Caribbean Cement Company Limited

Notes to the Financial Statements

31 December 2003

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1. Corporate information

Caribbean Cement Limited (the "Company") and its Subsidiaries are incorporated under the laws of Jamaica.

The Company is a 65.65% owned subsidiary of TCL (Nevis) Limited. TCL (Nevis) Limited is a wholly owned subsidiary of Trinidad Cement Limited (TCL), which also owns 8.45% of the ordinary shares of the Company. The Group's principal activities are the manufacture and sale of cement and the mining and sale of gypsum.

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

2. Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") and Standing Interpretations Committee ("SIC") interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect.

The most significant policies are summarised below:

a] Basis of preparation
Jamaica adopted IFRS as its national accounting standards effective for

accounting periods beginning on or after 1 July 2002. These financial statements are prepared in accordance with IFRS and changes to disclosures have been made, and comparative figures restated, to conform with the provisions of IFRS. IFRS 1 "First Time Adoption of International Financial Reporting Standards" has been adopted and applied early instead of SIC 8 "First Time Application of IAS" as the primary basis of preparation. The reconciliation of the transition from Jamaican Generally Accepted Accounting Principles ("GAAP") to IFRS is disclosed in Note 32.

These financial statements are prepared under the historical cost convention except for the measurement at deemed cost of certain property, plant and equipment. Deemed cost represents fair value at the date of transition to IFRS.

b] Basis of consolidation

The Group's financial statements present the results of operations and financial position of the Company and its Subsidiaries as follows:

Subsidiaries:	Ownership Level
Jamaica Gypsum and Quarries Limited	100%
Caribbean Gypsum and Quarries Limited	100%
Rockfort Mineral Bath Complex Limited	100%

c] Interest bearing loans and borrowings

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

d] Property, plant and equipment

Land and buildings, held for use in the production or supply of goods and services or for administrative purposes, and certain machinery and equipment are stated in the balance sheet at their deemed cost, being the fair value on the basis of their existing use at the date of the adoption of IFRS 1, less any subsequent accumulated depreciation and impairment losses. The values of these assets are subject to annual management reviews.

During the year, the Group implemented IAS No.16 (revised): "Property, Plant and Equipment", resulting in the restatement of the prior year figures. Transfers were made from the revaluation reserve to accumulated losses as at 1 January 2002, amounting to $442,616,000 for the Group and the Company, in accordance with the early adoption of IFRS 1 (Note 32 (vi)).

Other property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line method over the useful lives of the assets. Current annual rates of depreciation are:

Buildings	2.5% to 50%
Plant, machinery and equipment	3% to 33.3%
Office furniture and equipment	25% to 33.3%
Motor vehicles	20% to 33.3%

Leasehold land and improvements are amortised over the remaining terms 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] 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 estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale.

f] Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities and transactions denominated in currencies

other than Jamaican dollars are translated at the rate of exchange in effect at the date of the transaction. Exchange differences on foreign currency translations are recognised in the statement of income. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

g] Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, short-term deposits, receivables and prepayments, medium and long-term loans, related company balances, payables and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Group's and the Company's financial instruments are discussed in Note 31.

h] Taxation

The taxation charge for the current year is based on the results for the year as adjusted for items, which are non-assessable or disallowed. The taxation charge is calculated using the tax rate in effect at the balance sheet date.

Deferred taxation is provided using the liability method, whereby the future tax asset or liability resulting from temporary differences is provided for at the estimated future income tax rate that is expected to apply to the period when the asset is realised or the liability settled, based on the tax rate in effect at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

During the year, the Group fully adopted IAS No.12 (revised): "Income Taxes", resulting in the restatement of the prior year figures. The deferred tax liability and the accumulated losses as at 1 January 2002 increased by $102,568,000 for the Group and the Company. As a consequence, the net profit for the year ended 31 December 2002 was increased by $4,694,000 for the Group and the Company and the accumulated losses as at 31 December 2002 increased by $97,874,000 for the Group and the Company (Note 32 (vi)).

i] Employee benefits

The Group has a defined contribution pension scheme for all permanent employees, which is managed by an outside agency. The Group's liability is limited to its contributions which are accounted for on the accrual basis and charged to the statement of income account in the period to which they relate.

j] Revenue recognition

Revenue is recognised when the significant risk and rewards of ownership of goods have been passed to the buyers and the amounts of revenue can be measured reliably.

