

# ANNUAL REPORT 20 13



[www.caribcement.com](http://www.caribcement.com)

ONE CARIBBEAN...  
ONE COMPANY  
A member of the TCL GROUP



## Our Mission

*Caribbean Cement Company Limited, a member of the TCL Group of Companies, is committed to meeting the needs of its customers by providing high quality building solutions in an environmentally friendly manner, through a competent, inspired and motivated team thereby achieving the financial objectives of its shareholders, whilst adding value to the community.*



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### CARIBBEAN CEMENT COMPANY LIMITED

Registered Office: Rockfort, Kingston  
Postal Address: P.O. Box 448, Kingston, Jamaica W.I.  
Tel: (876) 928-6231-5 Fax: (876) 928-7381  
Email: [info@caribcement.com](mailto:info@caribcement.com)

#### BOARD OF DIRECTORS

Brian Young, *F.C.A. - Chairman*  
Rollin Bertrand, *Ph.D*  
Bevon Francis, *B.Sc., M.B.A.*  
Hollis Hosein, *F.C.C.A., C.A*  
Parris A. Lyew-Ayee, *C.D., B.Sc., M. Eng.*  
Lincoln Parmasar, *F.C.C.A., C.A., B.Sc.*  
Judith Robinson, *F.C.C.A., Ph.D.*

#### COMPANY SECRETARY

Bernadene Crooks

#### MANAGEMENT TEAM

F.L.A. Haynes - *General Manager*  
Chester Adams  
Jascinth Buchanan-Wint  
Marchel Burrell  
Melvin Howell  
Alice Hyde  
Brett Johnson  
Dalmain Small  
Adrian Spencer  
Andrew Stephenson  
Godfrey Stultz  
Ken Wiltshire

#### SUBSIDIARY COMPANIES

Jamaica Gypsum & Quarries Limited  
Rockfort Mineral Bath Complex Limited  
Caribbean Gypsum Company Limited

#### ATTORNEYS-AT-LAW

Dunn Cox  
48 Duke Street, Kingston

Michael Hylton & Associates  
11a Oxford Road, Kingston 5

Ratray Patterson Ratray  
24-26 Grenada Crescent, Kingston 5

#### REGISTRAR & TRANSFER AGENTS

Sagicor Bank Ltd.  
60 Knutsford Boulevard, Kingston 5

#### AUDITORS

Ernst & Young,  
8 Olivier Road, Kingston 8

#### BANKERS

Bank of Nova Scotia Jamaica Ltd.  
Citibank, N.A.  
National Commercial Bank Jamaica Ltd.  
RBC Royal Bank

#### BOARD SUB-COMMITTEES

##### Audit Committee

Members: Dr. J. Robinson - *Chairperson*  
Mr. B. Francis  
Mr. H. Hosein

##### Finance Committee

Members: Mr. B. Young - *Chairman*  
Dr. R. Bertrand  
Mr. H. Hosein  
Dr. J. Robinson

##### Technical Committee

Members: Mr. B. Francis - *Chairman*  
Dr. R. Bertrand  
Mr. H. Hosein  
Mr. P. A. Lyew-Ayee  
Mr. L. Parmasar  
Dr. J. Robinson  
Mr. B. Young

##### Corporate Governance Committee

The Corporate Governance Committee was established on March 4, 2005 by Trinidad Cement Limited of which Caribbean Cement Company Limited is a subsidiary.

The Corporate Governance guidelines can be viewed on the Company's website – [www.caribcement.com](http://www.caribcement.com).



# BOARD of DIRECTORS



**Brian Young**  
*Board Chairman*



**Dr. Rollin Bertrand**  
*Director/TCL Group CEO*



**Lincoln Parmasar**  
*Director/Group  
Finance Manager*



**Bevon Francis**  
*Director/ Chair, Board  
Technical Committee*



**Parris A. Lyew-Ayee**  
*Director*



**Dr. Judith Robinson**  
*Director/Chair, Board  
Audit Committee*



**Hollis Hosein**  
*Director*

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SIXTY FIFTH ANNUAL GENERAL MEETING** of **CARIBBEAN CEMENT COMPANY LIMITED** will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on May 15, 2014 at 10:00 a.m. to transact the following business and to consider and, if thought fit, pass the following Resolutions:

1. **AUDITED ACCOUNTS FOR YEAR ENDED DECEMBER 31, 2013**

To receive the audited accounts for the year ended December 31, 2013, together with the Directors' and Auditors' Reports circulated therewith and declare

**THAT** the Balance Sheet and Profit & Loss Account for the year ended December 31, 2013, together with the Reports of the Directors and Auditors now submitted to this meeting, be and are hereby adopted.

2. **REMUNERATION OF THE AUDITORS**

To fix the remuneration of the Auditors:

**THAT** the remuneration of the Auditors, Ernst & Young, who have signified their willingness to continue in office, be agreed with the Directors.

3. **ELECTION OF DIRECTORS**

In accordance with Article 96 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

- Lincoln Parmasar
- Judith Robinson

a) **THAT** the retiring Director, Lincoln Parmasar be and is hereby re-elected.

b) **THAT** the retiring Director, Judith Robinson be and is hereby re-elected.

PURSUANT to Article 100 (A) of the Company's Articles of Association, members qualified to attend and vote at the meeting who wish to

nominate a person (other than a retiring Director who may be re-appointed at the meeting) to stand as a Director shall deposit such nomination, in writing, signed by the member at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" between 8:00 a.m. on May 1, 2014 and 4:00 p.m. on May 8, 2014. Each such nomination shall be accompanied by a notice in writing, signed by the person nominated, indicating his/her willingness to be elected.

