%
Plant, machinery and equipment	-	3%	to	33.3%

Motor vehicles	-	20%	to	33.3%
Office furniture and equipment	-	25%	to	33.3%

Leasehold land and improvements are amortised over the remaining term of the lease.

It is the Group's policy to capitalise interest on loans specific to capital projects during the period of construction. Repairs and renewals are charged against income when the expenditure is incurred.

e) Investments

Equity investments in subsidiaries and other companies, classified as long term, are stated at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value.

f) Inventories

Plant spares and raw materials are valued at the lower of weighted average cost and net realisable value.
Work in progress and finished goods are valued at the lower of cost including attributable production overheads, and net realisable value. Net realisable value is the estimate of the selling price less the costs of completion and selling expenses.

g) Foreign currencies

Transactions in foreign currencies are recorded in Jamaican dollars at the rates ruling at the dates of transaction. Assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date. Differences arising therefrom are reflected in the current year's results.

h) Taxation

The group recognises all deferred tax assets and liabilities arising from temporary differences which result mainly from the excess of depreciation allowed for tax. The liability method of accounting for deferred taxation is followed whereby the deferred tax asset or liability is recorded at the current income tax rate.

i) Pension plans

The parent company has a defined contribution pension scheme for all permanent employees which is managed by an outside agency. The company's liability is limited to its contributions which are accounted for on the accrual basis.

j) Revenue

Revenue is recognised upon delivery of products and customer acceptance or performance of services, if any, net of general consumption tax and discounts and after eliminating sales within the Group.

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

k) Trade receivables

Trade receivables are carried at anticipated realisable value. A provision is made for doubtful receivables based on a review of outstanding amounts at the year end.

l) Earnings per stock unit

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

m) Use of estimates

The preparation of financial statements in conformity with Jamaican generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

n) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, related company balances, payables and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the group's other financial instruments are discussed in Note 30.

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999
3. Operating Profit				
Sales	3,078,031	2,917,558	2,986,378	2,860,488
Raw materials and consumables	830,121	957,748	800,132	946,203
Fuels and electricity	605,275	506,227	605,275	506,131
Personnel remuneration and benefits (Note 4)	640,011	588,091	621,071	569,752
Depreciation	180,506	195,475	170,441	188,005
Other operating expenses	715,900	333,864	687,373	307,926
Changes in inventories of finished goods and work in progress	(183,283)	173,067	(186,260)	180,672
	2,788,530	2,754,472	2,698,032	2,698,689
Other income	129,920	66,980	121,973	62,071
Profit from Operations	419,421	230,066	410,319	223,870
Other income include:				
Amortisation of deferred gain (Note 6)	(113,799)	(39,882)	(113,799)	(39,882)
Gain on disposal of fixed assets	(642)	-	(642)	-
Operating profit is stated net of:				
Audit fees	3,070	2,840	2,625	2,000
Directors' emoluments				
Fees	4,439	3,520	4,439	3,120
Management Remuneration	2,935	8,200	2,935	8,200
Compensation for loss of office	-	12,777	-	12,777
Technical assistance fees and related charges	50,370	49,542	50,370	49,542
Operating lease charges	426,913	131,424	426,913	131,424

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999
4. Personnel Remuneration and Benefits				
Wages and salaries	522,791	486,395	505,359	468,743
Statutory contributions	40,656	38,165	39,148	36,891
Pension costs (Note 32)	22,320	22,864	22,320	22,659
Other post retirement benefits	-	12,777	-	12,777
Other personnel costs	54,244	27,890	54,244	28,682

	640,011	588,091	621,071	569,752
Termination costs	-	10,143	-	9,493
	640,011	**598,234**	**621,071**	**579,245**
Average number of employees:				
Full - time	276	280	248	250
Part - time	47	35	41	20
	323	**315**	**289**	**270**

5. Finance Costs - Net

Interest expense	73,923	705,763	73,333	657,993
Interest income	(11,541)	(7,260)	(11,239)	(7,179)
	62,382	698,503	62,094	650,814
Loss on currency exchange	95,999	64,021	97,313	66,242
	158,381	762,524	159,407	717,056

6. Deferred Gain

	Group		Parent	
	2000	1999	2000	1999
Balance at 1 January	1,099,350	-	1,099,350	-
Net gain on sale of machinery and equipment (Note 12)	-	1,139,232	-	1,139,232
Additional charges incurred on the sale and leaseback agreement	(1,375)	-	(1,375)	-
Amortisation for the year	(113,799)	(39,882)	(113,799)	(39,882)
Balance at 31 December	984,176	1,099,350	984,176	1,099,350

Deferred gain represents the profit from the sale of certain machinery and equipment in August 1999 which will be credited to the profit and loss account over the 10 year period of the operating lease (Note 31 [b]).