Rental and interest income are recognised as they are accrued unless collectability is in doubt.

k] Receivables and payables

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. Liabilities for trade and other accounts payable, which are normally settled on 30 to 90 days terms, are recorded at amounts representing the fair value of the consideration to be paid in the future for goods and services received by the balance sheet date, whether or not billed.

l] Net cash and cash equivalents

Net cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of bank overdraft.

m] 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.

n] Use of estimates

The preparation of the financial statements in conformity with IFRS requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

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.

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

q] Deferred expenditures
The costs of installed refractories, chains and grinding media are amortised over a period of six to twelve months to match the estimated period of their economic usefulness.

r] Comparative information
Where necessary, comparative figures have been reclassified and/or restated to conform with changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

s] Investments
Equity investments in subsidiaries, classified as long-term, are stated at cost.

3. Operating profit

Operating profit consists of the following:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Revenue	4,016,643	3,676,266	3,946,418	3,630,408
Raw materials, finished goods and consumables	421,213	422,495	426,814	404,440
Fuels and electricity	844,404	779,290	834,200	771,639
Personnel remuneration and benefits (Note 4)	804,311	714,795	783,877	693,712

Depreciation	217,488	191,034	208,771	180,823
Other operating expenses	1,364,788	1,115,109	1,294,618	1,076,009
Changes in inventories of finished goods and work in progress	(294,739)	(21,918)	(279,546)	(21,049)
	3,357,465	3,200,805	3,268,734	3,105,574
Other income	152,716	164,856	142,404	153,699
Profit from operations	811,894	640,317	820,088	678,533
Other income includes:				
Amortisation of deferred gain (Note 6)	(113,775)	(113,775)	(113,775)	(113,775)
Loss (gain) on disposal of property, plant and equipment	402	(52)	402	(52)
Operating profit is arrived at after charging:				
Audit fees				
Current year	3,463	2,975	3,000	2,551
Prior year	(71)	(125)	(71)	(125)
Directors' emoluments				
Fees	4,266	3,565	4,266	3,565
Management remuneration	-	2,864	-	2,864
Technical assistance fees and and related charges	64,230	47,069	58,431	47,069
Operating lease charges	608,066	503,234	608,066	503,234

4. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Wages and salaries	656,669	578,484	639,950	562,060
Statutory contributions	54,444	49,751	51,350	48,220

Pension costs (Note 28)	23,404	24,108	23,404	24,108
Other personnel costs	69,794	62,452	69,173	59,324
	804,311	714,795	783,877	693,712
Average number of employees:				
Full-time	284	284	269	254
Part-time	73	53	62	45
	357	337	331	299

5. Finance costs

Finance costs consist of the following:

	Group		Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Interest expense	89,181	70,644	84,985	70,038
Interest income	(10,529)	(8,187)	(5,720)	(8,018)
	78,652	62,457	79,265	62,020
Loss on currency exchange	100,942	51,777	105,551	53,741
	179,594	114,234	184,816	115,761

6. Deferred gain

	Group and Company	
	2003 $'000	2002 $'000
Balance at 1 January	756,626	870,401
Amortisation for the year	(113,775)	(113,775)
Balance at 31 December	642,851	756,626

Deferred gain represents the profit from the sale of certain machinery and equipment in

August 1999 which is being credited to the profit and loss account over the 10 year period of the original operating lease (Note 11).

The current and prior year amortisation gains were transferred to capital reserve as realised capital gains.

7. Taxation

	Group and Company	
	2003	Restated 2002
	$'000	$'000
Statement of income		
The taxation charge on net income consists of-		
Deferred tax	177,416	146,617

The tax on the income before taxation differs from the theoretical amount that would arise using the basic corporation tax rate as follows:

	Group		Company	
	2003	Restated 2002	2003	Restated 2002
	$'000	$'000	$'000	$'000
Profit before taxation	632,300	526,083	635,272	562,772
Taxed at 33.3%	210,767	175,359	211,757	187,590
Tax on non-allowable income	(34,341)	(40,974)	(34,341)	(40,973)
Losses not utilized	990	12,232	-	-
Effective tax charge	177,416	146,617	177,416	146,617

	Group and Company	
	2003	Restated 2002
	$'000	$'000

Deferred tax liability		
Balance at beginning of year	228,175	81,559
Deferred tax charge for the year	177,416	146,616
Balance at end of year	405,591	228,175

The significant components of deferred tax liability are as follows:

	Group and Company	
	2003	Restated 2002
	$'000	$'000
Property, plant and equipment	517,075	521,339
Losses	(59,969)	(211,928)
Other	(51,515)	(81,236)
	405,591	228,175

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits amount to approximately $907,101,000 (2002 - $1,361,879,000) for the Group and $177,416,000 (2002 - $638,131,000) for the Company.

