Caribbean Cement Company Limited

Notes to the Financial Statements

31 December 2004

Notes to the Consolidated Financial Statements
Year ended 31 December 2004
(Expressed in Jamaican Dollars)

1. Corporate information

Caribbean Cement Company 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 (the Ultimate Parent Company) which also owns 8.45% of the ordinary shares of the Company. The principal activities of Caribbean Cement Company Limited and its Subsidiaries (the "Group") are the manufacturing 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

The most significant policies are summarised below:

a] Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and 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 Company Limited	100%
Rockfort Mineral Bath Complex Limited	100%

c] Interest bearing loans and borrowings

Borrowings are stated initially 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 recognized in the statement of earnings 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.

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

Depreciation is calculated on the 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 term of the lease.

It is the Group's policy to capitalise interest on loans specific to capital projects during the period of construction. The interest rate is determined by using the weighted average cost of capital. 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 earnings. 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 cash equivalents, receivables, medium and long-term loans, related company balances and payables. 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 30.

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.

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, carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

i] Employee benefits

The Group has a defined contribution pension scheme for all permanent employees. This scheme 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 earnings 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 collect-ability 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 advances.

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

n] Use of estimates
The preparation of the financial statements in conformity with IFRS requires management to 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 earnings 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.

s] Investments

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

t] Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing an individual product or service or a group of related products or services that is subject to risks and returns that are different from those of other segments. The Directors are of the view that there are no material segments into which the Group's business should be disclosed.

3. Operating profit

Operating profit consists of the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	5,452,759	4,016,643	5,343,651	3,946,418
Raw materials, finished goods and consumables	513,486	421,213	573,856	426,814
Fuels and electricity	1,130,548	834,200	1,130,548	834,200
Personnel remuneration and benefits (Note 4)	922,690	804,311	893,541	783,877
Depreciation	269,380	217,488	253,324	208,771
Other operating expenses	1,702,931	1,374,992	1,635,259	1,294,618
Changes in inventories of finished goods and work in progress	238,597	(294,739)	238,606	(279,546)
	4,777,632	3,357,465	4,725,134	3,268,734
Gross profit	675,127	659,178	618,517	677,684
Other income	213,650	152,716	149,480	142,404
Profit from operations	888,777	811,894	767,997	820,088
Other income includes:				
Amortisation of deferred gain (Note 6)	(113,775)	(113,775)	(113,775)	(113,775)
(Gain) loss on disposal of property, plant and equipment	(28,360)	402	(28,360)	402

Operating profit is arrived at after charging (crediting):

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Audit fees				
Current year	3,963	3,463	3,500	3,000
Prior year	1,428	(71)	1,428	(71)
Directors' emoluments				
Fees	5,939	4,266	5,939	4,266
Management remuneration	-	-	-	-
Technical assistance fees				
and related charges	67,009	64,230	67,009	58,431
Operating lease charges	615,200	608,066	615,200	608,066

4. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	759,505	656,669	732,459	639,950
Statutory contributions	55,231	54,444	55,229	51,350
Pension costs (Note 28)	26,182	23,404	26,182	23,404
Other personnel costs	81,772	69,794	81,671	69,173
	922,690	804,311	893,541	783,877
Average number of employees:				
Full -time	280	270	268	258
Part-time	107	86	81	62
	387	356	349	320

5. Finance costs - net

Finance costs consist of the following:

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Interest expense	43,009	89,181	42,170	84,985
Interest income	(16,242)	(10,529)	(15,177)	(5,720)
	26,767	78,652	26,993	79,265
Net loss on currency exchange	2,998	100,942	3,322	105,551
	29,765	179,594	30,315	184,816

6. Deferred gain

	Group & Company	
	2004	2003
	$'000	$'000
Balance at 1 January	642,851	756,626
Amortisation for the year	(113,775)	(113,775)
Balance at 31 December	529,076	642,851

Deferred gain represents the profit from the sale of certain machinery and equipment in August 1999 which is being credited to the statement of earnings over ten years, the 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		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Statement of earnings				
The taxation charge consists of:				
Deferred tax (credit) charge	(127,682)	177,416	62,347	177,416
Income tax	144,333	-	144,333	-
	16,651	177,416	206,680	177,416