The current year amortisation gain of $113,799,000 was transferred to capital reserve as realised capital gain.

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999

7. Exceptional Items

	Group 2000	Group 1999	Parent 2000	Parent 1999
i) Redundancy costs	-	10,143	-	9,493
ii) Write-off of work-in-progress and capital projects	-	123,080		102,800
iii) Write-down of power station equipment and spares	-	64,000		64,000
iv) Spares and inventories provision	-	58,466		58,466
v) Reversal of penalty for non - performance on coal contract	70,112	-	(70,112)	-
vi) Write back of general spares provision	83,993	-	(83,993)	-
	154,105	255,689	(154,105)	234,759

i) Redundancy expenses were incurred as the company restructured its operations to reduce costs and increase efficiencies.

ii) The projects written-off were identified as uneconomic and not viable to pursue. Included were costs for writing down the value of computer operating software in the parent company and leasehold improvements in one of the subsidiaries.

iii) The power station assets were written off as the company decided to utilise power from the Jamaica Public Service Company Limited.

iv) The provision for spares and inventories was made due to the age, rate of turnover and carrying values of these items.

v) Reversal of the penalty on a coal contract. Provision was made in prior year for penalties incurred due to the company's inability to take delivery of coal under a contract with Scancem International ANS. A new agreement was negotiated and both parties agreed that each party will treat any and all outstanding liabilities of the other under the agreements as fully discharged so that neither party will have any claim against the other, hence the reversal of the penalty.

vi) Represent the write back of a part of general spares provision no longer required.

	Group		Parent	
	2000	1999	2000	1999
8. Taxation				
Income Tax	-	-	-	-
Deferred Tax Liability	-	34,154	-	34,154
(Decrease) / Increase in Deferred Tax Asset	(55,535)	223,798	(55,535)	223,798
Tax (Expense)/Credit	**(55,535)**	**257,952**	**(55,535)**	**257,952**

The Group and the parent company have available tax losses of $2,177,860,000 (1999 $2,358,900,000) and $1,477,950,000 (1999 - $1,469,500,000) respectively for set off against future taxable profits. Tax losses of the subsidiaries amount to $699,910,000 (1999 $713,900,000) and are available for set off against future taxable profits. These tax losses can be carried forward indefinitely subject to agreement with the Commissioner of Income Tax.

9. Profit / (Loss) after taxation and accumulated deficit

i) The net profit/(loss) is dealt with in the financial statements as follows:

Parent company	349,482	(469,993)
Subsidiaries	10,128	(60,202)
	359,610	(530,195)

ii) The accumulated deficit is reflected in the financial statements as follows:

Parent company	(1,425,135)	(1.660.818)
Subsidiaries	(664,635)	(674,763)
	(2,089,770)	**(2,335,581)**

10. Profit / (Loss) per Stock Unit

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999

Net profit/(loss) attributable to stockholders	359,610	(530,195)	349,482	(469,993)
Number of stock units in issue (thousands)	851,138	636,590	851,138	636,590
Profit / (loss) per stock unit-cents	42	(83)	41	(74)

In July 1999, the number of issued ordinary stock units of the parent company increased from 422,042,136 to 851,138,184 following a rights issue of new stock units (Note 26).

11. Related Party Balances and Transactions

In accordance with a Technical Assistance Agreement with Cemex, a 10% shareholder until July 5, 1999 (subsequently reduced to 5% after the rights issue), technical fees are charged in these financial statements and amounted to $nil (1999 - $29,452,000). This agreement was terminated in August 1999.

In accordance with a Technical Assistance Agreement with the TCL Group, a 74.1% shareholder, technical fees are charged in these financial statements and amounted to $32,443,000 (1999 - $20,000,000). This balance was outstanding at year end.