8. Profit after taxation and accumulated losses

	2003	Restated 2002
	$'000	$'000
(i) The net profit is dealt with in the financial statements as follows:		
Company	457,856	416,155
Subsidiaries	(2,972)	(36,689)
	454,884	379,466
(ii) The accumulated losses are reflected in the financial statements as follows:		
Company	(401,984)	(686,485)

Subsidiaries	(700,910)	(697,938)
	1,102,894	1,384,423

9. Earnings per ordinary stock unit

	Group		Company	
	2003 $'000	Restated 2002 $'000	2003 $'000	Restated 2002 $'000
Net profit attributable to stockholders	454,884	379,466	457,856	416,155
Number of stock units in issue (thousands)	851,138	851,138	851,138	851,138
Earnings per ordinary stock unit (cents)	53	45	54	49

10. Related party transactions

The following transactions have been entered into with TCL and its subsidiaries:

	2003 $'000	2002 $'000
Included in the statement of income:		
(Income) expenses -		
Inventory storage fee received	(908)	-
Sale of gypsum and shale	(42,461)	(15,562)
Interest earned on long-term loan	(7,058)	-
Sale of spares	(345,764)	-
Technical fee charges	57,431	47,069
Purchase of materials	137,828	124,203
Interest charges on advances	33,800	33,882
Payments under operating lease (Note 11)	13,609	-

Included in balance sheet:

Short-term advances received, net	(365,130)	(426,027)

On 10 March 2003, the Company sold at book value to an affiliated company, TCL Trading Limited, excess spares valued at US$6,174,362 (J$345,764,000). Under the terms of the agreement the sale price will be paid over ten years, commencing 1 April 2004, by ten equal installments and at an annual interest rate of 2.5%. The agreement further provides for TCL Trading Limited to make spares available to the Company when required. The Company is required to pay an annual usage fee of US$185,000 for these services and TCL Trading Limited is required to pay the Company an annual inventory storage fee of US$20,000.

11. Property, plant and equipment

Property, plant and equipment consist of the following:

Group:

	Land and buildings $'000	Plant machinery, equipment and motor vehicle $'000	Office furniture and equipment $'000	Capital work in progress $'000	Total $'000
At cost					
Balance as at 1 January 2003	929,084	2,498,529	165,982	62,194	3,655,789
Additions	543	93,880	9,791	362,756	466,970
Disposals and adjustments	-	(132,471)	(10,148)	(397)	(143,016)
Transfers	5,271	258,715	-	(263,986)	-
Balance as at 31 December 2003	934,898	2,718,653	165,625	160,567	3,979,743
Accumulated depreciation					
Balance as at 1 January 2003	306,900	964,660	106,133	-	1,377,693
Charges during the year	23,686	174,717	19,085	-	217,488
Disposals	-	(132,467)	(10,147)	-	(142,614)
Balance as at 31 December 2003	330,586	1,006,910	115,071	-	1,452,567

Net book value					
Balance as at 31 December 2003	604,312	1,711,743	50,554	160,567	2,527,176
Balance as at 31 December 2002	622,184	1,533,869	59,849	62,194	2,278,096

Property, plant and equipment consist of the following:

Company:

	Land and buildings $'000	Plant machinery, equipment and motor vehicles $'000	Office furniture and equipment $'000	Capital work in progress $'000	Total $'000
At cost					
Balance as at 1 January 2003	832,317	2,427,714	164,869	50,802	3,475,702
Additions	-	49,711	9,791	347,665	407,167
Disposals and adjustments	-	(132,469)	(10,168)	(398)	(143,035)
Transfers	3,857	248,737	-	(252,594)	-
Balance as at 31 December 2003	836,174	2,593,693	164,492	145,475	3,739,834
Accumulated depreciation					
Balance as at 1 January 2003	291,602	908,457	105,197	-	1,305,256
Charges during the year	21,419	168,487	18,865	-	208,771
Disposals	-	(132,467)	(10,166)	-	(142,633)
Balance as at 31 December 2003	313,021	944,477	113,896	-	1,371,394
Net book value					
Balance as at 31 December 2003	523,153	1,649,216	50,596	145,475	2,368,440
Balance as at 31 December 2002	540,715	1,519,258	59,671	50,802	2,170,446

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 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 was terminated in December 2003 and the related machinery and equipment sold to TCL Services Limited, an affiliated company, by the lessor.