4. **REMUNERATION OF DIRECTORS**

To fix the remuneration of the Directors:

**THAT** the amount shown in the Accounts of the Company for the year ended December 31, 2013, as remuneration of the Directors for their services as Directors be and is hereby approved.

5. To transact any other business which may properly be transacted at an Annual General Meeting.

**NOTE:**

A member may appoint a proxy to attend and vote on his/her behalf. The proxy appointed need not be a member of the Company. An appropriate form of proxy accompanies this Notice.

The proxy form must be signed and deposited duly stamped at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" not less than forty-eight hours before the meeting.

**BY ORDER OF THE BOARD**



Bernadene M. Crooks  
Company Secretary  
Rockfort, Kingston

April 14, 2014



## DIRECTORS' REPORT

The Directors are pleased to submit this report and the audited Financial Statements for the year ended December 31, 2013.

### FINANCIAL RESULTS

Results for the year are shown on pages 19 to 85 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiaries, Jamaica Gypsum & Quarries Limited, Rockfort Mineral Bath Complex Limited and Caribbean Gypsum Company Limited.

### HIGHLIGHTS OF THE YEAR (\$ Million)

	2013	2012
Turnover	12,089,484	9,084,600
Net Profit (Loss)	113,921	(3,348,265)
Total Net Assets (liabilities)	4,752,049	(2,939,072)
Profit (Loss) per Stock Unit	\$0.13	(\$3.93)

### AUDITORS

The retiring auditors, Ernst & Young, having signified their willingness to continue in office, will be deemed to be reappointed in accordance with the provisions of Article 155 of the Company's Articles of Association.

### TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2013

TCL (Nevis) Limited	555,688,942
Trinidad Cement Limited	71,876,497
Scancem International (St. Lucia) Ltd	42,187,482
Mayberry West Indies Limited	25,423,738
National Insurance Fund	11,090,961
Subratie, Michael J.G.	4,054,965
Colin Steele	4,054,964
VMBS A/C Contributory Pension Scheme	<u>3,140,976</u>
<b>TOTAL</b>	<b>717,518,525</b>

### DIRECTORS' STOCKHOLDINGS AS AT DECEMBER 31, 2013

Bevon Francis (& Ailsa Francis)	245,246
Parris A. Lyew-Ayee	<u>10,000</u>
<b>TOTAL</b>	<b>255,246</b>

### SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2013

Chester Adams	21,332
Dalmain Small	1,125
Adrian Spencer	<u>3,750</u>
<b>TOTAL</b>	<b>26,207</b>

With the exception of the Directors listed above, no Director or any person/company connected to him/her has a stockholding interest in the Company.

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2013.

On behalf of the Board of Directors,



Brian Young  
Chairman

April 14, 2014

## CHAIRMAN'S STATEMENT

At the commencement of 2013, Caribbean Cement Company [CCCL] had a negative Group equity position of \$2.94 billion and, as indicated in my 2012 Statement, consideration was being given to converting a significant portion of the debt due to our parent company, Trinidad Cement Limited [TCL], into equity. Effective 29 June 2013, debt of US\$75 million due to our parent company was restructured and following shareholders' approval, US\$37 million was converted to redeemable preference shares as reflected in the increase of J\$3.738 billion in the preference shares balance. In addition, a capital contribution of US\$38 million was made by the parent company and is reflected in the balance sheet as 'Capital contribution J\$3.839 billion'. As a consequence of the debt restructuring and the profitable operating results for 2013, Group equity at the end of 2013 is a positive of J\$4.572 billion.

CCCL was able to meet all of its debt obligations during 2013, improve working capital by J\$1 billion and spend US\$5 million on long overdue plant maintenance which, in turn, resulted in further improvement in the operating profit.

During the year, the domestic construction sector grew by 1.8% following the 4.4% decline in 2012. While the domestic cement market remained static, our domestic sales volumes increased by 11% over 2012 due to increased market share. In addition, our export sales volume of cement increased by 6%, and, after three and half years of negotiation, a clinker supply agreement with Venezuela under the terms of the trade compensation provisions of the PetroCaribe Agreement with Jamaica was finalized in December 2013. The agreement provides for the supply of 100,000 tons of clinker during the period December 2013 to April 2014. The first shipment was loaded in December 2013.

### Performance Summary

The Group reported a consolidated profit of \$114 million for 2013 compared to a loss of \$3.35 billion for 2012. The \$3.46 billion improvement in

2013 results over 2012 is after incurring \$215 million in additional foreign exchange translation losses for 2013 [\$720 million] over 2012 [\$505 million] a \$591 million reversal of withholding taxes in the second quarter of 2013, due to the debt restructuring exercise that took place during that quarter, and the recognition of \$117 million of past tax losses as a deferred tax asset.

Total revenue increased to \$12 billion from \$9 billion for the previous year and EBITDA [earnings before interest, tax, depreciation, and amortization] of \$1.47 billion for 2013 compared to a loss of \$750 million for 2012. Operating profit of \$1.15 billion for 2013 compared to a loss of \$1.56 billion for 2012.

### Outlook for 2014

There has been a sluggish start for cement sales in the domestic market and we maintain a cautious outlook for 2014. However, we have noted the evidence of growth in the Jamaican economy, which normally augurs well for the construction industry, and therefore expect the slow start to 2014 to be corrected as the year progresses.