Sales of gypsum and shale valued at $19,816,000 (1999 - $14,271,000) was made from a wholly owned subsidiary, Jamaica Gypsum and Quarries Limited to TCL Group.

The company purchased products from the TCL Group amounting to $69,467,000 (1999 $50,987,000).

At year end, the company owed short term advances of US$5,908,000 (1999 - US$4,708,000) at an interest rate of 12 per cent to TCL Group. Interest accrued on these advances is US$804,000 (1999 - US$ 267,000). None of the advances are secured on the assets of the company.

Balances with related parties are shown in Notes 18 and 23.

Group

12. Property, Plant and Equipment

Plant,

	Land and Buildings	Machinery, Equipment and Motor Vehicles	Office and Furniture Equipment	Capital Work in Progress	Total
At 31 December 2000					
Cost/ Valuation	904,998	2,163,776	144,455	130,573	3,343,802
Accumulated depreciation	(256,388)	(686,875)	(71,736)	-	(1,014,999)
Net book value	648,610	1,476,901	72,719	130,573	2,328,803
Net Book Value					
1 January 2000	669,951	1,425,933	96,865	136,602	2,329,351
Additions	4,066	174,297	8,493	136,213	323,069
Disposals and adjustments	-	(869)	-	(142,242)	(143,111)
Depreciation charge	(25,407)	(122,460)	(32,639)	-	(180,506)
31 December 2000	648,610	1,476,901	72,719	130,573	2,328,803
At 31 December 1999					
Cost/ valuation	909,873	1,995,022	157,917	136,602	3,199,414
Accumulated depreciation	(239,922)	(569,089)	(61,052)	-	(870,063)
Net book value	669,951	1,425,933	96,865	136,602	2,329,351
Net Book Value					
1 January 1999	708,056	2,580,831	259,306	473,198	4,021,391
Additions	9,042	127	1,688	35,048	45,905
Disposals and adjustments	(20,387)	(1,020,224)	(130,215)	(371,644)	(1,542,470)
Depreciation charge	(26,760)	(134,801)	(33,914)	-	(195,475)
31 December 1999	669,951	1,425,933	96,865	136,602	2,329,351

Thousands of Jamaican dollars

Parent

Land and Buildings	Plant, Machinery, Equipment and Motor Vehicles	Office and Furniture Equipment	Capital Work in Progress	Total

At 31 December 2000

Cost/ Valuation	812,616	2,095,161	143,342	130,574	3,181,693
Accumulated depreciation	(247,045)	(643,534)	(72,387)	-	(962,966)
Net book value	565,571	1,451,627	70,955	130,574	2,218,727
Net Book Value					
1 January 2000	584,257	1,395,094	94,834	136,602	2,210,787
Additions	3,936	172,693	8,649	136,214	321,492
Disposals and adjustments	-	(869)	-	(142,242)	(143,111)
Depreciation charge	(22,622)	(115,291)	(32,528)	-	(170,441)
31 December 2000	565,571	1,451,627	70,955	130,574	2,218,727

At 31 December 1999

Cost/ valuation	808,550	1,931,515	153,528	136,602	3,030,195
Accumulated depreciation	(224,293)	(536,421)	(58,694)	-	(819,408)
Net book value	584,257	1,395,094	94,834	136,602	2,210,787
Net Book Value					
1 January 1999	598,672	2,540,963	258,685	473,198	3,871,518
Additions	9,032	-	1,687	35,049	45,768
Disposals and adjustments	(734)	(1,014,117)	(131,998)	(371,645)	(1,518,494)
Depreciation charge	(22,713)	(131,752)	(33,540)	-	(188,005)
31 December 1999	584,257	1,395,094	94,834	136,602	2,210,787

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999

In August 1999, Caribbean Cement Company Limited entered into a sale and operating lease-back transaction with a third party involving certain of its machinery and equipment having a net book value of $1,406,873,000. A gain of $1,139,232,000, representing the difference between the net fair value of the assets and the sale proceeds, was realised and is being amortised on a straight line basis over ten years which is the term of the resulting operating lease (note 6). The lease period may be terminated on its fifth anniversary. Lease payments for the first year amount to US$9,632,000 and US$10,345,000 in each of the following four years. (Note 30b).