A new lease arrangement was established with TCL Services Limited with similar terms and conditions as the original lease, except that the Company may terminate the lease at any time (Note 27 (a)).

12. Investments

Investments consist of the following:

	Company	
	2003	2002
	$'000	$'000
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	20,010	20,010
Caribbean Gypsum Company Limited 1,000 ordinary shares of $2.00 each	4,000	4,000
	103,010	103,010

13. Due from subsidiaries

	Company

	2003	2002
	$'000	$'000
Jamaica Gypsum and Quarries Limited	705,217	710,328
Rockfort Mineral Bath Complex Limited	27,484	27,062
Caribbean Gypsum Company Limited	1,047	358
	733,748	737,748

These amounts represent net advances to subsidiaries, which are interest free and have no fixed dates for repayment.

14. Inventories

Inventories consist of the following:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Plant spares	251,913	378,276	251,913	370,048
Consumables	161,189	218,208	161,189	218,208
Raw materials and work in progress	385,174	235,244	360,384	226,941
Finished goods	125,401	113,316	125,401	113,316
Goods in transit	21,995	2,251	21,995	2,251
	945,672	947,295	920,882	930,764

15. Receivables and prepayments

Receivables and prepayments consist of the following:

	Group		Company	
				Restated
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade receivables	74,109	10,414	62,804	6,122
Sundry receivables and				

prepayments	65,322	67,621	58,461	63,522
Deferred expenditures	3,657	9,134	3,657	9,134
	143,088	87,169	124,922	78,778

16. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$ '000	$'000
TCL Services Limited	391	-	391	-
Trinidad Cement Limited	181	4,282	69	1,570
TCL Trading Limited	381,600	9,137	381,600	9,137
Arawak Cement Company Limited	10,632	8,567	10,426	7,564
	392,804	21,986	392,486	18,271
Long-term	336,289	-	336,289	-
Short-term	56,515	21,986	56,197	18,271
	392,804	21,986	392,486	18,271

17. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Cash at bank and in hand	55,467	19,121	45,112	17,301
Short-term deposits	100	156,103	100	156,103
	55,567	175,224	45,212	173,404

18. Borrowings

The interest rate exposure of the borrowings are as follows:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Total borrowings:				
At fixed rates	98,588	85,570	14,791	82,932
At floating rates	108,212	18,647	108,212	18,647
Weighted average effective interest rates:				
	%	%	%	%
Bank advances	24.7	22.0	24.7	22.0
Bank borrowings (US$ loans)	7.2	6.5	7.2	6.5
Parent company	9.1	10.0	9.1	10.0
Other	9.2	9.3	9.3	9.3

19. Bank advances

Bank advances consist of the following:

	Group and Company	
	2003	2002
	$'000	$'000
Overdrafts	108,212	18,647

Advances amounting to $39,805,000 (2002: $1,228,000) are supported by a letter of comfort issued by the Parent Company. Other advances are unsecured.

20. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
				Restated
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000

Sundry payables and accruals	325,238	380,805	321,038	370,282
Trade payables	150,972	152,289	146,233	152,289
Operating lease payable	-	175,045	-	175,045
Technical assistance fees	60,912	60,912	60,912	60,912
Statutory obligations	47,270	49,179	46,005	49,569
	584,392	818,230	574,188	808,097

21. Due to parent and related companies

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

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
TCL Ponsa Manufacturing Ltd	7,694	-	7,694	-
TCL Services Limited	187,451	1,984	187,451	1,984
Trinidad Cement Limited	449,265	455,697	449,265	455,697
TCL Nevis Limited	73,772	61,880	73,772	61,880
TCL Packaging Limited	30,479	41,820	30,479	41,820
Arawak Cement Company Limited	-	37	-	37
TCL Trading Limited	40,242	-	40,242	-
	788,903	561,418	788,903	561,418

22. Medium and long-term loans

Medium and long-term loans are repayable as follows:

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Amounts repayable within:				
One year	6,084	85,012	5,806	82,932
Two years	6,056	250	5,806	-
Three years	3,237	250	3,179	-
Four years	-	58	-	-

	15,377	85,570	14,791	82,932
Current portion	(6,364)	(85,012)	(5,806)	(82,932)
	9,013	558	8,985	-

The loan from RBTT Bank Jamaica Limited is repayable in equal monthly installments and is secured by a bill of sale over certain of the Company's motor vehicles.