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

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	859,012	632,300	737,682	635,272
Taxed at 33.3%	286,337	210,767	245,894	211,757
Tax on non-assessable income	(54,045)	(43,981)	(54,045)	(43,981)
Tax on non-allowable expense	15,749	9,640	14,831	9,640
Losses not utilised	-	990	-	-
Tax on prior years' losses recognised in subsidiary	(231,390)	-	-	-
Effective tax charge	16,651	177,416	206,680	177,416

During the year, Jamaica Gypsum and Quarries Limited recognised a deferred tax asset amounting to $231,390,000 arising from unused tax losses, based on an assessment that future taxable profits will be available against which these losses can be utilised.

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liability				
Balance at beginning of year	405,591	228,175	405,591	228,175
Deferred tax (credit) charge for the year	(127,682)	177,416	62,347	177,416
Balance at end of year	277,909	405,591	467,938	405,591

The significant components of deferred tax liability are as follows:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	495,902	517,075	490,963	517,075
Losses	(194,900)	(59,969)	-	(59,969)
Other	(23,093)	(51,515)	(23,025)	(51,515)
	277,909	405,591	467,938	405,591

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits amount to approximately $620,507,000 (2003 - $907,101,000) for the Group and Nil (2003 - $177,416,000) for the Company.

8. Profit after taxation and accumulated losses

	2004	**2003**
	$'000	**$'000**
(i) The net profit is dealt with in the financial statements as follows:		
Company	531,002	457,856
Subsidiaries	311,359	(2,972)
	842,361	454,884
(ii) The accumulated losses are reflected in the financial statements as follows:		
Company	(44,337)	(401,984)
Subsidiaries	(389,551)	(700,910)
	(433,888)	(1,102,894)

9. Earnings per ordinary stock unit

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Profit attributable to stockholders	842,361	454,884	531,002	457,856
Number of stock units in issue (thousands)	851,138	851,138	851,138	851,138
Earnings per ordinary stock unit (cents)	99	53	62	54

10. Related party transactions

The following significant transactions have been entered into with Trinidad Cement Limited and its subsidiaries:

	2004	**2003**
	$'000	**$'000**
Included in the statement of earnings:		
(Income) expenses -		
Inventory storage fee received	(1,020)	(908)
Inventory usage fee paid	11,328	-
Sale of gypsum and shale	(18,194)	(22,153)
Interest earned on long-term loan	(9,427)	(7,058)
Sale of spares	-	(345,764)
Technical fee charges	45,925	57,431
Purchase of spares and materials	284,964	137,828
Interest charges on advances	32,442	33,800
Payments under operating lease (Note 11)	615,200	13,609
Included in balance sheet:		
Short-term advances received, net	(59,315)	(365,130)

On 10 March 2003 the Company sold at book value to an affiliated company, TCL Trading Limited, excess spares valued at US$6,174,000. 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 vehicles $'000	Office furniture and equipment $'000	Capital work in progress $'000	Total $'000
At cost					
Balance as at 1 January 2004	934,898	2,718,653	165,625	160,567	3,979,743
Additions	25,681	83,316	11,214	269,743	389,954
Disposals and adjustments	(38,730)	14,094	(22,308)	(3,147)	(50,091)
Transfers	10,360	148,912	-	(159,272)	-
Balance as at 31 December 2004	932,209	2,964,975	154,531	267,891	4,319,606
Accumulated depreciation					
Balance as at 1 January 2004	330,586	1,006,910	115,071	-	1,452,567
Charges during the year	25,779	225,130	18,471	-	269,380
Disposals and adjustments	(38,508)	22,324	(22,306)	-	(38,490)
Balance as at 31 December 2004	317,857	1,254,364	111,236	-	1,683,457
Net book value					
Balance as at 31 December 2004	614,352	1,710,611	43,295	267,891	2,636,149
Balance as at 31 December 2003	604,312	1,711,743	50,554	160,567	2,527,176