13. Investments

At cost				
Subsidiaries				
Jamaica Gypsum and Quarries Limited				
375,000,000 ordinary shares of $0.01 each	-	-	79,000	79,000
Rockfort Mineral Bath Complex Limited				
21,000,000 ordinary shares of $0.01 each	-	-	20,010	20,010
Other				
Jamaica Production Fund Limited 5,000,000 ordinary shares of $1 each	5,000	5,000	5,000	5,000
Caribbean Gypsum Limited	600	600	600	600
Port Royal Development Company Limited 5,000 ordinary shares of US$ 10 each	1,775	1,775	1,775	1,775
	7,375	**7,375**	**106,385**	**106,385**

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999

These financial statements include the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Level
Jamaica Gypsum and Quarries Limited	Jamaica	100%
Rockfort Mineral Bath Complex Limited	Jamaica	100%

14. Long Term Receivable

Long term receivable	470	470	470	470

This amount represents contributions to the National Housing Trust and is recoverable in the years 2001 to 2004.

The fair value and the carrying amounts are the same and are based on the net underlying assets.

	Group		Parent	
	2000	1999	2000	1999

15A. Deferred Taxation

Movements on the deferred taxation account:

Balance at 1 January	(223,798)	34,154	(223,798)	34,154
(Decrease) / Increase for the year (Note 8)	55,535	(257,952)	55,535	(257,952)
Balance at 31 December	(168,263)	(223,798)	(168,263)	(223,798)

Based on a review of the financial results of the parent company subsequent to the financial restructuring, the purchase of power from the national grid, and the refurbishment of the kiln 4 production line, in addition to a review of the five year profit projection, the directors are of the opinion that the company will generate sufficient taxable profits in the near future against which the unused tax losses can be utilized. These tax losses together with the effect of other timing differences, have resulted in the parent company having a deferred tax asset at 31 December 2000 of approximately $168,263,000 (1999 - $223,798,000)

In recognition of its projected future earnings (and in keeping with the International Accounting Standard 12 - Income Taxes), the company decided to account for the deferred tax asset in its financial statements. Consequently, this amount has been recorded in the company's profit and loss account and in its balance sheet.

15B. Sources of Deferred Tax (Asset)\Liability

	Group		Parent	
	2000	1999	2000	1999
Accelerated tax depreciation				
Balance at 1 January	818,253	818,253	818,253	818,253
Charge to earnings	-	-	-	-
Balance at 31 December	818,253	818,253	818,253	818,253
Tax losses carry forward and net provisions				
Balance at 1 January	(1,042,051)	(784,099)	(1,042,051)	(784,099)
(Debit) / Credit to earnings	55,535	(257,952)	55,535	(257,952)
Balance at 31 December	(986,516)	(1,042,051)	(986,516)	(1,042,051)
Net Balance at 31 December	**(168,263)**	**(223,798)**	**(168,263)**	**(223,798)**

16. Inventories

Plant spares	360,280	169,567	353,197	162,773
Consumables	137,484	81,741	137,484	81,741
Raw materials and work in progress	157,371	19,654	154,240	13,547
Finished goods	109,685	64,083	109,685	64,083
Goods in transit	4,304	8,372	4,296	8,372
	769,124	**343,417**	**758,902**	**330,516**

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999

17. Receivables and Prepayments

Trade receivables	7,709	10,801	2,819	-
Sundry receivables and prepayments	77,615	54,324	75,963	52,276
	85,324	65,125	78,782	52,276

The fair value and the carrying amounts are the same and are based on the short-term maturity of these instruments.

18. Due from Related Companies

TCL Cement Limited	1,874	-	-	-
Arawak Cement Company Limited	8,432	-	-	-
	10,306	-	-	-

The fair value and the carrying amounts are the same and are based on the short-term maturity of these instruments.

19. Cash and Short Term Deposits

Cash at bank and in hand	36,325	48,714	31,679	41,557
Short term deposits	-	140,000	-	140,000
	36,325	188,714	31,679	181,557

The fair value and the carrying amounts are the same and are based on the short-term maturity of these instruments.