The Company continues to engage and sensitize the public and key stakeholders to promote concrete pavements and several initiatives are in place that should see improved sales in this area.



Concrete Road in Fern Gully, St. Ann



We have commenced discussions with Venezuela for additional supply of clinker when the current contract is fulfilled and we expect to agree on delivery of a further 240,000 tons over a twelve month period. Earnings from the export of cement have started well and we expect the export market to continue growing for 2014.

**Dividend**

Though there has been a very significant improvement in the financial position of the Group there are still major challenges, particularly on account of the debt service obligations that do not allow for a dividend to be declared at this time.

**Acknowledgements**

The turnaround in the operations and profitability of CCCL could not have been achieved without the

dedication of all employees and in particular the General Manager and his team.

The previous six years saw the Group reach the brink of collapse and the fact that it survived and is now on a path of recovery is due to the dedication of the employees, the financial support from our parent company [TCL], the support of our loyal customers and the support CCCL received from the Government of Jamaica, particularly in assisting in bringing the clinker supply contract to Venezuela to a successful conclusion. I wish to take this opportunity to thank all concerned as well as my fellow Board Members.



Brian Young  
Chairman



**FINANCIAL PERFORMANCE**

After registering losses for the past four years, Caribbean Cement Company Limited and its Subsidiaries returned to a profitable position, recording a consolidated profit of \$113.9 million for the year 2013. The improved performance was driven by improved revenues which rose 33% to just over \$12 billion dollars. This was as a result of sharper pricing to recover ground lost to inflation and also to improve sales volumes in all market segments, the domestic market, export cement sales and export clinker sales.

Improved revenues were complemented with improved manufacturing performance. Following the execution of US\$5 million worth of maintenance capex works, plant performance showed significant improvements, especially manifested in a 5% reduction in specific energy (fuels and electricity) usage. Our EBITDA, [earnings before interest, taxation, depreciation and amortization], improved from a loss position of \$750.4 million in 2012 to a profit position of \$1.47 billion dollars in 2013. The improved EBITDA includes a write back of \$591.5 million in withholding tax following the financial restructuring of US\$75 million owed to Trinidad Cement Limited.



At the end of the second quarter, following shareholders' approval, the restructuring of US\$75 million of debt owed to Trinidad Cement



Limited was executed. US\$37 million was converted to redeemable preference shares while US\$38 million was converted to a capital contribution. As a result the balance sheet was considerably strengthened. Group equity at the end of 2013 stood at \$4.7 billion compared to a negative equity position of \$2.9 billion dollars at the end of 2012. The restructuring will also reduce the impact of foreign exchange translation charges, which increased by \$214.5 million to \$720.2 million in 2013.

**OUR VALUE INDICATORS**

**Health, Safety, Security and the Environment**

For the fourth consecutive year, our employees maintained their unblemished safety record, going the year without a lost time accident. At the end of December, Carib Cement employees had worked 1,558 days and Jamaica Gypsum and Quarries (JGQ) employees had worked 2,287 days, without a lost time accident.

During 2013, we reviewed and strengthened our health and safety management systems, overhauling our policy and objectives to ensure we took a systematic approach to assessing workplace hazards and implementing preventative measures as part of the day-to-day operations. Our aim was to develop our health and safety management systems to OHSAS18001:2007 certification standard.

Several audits and a Management Review were conducted, which concluded that the system was adequate, efficient and effective. We are currently seeking external, international accreditation for the system. The OHSAS18001 standard is widely acknowledged as the world's most recognized occupational health and safety management system and, upon achievement, will strengthen our other documented management systems.



### Quality

There were no instances of non-conforming cement entering the market and subsequently being delivered to the customer, as all cement dispatched met the relevant JS and ASTM specifications. Both our ISO9001:2008 quality management system and our ISO/IEC17025:2005 laboratory accreditations were re-certified during the year.

### Corporate Social Responsibility

We maintained our corporate social responsibility commitment delivering a package of socially beneficial activities that were in sync with our beliefs and values. We continue to demonstrate this commitment through the support of education, sports and community development. Our involvement with our various stakeholders ranged from philanthropic donations to supporting community parenting associations and back-to-school programs to part sponsoring of the Jamaica Institute of Engineers Conference to participation in the Sigma and Digicel Corporate Runs to partnering with a community to replace zinc sheet fences with concrete walls.

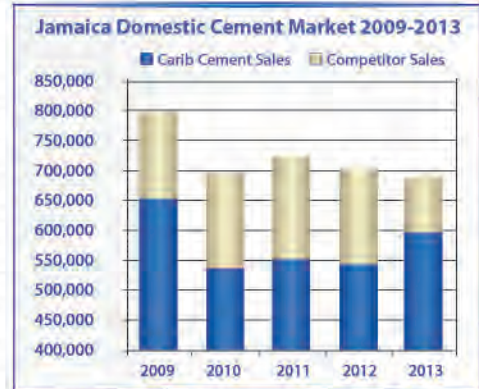
## MARKET REVIEW

### The Domestic Market

During the year, Carib Cement delivered 826,649 tonnes of cement which was 9% greater than the prior year sales volumes. The improved sales volumes were driven primarily by an 11% increase in local sales, although export sales also increased, albeit by 6%. While domestic demand was estimated at marginally below 2012, Carib Cement's market share improved to 86% as a result of one of the traditional importers foregoing importation to purchase from Carib cement.