11. Property, plant and equipment

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 2004	836,174	2,593,693	164,492	145,475	3,739,834
Additions	10,654	70,559	11,214	269,098	361,525
Disposals and adjustments	(38,730)	14,094	(22,308)	(3,147)	(50,091)
Transfers	-	144,180	-	(144,180)	-
Balance as at 31 December 2004	808,098	2,822,526	153,398	267,246	4,051,268
Accumulated depreciation					
Balance as at 1 January 2004	313,021	944,477	113,896	-	1,371,394
Charges during the year	21,765	213,188	18,371	-	253,324
Disposals and adjustments	(38,508)	22,324	(22,306)	-	(38,490)
Balance as at 31 December 2004	296,278	1,179,989	109,961	-	1,586,228
Net book value					
Balance as at 31 December 2004	511,820	1,642,537	43,437	267,246	2,465,040
Balance as at 31 December 2003	523,153	1,649,216	50,596	145,475	2,368,440

a) In August 1999, the Company 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, the term of the resulting operating lease (Note 6). The lease was terminated in December 2003 and the related machinery and equipment sold by the lessor to TCL Services Limited, an affiliated company. A lease was established with TCL Services Limited under the same terms and conditions as the original lease, except that the Company could terminate the lease at any time.

In August 2004, the lease with TCL Services Limited was terminated and the machinery and equipment sold to Trinidad Cement Limited. A new lease was then established with Trinidad Cement Limited with similar terms and conditions to those that existed under the lease arrangements with TCL Services Limited (Note 27).

b) The amount of borrowing costs capitalised during the year amounted to $19,108,000 (2003 - Nil).

12. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	Company	
	2004	**2003**
	$'000	**$'000**
At cost:		
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
Caribbean Gypsum Company Limited - 1,000 ordinary shares of $2.00 each	4,000	4,000
	103,010	103,010

13. Due from subsidiaries

Due from subsidiaries consist of the following:

	Company	
	2004	**2003**
	$'000	**$'000**
Jamaica Gypsum and Quarries Limited	738,494	705,217
Rockfort Mineral Bath Complex Limited	27,899	27,484
Caribbean Gypsum Company Limited	1,082	1,047
	767,475	733,748

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	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Plant spares	512,093	398,565	512,093	398,565
Consumables	282,209	161,189	282,209	161,189
Raw materials and work in progress	82,358	385,174	57,558	360,384
Finished goods	155,750	125,401	155,750	125,401
Goods in transit	17,274	21,995	17,274	21,995
	1,049,684	1,092,324	1,024,884	1,067,534
Provision for obsolescence	(146,652)	(146,652)	(146,652)	(146,652)
	903,032	945,672	878,232	920,882

15. Receivables and prepayments

Receivables and prepayments consist of the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	112,057	74,109	90,407	62,804
Sundry receivables and prepayments	284,895	65,322	214,741	58,461
Deferred expenditures	10,813	3,657	10,813	3,657
	407,765	143,088	315,961	124,922

16. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
TCL Services Limited	-	391	-	391
Trinidad Cement Limited	2,408	181	1,188	69
TCL Trading Limited	398,294	381,600	398,294	381,600
Readimix (West Indies) Limited	1,872	-	1,872	-
Arawak Cement Company Limited	8,119	10,632	5,015	10,426
	410,693	392,804	406,369	392,486
Long-term	303,531	336,289	303,531	336,289
Short-term	107,162	56,515	102,838	56,197
	410,693	392,804	406,369	392,486

17. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	73,884	55,467	69,818	45,112
Short-term deposits	25,835	100	25,835	100
	99,719	55,567	95,653	45,212

18. Borrowings

The interest rate exposure of the borrowings is as follows:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Total borrowings:				
At fixed rates	20,162	98,588	19,854	14,791
At floating rates	77,972	108,212	77,972	108,212

Weighted average effective interest rates:

	%	%	%	%
Bank advances	22.5	24.7	22.5	24.7
Bank borrowings (US$ loans)	-	7.2	-	7.2
Trinidad Cement Limited	6.5	9.1	6.5	9.1
Other bank loans	21.75	9.3	21.75	9.3

19. Bank advances

Bank advances consist of the following:

	Group and Company	
	2004	**2003**
	$'000	**$'000**
Overdrafts	77,972	108,212

In 2003 advances amounting to $39,805,000 were supported by a letter of comfort issued by Trinidad Cement Limited. There are no such advances in 2004. Other advances are unsecured.

20. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Sundry payables and accruals	428,783	325,238	415,330	321,038
Trade payables	79,587	150,972	71,512	146,233
Technical assistance fees	-	60,912	-	60,912
Statutory obligations	23,689	47,270	22,843	46,005
	532,059	584,392	509,685	574,188

21. Due to parent and related companies

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

	Group and Company	
	2004	2003
	$'000	$'000
TCL Ponsa Manufacturing Ltd	202	7,694
TCL Services Limited	-	187,451
Trinidad Cement Limited	423,802	449,265
TCL (Nevis) Limited	72,571	73,772
TCL Packaging Limited	62,120	30,479
TCL Trading Limited	81,049	40,242
	639,744	788,903

22. Medium and long-term loans

Medium and long-term loans are comprised of:

	Interest rate percentage	Repayable	Group 2004 $'000	Group 2003 $'000	Company 2004 $'000	Company 2003 $'000
RBTT Bank Jamaica Limited	19-25%	2005 -2007	19,854	14,791	19,854	14,791
National Investment Bank of Jamaica Limited	nil	2006	308	586	-	-
			20,162	15,377	19,854	14,791

The loans are repayable as follows:

	Group 2004 $'000	Group 2003 $'000	Company 2004 $'000	Company 2003 $'000
Amounts repayable within:				
One year	10,847	6,364	10,539	5,806
Two years	7,914	5,834	7,914	5,806
Three years	1,401	3,179	1,401	3,179
	20,162	15,377	19,854	14,791
Current portion	(10,847)	(6,364)	(10,539)	(5,806)
	9,315	9,013	9,315	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.

The loan from National Investment Bank of Jamaica Limited is unsecured.

23. Demand loans

Demand loans consisted of the following:

	Group	
	2004	**2003**
	$'000	**$'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 were denominated in United States dollars and were obtained by Jamaica Gypsum and Quarries Limited to support working capital requirements. They were secured by letters of undertaking and guarantees from the Company and Trinidad Cement Limited.

24. Share capital

Share capital consists of the following:

	Number of units	**Number of units**	**Group and Company**	
	2004	**2003**	**2004**	**2003**
	(000)	**(000)**	**$'000**	**$'000**
Authorised:				
Ordinary shares of $0.50 each	1,350,000	1,350,000	675,000	675,000
Issued and fully paid:				
Ordinary stock units of $0.50 each	851,138	851,138	425,569	425,569

25. Revaluation reserve

	Group and Company	
	2004	**2003**
	$'000	**$'000**
Balance at 1 January	195,040	242,502
Realised during the year	(47,462)	(47,462)
Balance at 31 December	147,578	195,040

In August 1999, the Company 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, the term of the resulting original operating lease (Note 11).

26. Contingencies

There are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's Attorneys, that liability, if any, arising out of these claims is not likely to be material. Accordingly, no provision has been made in these financial statements in respect of these matters.

27. Commitments

Operating leases

The Company has a commitment of J$4,687,752,000 (US$76,286,000) under the operating lease for machinery and equipment with Trinidad Cement Limited, which is payable semi-annually in United States dollars as follows (Note 11):

In the year ending 31 December:

	$'000
2005	577,434
2006	552,074
2007	528,664

2008-2014	3,029,580
	4,687,752
	==========

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 $26,182,000 (2003 - $23,404,000).

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 44 years remaining but exploitable reserves are expected to have a life of 174 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. Financial instruments

Fair values
The fair values of cash and cash equivalents, receivables, related company balances, payables and other liabilities approximate 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.

The fair value of long term amounts receivable from related company cannot be reasonably determined as there are no fixed terms for repayment.

Credit risk
The Group has 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.

Currency risk
The net foreign currency exposures as at year end, expressed in Jamaican dollars, are as follows, asset (liability):

	Group		**Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars:				
Cash	57,578	52,226	55,796	41,938
Other balances, net	103,559	277,109	129,491	265,611
	161,137	329,335	185,287	307,549
Trinidad and Tobago dollars:				
Related company balances, net	(366,719)	(245,393)	(366,719)	(245,393)
Euro	(16,058)	-	(16,058)	-
Canadian dollars	(9)	-	(9)	-
Pound sterling	(3,080)	-	(3,080)	-