	Group		Parent	
	2000	1999	2000	1999

20. Borrowings

The interest rate exposure of the borrowings are as follows:

Total borrowings:				
At fixed rates	293,432	308,813	272,966	300,708
At floating rates	119,171	28,003	119,171	28,003
	%	%	%	%
Weighted average effective interest rates:				
Bank overdrafts	26.30	28.00	26.30	28.00
Bank borrowings (US$ loans)	7.80	7.00	7.80	7.00
Parent company	12.00	12.00	12.00	12.00
Other	9.50	9.50	9.50	9.50

21. Bank Advances

Overdrafts	119,171	28,003	119,171	28,003

The advances are unsecured.

The fair value and the carrying amounts are the same and are based on the short term maturity of these instruments.

22. Payables and Accruals

	Group		Parent	
Thousands of Jamaican dollars	2000	1999	2000	1999
Sundry payables and accruals	237,902	423,208	237,902	422,473
Trade payables	156,607	133,659	156,607	133,659
Operating lease payable	60,912	60,956	60,912	60,956
Technical assistance fees	109,073	166,215	109,073	166,215
Statutory obligations	889,109	1,068,170	883,056	1,058,145

The fair value and the carrying amounts are the same and are based on the short term maturity of these instruments.

23. Due to Parent and Related Companies

TCL Ponsa Manufacturing Limited	981	-	981	-
TCL Services Limited	1,775	-	1,775	-
TCL Cement Limited	357,762	234,102	357,762	234,102
TCL Trading Limited	-	8,114	-	8,114
TCL Nevis Limited	52,523	20,000	52,523	20,000
TCL Packaging Limited	50,993	22,461	50,993	22,461
Arawak Cement Company Limited	31,006	20,013	31,006	20,013
	495,040	**304,690**	**495,040**	**304,690**

The fair value and the carrying amounts are the same and are based on the short term maturity of these instruments.

24. Medium and Long Term Financing

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999
Amounts repayable within:				
One year	101,607	38,031	96,391	37,781
Two years	96,391	92,882	96,391	92,632
Three years	80,482	92,882	79,983	92,632
Four years	250	77,912	-	77,663
Five years and over	1,888	7,106	-	-
	280,619	308,813	272,765	300,708
Current portion	101,607	38,031	96,391	37,781
	179,011	**270,782**	**176,374**	**262,927**

The rate of interest charged on the various loans are in the range 4% - 25%.

The Government of Jamaica has agreed in their letter dated 1 February 2000 to reschedule the principal and interest into three equal annual payments commencing 31 January 2001. These loans total approximately $164,555,000.

None of the above loans are secured on the assets of the company.

The fair values of these instruments approximate their carrying amounts.

Loans are as follows:

	%	Repayable				
CIBC New York						
(i) US$0.878 million	7	2003	39,884	50,767	39,884	50,767
(ii) US$0.372 million	7	2002	16,888	23,032	16,888	23,032
(iii) US$1.1 million	7	2003	51,438	62,354	51,438	62,354
			108,210	136,153	108,210	136,153
Government of Jamaica	9 1/4	2001-2003	164,555	164,555	164,555	164,555
National Investment Bank of Jamaica	Nil	2001-2006	7,854	8,105	-	-
			280,619	**308,813**	**272,765**	**300,708**

Thousands of Jamaican dollars	Group		Parent	
	2000	1999	2000	1999
25. Deferred Liability				
Deferred Liability	-	70,112	-	70,112

The company entered into an agreement with Scancem International ANS on 1 January 1990, for an initial period of 24 months, for the purchase of a specified minimum quantity of coal to be taken in specified shipments annually. This agreement was extended on several occasions and the accumulated default amount due to the non-performance of contractual obligations by the company at 21 November 1998 was to approximately US$1,698,000.

A new agreement was negotiated and in a letter dated 14 October 1999 both parties agreed that each party will treat any and all outstanding liabilities of the other under the agreements as fully discharged so that neither party will have any claim against the other. The company decided to record all of the liability as revenue in the current year.