The Company continued to engage and sensitize the public and key stakeholders to promote concrete pavements for 2013. While actual sales of cement for concrete pavements were disappointing, several initiatives are in place that should see an improved performance for 2014. Several private sector entities have affirmed their desire to employ concrete pavements. The National Works Agency will be embarking on a road rehabilitation program in 2014. This program has been designated Major Infrastructure Development Program. Information on this

program to date indicate that fifty-one (51) roads, Class A, B & C will have various levels of repairs including reconstruction, rehabilitation and widening. Management continues to promote the concrete pavement value proposition for its safety, environmental and economic benefits.

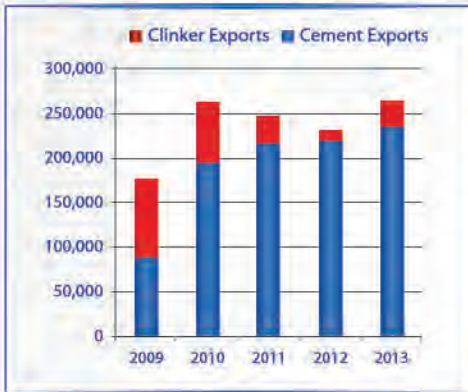


### Export Sales

Export cement sales amounted to 231,815 tonnes, surpassing 2012's by 6%. Export revenue exceeded US\$20 million for the first time. The Jamaica Exporters' Association (JEA) presented the Company with the Model Exporter & Pauline Gray Award trophy and a plaque at the National Export Awards ceremony. A "Model Exporter" is an exporter who demonstrates efficiencies, productivity, and international competitiveness and is an exemplary company with attributes of corporate social responsibility and export market development.

2013 also marked the conclusion of an agreement to supply 100,000 tonnes of clinker to Venezuela under the Trade Compensation Mechanism of the PetroCaribe Agreement. Our first shipment was made in December 2013 and shipments have continued in the New Year without problems. We will endeavour to extend this contract in 2014 and therefore provide an outlet for our product and better utilize our plant assets. This is an important achievement not only for Carib Cement. It provides a living example for other Jamaican manufacturers to emulate, boost exports and improve Jamaica's balance of payments.





meet the various challenges head on. With 2013 carrying over many of the uncertainties of the previous years, employees no doubt started the year filled with some amount of trepidation about their own future. Despite the tensions, we were able to maintain a healthy, constructive conversation on the way forward.

By the end of the year, as the company's position continued to improve, the overall mood of the organization reflected the more positive feeling about the future. With this there has been the emergence of new expectations. Balancing these expectations will be central to the various people management initiatives in the short to medium term.

**OPERATIONS REVIEW**

Cement production exceeded 2012 performance by 8% and clinker production exceeded it by 7%. Plant performance benefited from increased sales demand although the clinker manufacturing line was stopped in May due to high inventories. As mentioned earlier, with our improved liquidity position, there was a drive to address some of the outstanding repairs and maintenance works, prioritizing those works that would deliver greater benefits. This saw reduced specific energy consumption and improvements in reliability and operational efficiency in all major plant. The plant restoration program will continue as cash flows allow.

**HUMAN RESOURCE REVIEW**

The year 2013 represented a major negotiating year, as both contracts for our monthly paid unionized employees represented by the UCASE and the Staff Association expired. There was in addition a carry forward of discussions with the NWU, which had started in the previous year. To the credit of all the parties, at the end of the process, we were able to conclude these discussions with minimal disruption to the operations.

Our employees in the main continued to demonstrate a level of maturity, expressed through their patience, deferring their more impulsive demands for amelioration from the continued difficult economic environment. The organization also demonstrated its resoluteness to

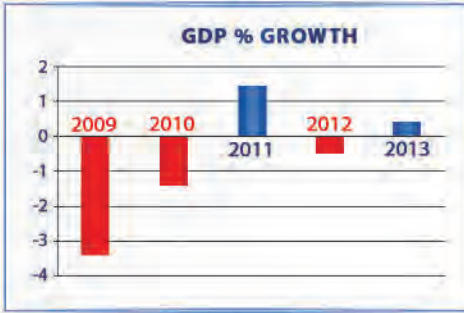
**BUSINESS OUTLOOK**

**Global and Regional Economic Outlook**

During the second half of 2013, global economic activity strengthened with further growth anticipated during 2014 to 2015. The strengthening was mainly due to the recovery of the world's advanced economies. For the first time in many years, the economies of the United States, the Euro Zone and Japan are all expected to grow in 2014. The anticipated increase in demand in these markets is expected to help many emerging markets and developing economies to improve their growth position, although domestic demand weaknesses in some emerging economies remain a concern. Notwithstanding, overall growth in emerging markets is expected to remain strong with China, India and sub-Saharan Africa leading the growth.

In the Latin American and Caribbean region, GDP is expected to grow by 3%, slightly behind the world growth rate, forecast at close to 4%. Subdued global trade, less supportive commodity markets, and domestic challenges curbed growth in 2013 in the Latin America and Caribbean region. The environment is not expected to change significantly but growth will be mixed however across the various countries. In most of the Caribbean islands, economic growth is expected to be anaemic at best, with subdued tourism and remittance inflows and limited construction activity. In Central and South America however, average growth between 3% and 4% is envisaged.





**The Jamaican Economy**

Jamaica has continued to make strong progress under the International Monetary Fund (IMF) Extended Fund Facility (EFF) supported macroeconomic programme. At the end of the December 2013 review, the consensus of the Fund mission and the Government’s team was that all the quantitative and associated performance criteria were achieved. In addition, the Government has been adhering to the timelines agreed for undertaking structural reforms that will create an environment supportive of economic growth.