These loans are comprised of :

	Interest rate percentage	Repayable	Group 2003 $'000	Group 2002 $'000	Company 2003 $'000	Company 2002 $'000
RBTT Bank Jamaica Limited	19-25	2006	14,791	-	14,791	-
National Investment Bank of Jamaica	nil	2003-2006	586	2,638	-	-
Standard Chartered Bank New York:						
(i) US$0.527 million	7	2003	-	8,915	-	8,915
(ii) US$0.755 million	7	2003	-	19,165	-	19,165
			-	30,718	-	28,080
- 28,080						
Government of Jamaica	9 1/4	2003	-	54,852	-	54,852
			15,377	85,570	14,791	82,932

- 30,718

23. Demand loans

Demand loans consist of the following:

	Group 2003 $'000	Group 2002 $'000
RBTT Bank Jamaica Limited -		
Interest rate of 7.25% per annum	30,258	-
Interest rate of 7.23% per annum	52,953	-

	83,211	-

These loans are denominated in US dollars and were obtained by Jamaica Gypsum and Quarries Limited to support working capital requirements.

They are secured by letters of undertaking and guarantee from the Company and the ultimate parent company.

24. Share capital

Share capital consists of the following:

	Number of units 2003 (000)	Number of units 2002 (000)	Group and Company 2003 $'000	Group and Company 2002 $'000
Authorised:				
Ordinary shares of $0.50	1,350,000	1,350,000	675,000	675,000
Issued and fully paid:				
Ordinary stock units of $0.50	851,138	851,138	425,569	425,569

25. Revaluation reserve

	Group and Company 2003 $'000	Group and Company Restated 2002 $'000
Balance at 1 January	242,502	289,964
Realised during the year	(47,462)	(47,462)
Balance at 31 December	195,040	242,502

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 an existing 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 original operating lease (Note 11).

26. Contingencies

The Company and its Subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of Management and its Legal Counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

The Group has not provided for those claims where Management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group, which is immaterial to both the financial position and results of operations.

27. Commitments

(a) Operating leases

The Company has a commitment of US$62,070,000 under the operating lease with TCL Services Limited, which is payable semi-annually in United States dollars (Note 11).

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

In the year ending 31 December:

	Machinery and equipment lease US$	Other leases US$	Other leases J$
2004	10,345,000	10,000	4,182,000
2005	10,345,000	-	1,511,000
2006	10,345,000	-	1,092,000
2007-2009	31,035,000	-	-

(b) Other

On 25 November 2003, the Company entered into an agreement with a third party for the sale of a parcel of land, with a book value of $222,000, for $30,000,000. The sale is expected to be completed within the year ending 31 December 2004.

28. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Life of Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's contributions in the year amounted to $23,404,000 (2002 - $24,108,000).

29. Limestone reserve

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The lease term has 45 years remaining but exploitable reserves are expected to have a life of 175 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 130 years. These limestone reserves are not recorded in these financial statements.

30. Net foreign currency exposures

The net foreign currency exposures as at year end are as follows, asset/(liability):

	Group		Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
United States ($)				
Cash	863	1,175	693	1,171
Other balances	4,579	(9,417)	4,389	(9,510)
	5,442	(8,242)	5,082	(8,339)
Trinidad and Tobago ($)				
Other balances	(25,546)	(26,338)	(25,546)	(26,338)
Euro				

Other balances	-	515	-	515

31. Financial instruments

Fair values
The fair value of cash and bank balances, short-term deposits, receivables, related company balances, payables and other liabilities approximates their carrying amounts due to the short-term nature of these instruments.

The fair values of medium and long-term financing approximate their carrying amounts.

Credit risk
The Group and the Company have no significant concentrations of credit risk. Cash and short-term deposits are placed with substantial financial institutions. The primary concentration of the Group's credit risk is with its trade receivables, which is mitigated by regular credit evaluation of its customers.