26. Share Capital and Share Premium

Authorised:

Ordinary shares of $0.50 each	675,000	675,000

Issued and fully paid

Ordinary stock units of $0.50 each	425,569	425,569

	Number of Stock Units (thousands)	Ordinary Stock Units $'000	Share Premium $'000	Total $'000
At 1 January 1999	422,042	211,021	213,628	424,649
Rights issue	429,096	214,548	1,169,640	1,384,188
At 31 December 1999	851,138	425,569	1,383,268	1,808,837
At 31 December 2000	851,138	425,569	1,383,268	1,808,837

During June 1999, the parent company made a rights issue of ordinary shares at a par value of 50 cents each to existing stockholders on the basis of four new ordinary shares for every three stock units held at a price of $3.25 per share. The issue resulted in the allotment of 429,096,048 shares which were subsequently converted to ordinary stock units thus increasing the value of the issued stock units to $425,569,092. The premium, net of issue expenses, amounting to approximately $1,169,640,000 was credited to the share premium account. The issue also resulted in the TCL Group increasing its ownership from 49.9% to 74.1% of the issued stock units.

As part of the restructuring of the Group by the introduction of a substantial majority shareholder, the previous maximum 10% limitation on shareholdings and the existence of a special rights preference share, exercisable by the Government of Jamaica, were eliminated by special resolutions passed at an Extraordinary General Meeting of the parent company on 23 March 1999.

27. Revaluation Reserve

Balance at January 1999	843,325	843,325	843,325	843,325
Realised during the year	(63,283)	-	(63,283)	-
	780,042	**843,325**	**780,042**	**843,325**

In August 1999, Caribbean Cement Company Limited entered into a sale and operating leaseback transaction with a third party involving certain of its machinery and equipment. This transaction resulted in the realisation of revaluation reserve of approximately $474,618,000. This realised revaluation reserve is being amortised on a straight line basis over ten years which is the term of the resulting operating lease (Note 6).

28. Dividend

Capital distribution -		
Proposed in respect of 2000	-	-
- 5 cents per ordinary stock unit	**42,557**	-

The dividend is subject to withholding tax.

29. Contingencies

(a) A claim was made by the company in 1987 against the National Limestone and Quarries Limited for monies due and owing. National Limestone and Quarries Limited has counter-claimed for damages in respect of an alleged breach of contract. The amount of counter-claim is $7,400,000.

In the opinion of the directors and the company's attorneys, this counter claim is unlikely to succeed and no material losses are likely to be sustained. Accordingly, no provision has been made for either the claim or counter claim in these financial statements.

(b) There are certain pending legal actions and other claims against the parent company. It is the opinion of the directors, based on the information provided by the company's attorneys at law, that the liability, if any, arising out of these claims is not likely to be material. Accordingly, no provision has been made in these financial statements.

30. Financial Instruments

Credit Risk

The group has no significant concentrations of credit risk. Cash and short-term deposits are placed with substantial financial institutions.

31. Commitments

(a) Capital

The group has capital commitments amounting to $2,500,000 (1999 - $108,700,000).

(b) Operating Leases

During 1999, the parent company sold certain of its machinery and equipment and entered into an operating lease for ten years ending 25 August 2009. The balance of the commitment under this lease is US$82,760,000 and is payable semi-annually in United States dollars.

The parent company also has other operating leases of which certain amounts are payable in United States dollars.

In the year ending 31 December:

	Operating Lease	Other Leases	Other Leases
	US$	US$	J$
2001	10,345	309	3,846
2002	10,345	198	3,345
2003	10,345	69	1,878
2004	10,345	17	1,878
2005-2009	41,380	-	-

32. Pension Plan

The parent company participates in the defined contribution pension scheme which is managed by an independent party, Life of Jamaica Limited. This scheme is available to all categories of permanent employees. Contributions are 5% by both employee and employer. Additional voluntary contributions not to exceed a further 5% may be made by employees and the employer is required to contribute a similar amount. The amount of annual pension at any date shall be that pension which can be secured by the accumulation with interest plus contributions to the scheme to that date. The group's contributions in the year amounted to $22,320,000 (1999 - $22,659,000).

33. Limestone Reserve

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the parent company are met from reserves in land leased from the Government of Jamaica. The lease term has 48 years remaining but exploitable reserves are expected to have a life of 178 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 130 years. These limestone reserves are not accounted for in these financial statements.

34. Net Foreign Currency Exposures

The net foreign currency exposures as at 31 December 2000 are as follows, asset/(liability)

United States ($)				
Cash	876	662	819	530
Other balances	(18,171)	(15,474)	(18,171)	(15,591)
	(17,295)	**(14,812)**	**(17,352)**	**(15,061)**