There has been growing business confidence that the fiscal reform program will be realized and Jamaica will return to a period of sustained, if moderate, economic growth. The IMF forecasts of GDP growth for 2013 and 2014 are 0.4% and 1.24% respectively. The projection reflects more robust growth in Agriculture, Forestry & Fishing, Mining & Quarrying, Construction and in Hotels & Restaurants.

The government has also made a significant push to become a global logistics hub for the large increase in shipping traffic that will pass through the Panama Canal, once the major expansion project on the waterway is completed (expected to be in 2016). Plans have been developed to dramatically improve transport infrastructure, not

only at the country’s sea ports, but also its road and air capacity to facilitate global transshipments and vastly increase the ability for Jamaican exporters to get their goods to market. These improvements will not only exert upward pressure on exports but provide a fillip to the domestic economy as well.

**Company Outlook**

Over the last five years, GDP has declined by 3.5% and the cement market by 14%. The indications that the decline in the local economy has been arrested and projections for future growth augur well for Carib Cement. The correlation between a strong economy and cement demand is well established. Management however remains cautious as to the degree of market rebound we are likely to see. Domestic growth is likely to be slow and led by new projects and infrastructural development, rather than the consumer led growth that has typically characterised our sales. The depreciating dollar and general inflation will continue to make extra demands on consumers.

In this context, our domestic focus will continue to be in developing new sales opportunities through the promotion of cement in non-traditional uses. We will continue to look for export opportunities to maximize the use of our plant assets, focussing on those high growth markets overseas. Internally, we will continue to operate the plant in an efficient and environmentally acceptable manner, while maintaining effective fiscal control and managing what is expected to be a tight liquidity position.

F.L.A. Haynes  
*General Manager*



## COMPANY OVERVIEW

Caribbean Cement Company Limited (CCCL), is the sole manufacturer of Portland cement in Jamaica with its plant situated in Rockfort, Kingston. CCCL has been producing high quality cement using 100% Jamaican raw materials since 1952. The raw materials used in the manufacturing process are all mined within 10 miles of the plant.

The plant's clinker production capacity is 1.3 million tonnes, with a cement manufacturing capacity of 2 million tonnes per annum. In addition, CCCL boasts its own ports for the shipment of cement, gypsum/anhydrite and pozzolan.

CCCL is listed on the Jamaica Stock Exchange and is a major contributor to the Jamaican economy directly employing more than 400 persons.

Carib Cement demonstrates its commitment to corporate social responsibility primarily through the support of education, sports and community development.

CCCL assisted the Jacques Road, Mountain View community to realize its goal of an educational center through a donation to outfit a 40 ft. container which houses 25 computers provided by the Universal Service Fund.

The Jacques Educational Centre is an initiative of the Jacques Parenting Centre and focuses on improving primary education, offering certified training classes and introductory computer training, and also increase in the general access to computers and the internet.



*Donation to members of the Jacques Parenting Association (JPA).*

*Hon Julian Robinson, Member of Parliament for the area; Balfour Denniston, CCCL Stakeholder Relations Manager; Dalmain Small, Human Resource Manager; General Manager, Anthony Haynes and two members of the JPA.*



*Employees of CCCL who participated in the Sigma Corporate Run.*



# The EXECUTIVE TEAM



## **L – R FRONT ROW:**

Dalmain Small - *Human Resource Manager*  
Bernadene Crooks - *Company Secretary*  
F. Anthony Haynes - *General Manager*  
Alice Hyde - *Marketing Manager*  
Ken Wiltshire - *Operations Manager*  
Jascinth Buchanan-Wint - *Finance Manager*

## **L – R BACK ROW:**

Godfrey Stultz - *Engineering Services Manager*  
Adrian Spencer - *Materials Manager*  
Marchel Burrell - *Quarry Manager*  
Balfour Denniston - *Stakeholder Relations Manager*  
Brett Johnson - *Manufacturing Manager*  
Melvin Howell - *Health, Safety, Security &  
Environmental Manager*  
Andrew Stephenson - *Chief Chemist*

## SUBSIDIARY COMPANIES



### **Jamaica Gypsum & Quarries Limited (JGQ)**

JGQ, a wholly owned subsidiary of Carib Cement, produces gypsum, anhydrite, pozzolan, fines and shale for both the local and export markets. The company exports most of its products to markets in South America and the Caribbean.

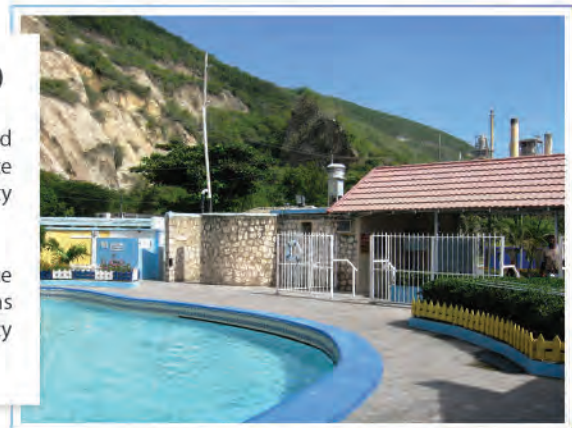
### **Caribbean Gypsum Company Limited (CGC)**

The opening of the Halberstadt quarry, with reserves of approximately 6 million tonnes of gypsum/anhydrite, on the 167 acres of quarry land owned by CGC, is expected to be completed in the first quarter of 2014.