32. Reconciliation of Jamaican GAAP to IFRS

Reconciliation of equity as at 31 December 2002 is as follows:

		Group		
	Note	Previous Jamaican GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
ASSETS				
Non-current assets				
Property, plant and equipment		2,278,096	-	2,278,096
Investments	a)	6,775	(6,775)	-
Long-term receivable		470	-	470
		2,285,341	(6,775)	2,278,566
Current assets				
Inventories		947,295	-	947,295
Trade, other receivables and prepayments		87,169	-	87,169

Due from related companies		22,386	-	22,386
Taxation recoverable		21,986	-	21,986
Cash and short-term deposits		175,224	-	175,224
		1,254,060	-	1,254,060
Current liabilities				
Bank advances		18,647	-	18,647
Trade, other payables and accruals		818,230	-	818,230
Due to parent and related companies		561,418	-	561,418
Current portion of long-term loans		85,012	-	85,012
		1,483,307	-	1,483,307
Working capital deficit		(229,247)	-	(229,247)
Non-current liabilities				
Medium and long-term loans		558	-	558
Deferred tax liability	b)	130,301	97,874	228,175
TOTAL NET ASSETS		1,925,235	(104,649)	1,820,586
STOCKHOLDERS' EQUITY				
Share capital		425,569	-	425,569
Reserves	C)	743,040	(104,649)	638,391
		1,168,609	(104,649)	1,063,960
Deferred gain		756,626	-	756,626
TOTAL EQUITY		1,925,235	(104,649)	1,820,586

Reconciliation of net profit for the year ended 31 December 2002

		Group		
	Note	Previous Jamaican GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
Revenue		3,676,266	-	3,676,266

Operating profit	640,317	-	640,317
Finance costs	(114,234)	-	(114,234)
Profit before taxation	526,083	-	526,083
Taxation	(151,311)	4,694	(146,617)
Profit after taxation	374,772	4,694	379,466

Reconciliation of equity as at 31 December 2002

		Company		
	Note	Previous Jamaican GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
ASSETS				
Non-current assets				
Property, plant and equipment		2,170,446	-	2,170,446
Investments	a)	109,785	(6,775)	103,010
Long-term receivable		470	-	470
Due from subsidiaries		737,748	-	737,748
		3,018,449	(6,775)	3,011,674
Current assets				
Inventories		930,764	-	930,764
Trade, other receivables and prepayments		78,778	-	78,778
Due from related companies		22,386	-	22,386
Taxation recoverable		18,271	-	18,271
Cash and short-term deposits		173,404	-	173,404
		1,223,603	-	1,223,603
Current liabilities				
Bank advances		18,647	-	18,647

Trade, other payables and accruals		808,097	-	808,097
Due to parent and related companies		561,418	-	561,418
Current portion of long-term loans		82,932	-	82,932
		1,471,094	-	1,471,094
Working capital deficit		(247,491)	-	(247,491)
Non-current liability				
Deferred tax liability	b)	130,301	97,874	228,175
TOTAL NET ASSETS		2,640,657	(104,649)	2,536,008
STOCKHOLDERS' EQUITY				
Share capital		425,569	-	425,569
Reserves	C)	1,458,462	(104,649)	1,353,813
		1,884,031	(104,649)	1,779,382
Deferred gain		756,626	-	756,626
TOTAL EQUITY		2,640,657	(104,649)	2,536,008

Reconciliation of net profit for the year ended 31 December 2002

		Company		
	Note	Previous Jamaican GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
Revenue				
Operating profit		3,630,408	-	3,630,408
Finance costs		678,533	-	678,533
Profit before taxation		(115,761)	-	(115,761)

Taxation	562,772	-	562,772
Profit after taxation	(151,311)	4,694	(146,617)
	411,461	4,694	416,155

Notes:

a. Investments were adjusted to reflect their fair values under IAS 39.

b. Provision for deferred tax is now made in full using the liability method. The liability arose primarily with respect to property, plant and equipment.

c. The adjustments to reserves are as follows:

	$'000
Investment at fair value (Note a)	6,775
Deferred tax (Note 2 (h))	97,874
	104,649

d. Property, plant and equipment revaluation surplus previously recorded under Jamaican GAAP, amounting to $442,616,000, was transferred to accumulated losses, as the Group and the Company elected to record these assets at deemed cost under IFRS 1 (Note 2 (d)).