### **Rockfort Mineral Bath Complex Limited (RMBC)**

In 1992, RMBC was incorporated as a wholly owned subsidiary of Carib Cement to develop the historical site and operate the spa as one of the Company's community outreach programmes.

The popularity of the facility as a recreational venue continues to increase, in addition to which many patrons attest to healing and good health from the radioactivity and saline content of the water.



- \* Jamaica Gypsum & Quarries Limited
- \* Rockfort Mineral Bath Complex Limited
- \* Caribbean Gypsum Company Limited

#### BOARD OF DIRECTORS

- Brian Young - Chairman
- Rollin Bertrand
- Bevon Francis
- Hollis Hosein
- Parris A. Lyew-Ayee
- Judith Robinson

#### SENIOR OFFICERS

- F.L.A. Haynes - General Manager
- Jascinth Buchanan-Wint - Finance Manager
- Bernadene Crooks - Company Secretary



# Clinker Shipments to VENEZUELA



The contract is the result of over 3 years of negotiations between CCCL, and the Governments of Jamaica and Venezuela. What started as an initiative to export cement, concluded instead in an agreement to supply clinker, the intermediate product made in the cement manufacturing process.

CCCL will export 20,000 tonnes of clinker per month to Pertigalete, Venezuela. This clinker will be used in cement plants there to manufacture cement. The Company will continue negotiations to supply clinker after April 2014.

Carib Cement announced the agreement to supply 100,000 tonnes of clinker to Venezuela over the period December 2013 to April 2014. This arrangement was facilitated under the trade compensation mechanism of the PetroCaribe Agreement which involves the Government of Jamaica repaying the loan to Venezuela with goods and services in lieu of cash.

CCCL is pleased to be a trailblazer in setting a precedent for other goods and services to be negotiated under the PetroCaribe compensation mechanism.

In marking the occasion, the company held a press conference to commemorate the first shipment of clinker to Venezuela at the JGQ Pier, where the vessel was being loaded.



*"Cementing" the partnership - cutting of the ribbon to signify the start of many shipments of clinker from Jamaica to Venezuela.*

*Jamaican Prime Minister, The Most Hon. Portia Simpson Miller; Venezuelan Ambassador to Jamaica, Maria Jacqueline Mendoza Ortega; Minister of Industry, Investment & Commerce, Hon. Anthony Hylton; General Manager of CCCL, Anthony Haynes, CCCL Directors, Bevon Francis and Parris A. Lyew-Ayee.*

# TEN YEAR FINANCIAL SUMMARY

**CARIBBEAN CEMENT COMPANY LIMITED**  
TEN YEAR FINANCIAL SUMMARY  
(In \$'000 except for items \*)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
SALES	12,089,484	9,084,600	8,033,786	7,929,783	8,869,260	8,805,293	7,847,307	6,730,968	5,999,295	5,452,759
(Loss) profit before taxation	(3,079)	(2,672,105)	(2,983,995)	(2,242,360)	(241,028)	571,932	681,172	363,348	215,451	859,012
Cement Claims	-	-	-	-	-	-	(21,500)	(304,539)	-	-
Taxation	117,000	(676,160)	370,635	685,167	96,516	(155,494)	(137,549)	18,357	(46,524)	(16,651)
Net profit (loss)	113,921	(3,348,265)	(2,613,360)	(1,557,193)	(144,512)	416,438	522,123	77,166	168,927	842,361
*Net profit (loss) per Share	0.13	(3.93)	(3.07)	(1.83)	(0.17)	0.49	0.61	0.09	0.20	0.99
Cash Distribution/ Dividend Proposed	-	-	-	-	-	-	-	-	-	59,580
*Cash Distribution/ Dividend per Share	-	-	-	-	-	-	-	-	-	0.07
EBITDA	1,470,090	(750,438)	(1,760,893)	(1,623,526)	465,889	1,153,105	996,134	277,438	393,708	1,044,382
Shareholders Equity	4,752,049	(2,939,072)	409,193	3,022,553	3,240,096	3,458,584	3,155,921	2,747,573	2,784,182	2,771,121
*Share Holders' Equity Per Share	5.58	(3.45)	0.48	3.55	3.81	4.06	3.71	3.23	3.27	3.26
Capital Expenditure - Other	577,949	149,217	98,093	362,160	972,132	572,198	1,127,567	37,246	83,605	120,211
Total Capital Expenditure	577,949	149,217	98,093	362,160	972,132	572,198	1,152,115	1,003,549	903,128	389,954
Depreciation	319,207	430,695	518,402	386,852	317,835	318,307	312,196	273,467	262,190	269,380
Working Capital	1,245,920	191,424	(588,543)	(839,251)	(47,509)	8,052	453,813	50,968	(53,261)	118,665
Property Plant & Equip't Before Dep'n	9,687,072	9,136,341	9,286,740	9,201,962	8,852,624	7,901,716	7,333,573	6,214,072	5,222,734	4,319,606
Long Term debt	739,476	797,712	3,827	4,006	3,178	6,117	7,897	12,288	10,248	9,315
Total Third Party Debt	808,810	832,173	560,100	684,533	793,155	608,273	422,892	751,118	455,955	98,134
Parent Company Debt	1,232,104	7,881,126	5,210,290	3,107,745	2,424,062	1,334,164	1,894,038	1,526,057	1,069,856	639,744
Total Debt	2,040,914	8,713,299	5,770,390	3,792,278	3,217,217	1,942,437	2,316,930	2,277,175	1,525,811	737,878
*Cement imported (tonnes)	-	-	-	-	-	46,062	25,988	119,032	-	-
*Clinker imported (tonnes)	-	-	-	-	-	75,931	73,599	77,520	101,434	41,192
*Pozzolan Imported (tonnes)	-	-	-	-	-	-	-	-	114,812	35,319
*Production	824,893	760,296	766,274	723,489	736,560	724,528	773,019	760,815	844,843	808,070
Clinker	696,077	652,579	628,287	629,444	742,208	578,067	519,598	604,174	542,114	605,814
*Cement Sold - tonnes	594,764	536,349	553,157	531,605	652,651	720,260	807,484	843,295	862,400	800,354
Local	231,865	218,722	216,757	195,163	88,912	28,463	5,964	-	2,762	3,501
Export	826,829	755,071	769,914	726,768	741,563	748,723	813,448	843,295	865,162	803,855
TOTAL	36,570	12,673	31,228	69,418	88,259	-	-	-	-	-
*Clinker Export - tonnes	-	-	-	-	-	-	-	-	-	-



# Auditors' Report & Financial Statements

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Chartered Accountants

8 Olivier Road  
Kingston 8  
Jamaica, W.I.

Tel: +1 876 925 2501  
Fax: +1 876 755 0413  
ey.com

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

We have audited the accompanying financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") and Caribbean Cement Company Limited (the "Company") which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





## INDEPENDENT AUDITOR'S REPORT, CONTINUED

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries, Continued

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and the Company as at 31 December 2013, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2(iii) in the financial statements which indicates that the Group has reported shareholders' equity of \$4,752,049,000 as at 31 December 2013 (a deficiency in assets of \$2,939,072,000 as at 31 December 2012) and a loss before taxation of \$3,079,000 for the year ended 31 December 2013 (a loss of \$2,672,105,000 for year ended 31 December 2012). At 31 December 2013, the Group also reported borrowings due to its ultimate parent, Trinidad Cement Limited and its subsidiaries (the "TCL Group") of \$1,232,104,000 (2012: \$7,881,126,000).

Note 2(iii) also indicates that the ability of the TCL Group to generate the sustained incremental cash flows to meet its significant debt service obligations is sensitive to the successful implementation of the strategies and the key assumptions around growth in market share, new markets, cost reductions, plant performance and price adjustments. Should these assumptions not materialize such that the TCL Group is unable to service its debt obligations when due, this will pose a going concern risk to the TCL Group, inclusive of the Group and Company.

The financial statements have been prepared on the going concern basis because, as described in Note 2 (iii), based on the current plans and strategies being pursued by the TCL Group, the Group and Company, the expectation is that the Group and Company will generate adequate cash flows and profitability to allow the Group and Company to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

This basis of preparation presumes that the Group and Company will be able to realize their assets and discharge their liabilities in the ordinary course of business. The factors described above, along with other matters as set forth in Note 2(iii) indicate the existence of material uncertainties related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern and therefore, that they may be unable to realize their assets and discharge their liabilities in the normal course of business.

### *Report on Additional Requirements of the Jamaican Companies Act*

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement with the accounting records, and give the information required by the Jamaican Companies Act in the manner so required.

Chartered Accountants  
Kingston, Jamaica

27 February 2014

A member firm of Ernst & Young Global Limited

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position  
As at 31 December 2013  
(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>NET ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	4,731,265	4,472,213
Deferred tax asset	9	117,000	-
Due from related company	16	-	73,153
		<u>4,848,265</u>	<u>4,545,366</u>
<b>Current assets</b>			
Inventories	17	2,863,145	2,765,081
Taxation recoverable		32,943	32,765
Due from related companies	18	230,540	1,837
Receivables and prepayments	19	944,856	898,951
Cash and cash equivalents	20	202,107	244,303
		<u>4,273,591</u>	<u>3,942,937</u>
<b>Current liabilities</b>			
Due to parent and related companies	21	775,780	1,002,976
Payables and accruals	22	2,182,557	2,714,076
Current portion of long term loan	24	69,334	34,461
		<u>3,027,671</u>	<u>3,751,513</u>
<b>Working capital surplus</b>		1,245,920	191,424
<b>Non-current liabilities</b>			
Due to parent and related companies	21	456,324	6,878,150
Long-term loans	24	739,476	797,712
Other long-term liability	25	146,336	-
		<u>1,342,136</u>	<u>7,675,862</u>
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<u>4,752,049</u>	<u>(2,939,072)</u>



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

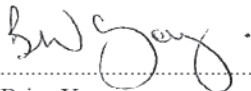
As at 31 December 2013

(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>STOCKHOLDERS' EQUITY/(DEFICIT)</b>			
Share capital:			
Ordinary	26	1,808,837	1,808,837
Preference	26	5,077,760	1,339,650
<b>Capital contribution</b>	26	3,839,090	-
<b>Reserves:</b>			
Realized capital gain	26	1,413,661	1,413,661
Accumulated losses		(7,387,299)	(7,501,220)
<b>GROUP EQUITY/(DEFICIT)</b>		<u>4,752,049</u>	<u>(2,939,072)</u>

The accompanying notes form an integral part of these financial statements.

On 27 February 2014, the Board of Directors authorized these financial statements for issue.

  
 ..... Director  
 Brian Young

  
 ..... Director  
 Dr. Rollin Bertrand

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income  
 Year ended 31 December 2013  
 (Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Revenue</b>	6	12,089,484	9,084,600
<b>Earnings/(Loss) before interest, depreciation, amortisation and tax</b>	6	1,470,090	(750,438)
Depreciation and amortisation	6	(319,207)	(430,695)
Impairment losses	13,17	-	(383,577)
<b>Operating profit/(loss)</b>		1,150,883	(1,564,710)
Interest income		9,982	2,221
Debt restructuring costs		-	(11,719)
Finance costs	8	(1,163,944)	(1,097,897)
<b>Loss before taxation</b>		(3,079)	(2,672,105)
Taxation credit/(charge)	9	117,000	(676,160)
<b>Profit/(Loss) for the year</b>	10	113,921	(3,348,265)
<b>Total comprehensive income/(loss) attributable to equity holders</b>		113,921	(3,348,265)
<b>Profit/(Loss) per ordinary stock unit (expressed in \$ per share)</b>	11	\$0.13	(\$3.93)

The accompanying notes form an integral part of these financial statements.



**CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES**

Consolidated Statement Of Changes In Equity  
 Year ended 31 December 2013  
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference share capital \$'000	Capital Contribution \$'000	Realized capital gain \$'000	Reserves		Total capital & reserves \$'000
					Accumulated Losses \$'000	Total reserves \$'000	
<b>Balance as at 1 January 2012</b>	1,808,837	1,339,650	-	1,413,661	(4,152,955)	(2,739,294)	409,193
Total comprehensive loss for the year	-	-	-	-	(3,348,265)	(3,348,265)	(3,348,265)
<b>Balance as at 31 December 2012</b>	1,808,837	1,339,650	-	1,413,661	(7,501,220)	(6,087,559)	(2,939,072)
Preference share issue	26	3,738,110	-	-	-	-	3,738,110
Capital contribution	26	-	3,839,090	-	-	-	3,839,090
Total comprehensive income for the year	-	-	-	-	113,921	113,921	113,921
<b>Balance as at 31 December 2013</b>	1,808,837	5,077,760	3,839,090	1,413,661	(7,387,299)	(5,973,638)	4,752,049

The accompanying notes form an integral part of these financial statements.

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows  
Year ended 31 December 2013  
(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(3,079)	(2,672,105)
<b>Adjustments for:</b>			
Depreciation and amortization	13,14	319,207	430,695
Impairment of property, plant and equipment	13	-	271,157
Inventory impairment		-	112,420
(Gain)/Loss on disposal of property, plant and equipment		(6,229)	69,842
Interest income		(9,982)	(2,221)
Interest expense	8	443,722	592,153
Unrealized foreign exchange losses		527,049	510,720
		<u>1,270,688</u>	<u>(687,339)</u>
Increase in inventories		(98,064)	(626,811)
Increase in receivables and prepayments		(48,675)	(222,088)
(Increase)/Decrease in due from related companies		(221,074)	63,406
(Decrease)/Increase in payables and accruals		(58,906)	77,449
(Decrease)/Increase in due to parent and related companies		<u>(228,260)</u>	<u>562,373</u>
Cash provided by/(used in) operations		615,709	(833,010)
Interest received		2,231	2,221
Interest paid		(372,979)	(95,044)
Taxation paid		-	(13,606)
		<u>244,961</u>	<u>(939,439)</u>
<b>Net cash provided by/(used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	13	(578,530)	(149,217)
Proceeds from disposal of property, plant and equipment		6,500	400
		<u>(572,030)</u>	<u>(148,817)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Repayment of loans		(33,480)	(1,933)
Related companies	26	318,353	1,215,261
		<u>284,873</u>	<u>1,213,328</u>
<b>Net cash provided by financing activities</b>			
(Decrease)/Increase in cash and cash equivalents		(42,196)	125,072
Net cash and cash equivalents - beginning of year		244,303	119,231
Net cash and cash equivalents - end of year		<u>202,107</u>	<u>244,303</u>
<b>Represented by:</b>			
Cash at bank and short term deposits	20	202,107	244,303
		<u>202,107</u>	<u>244,303</u>

The accompanying notes form an integral part of these financial statements.



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position

As at 31 December 2013

(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	4,585,118	4,335,698
Investment in subsidiaries	15	85,938	85,938
Deferred tax asset	9	117,000	-
Due from related company	16	-	46,859
		<u>4,788,056</u>	<u>4,468,495</u>
<b>Current assets</b>			
Inventories	17	2,808,813	2,662,358
Taxation recoverable		32,943	32,765
Due from subsidiary	23	6,418	32,047
Due from related companies	18	224,918	1,837
Receivables and prepayments	19	884,618	837,190
Cash and cash equivalents	20	185,425	235,296
		<u>4,143,135</u>	<u>3,801,493</u>
<b>Current liabilities</b>			
Due to parent and related companies	21	775,780	1,002,976
Payables and accruals	22	2,141,777	2,637,580
Current portion of long-term loans	24	69,334	34,461
		<u>2,986,891</u>	<u>3,675,017</u>
<b>Working capital surplus</b>			
		<u>1,156,244</u>	<u>126,476</u>
<b>Non-current liabilities</b>			
Due to parent and related companies	21	456,324	6,878,150
Long-term loans	24	739,476	797,712
Other long-term liability	25	146,336	-
		<u>1,342,136</u>	<u>7,675,862</u>
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<u>4,602,164</u>	<u>(3,080,891)</u>

The accompanying notes form an integral part of these financial statements.

# FINANCIAL STATEMENTS


## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position  
 As at 31 December 2013  
 (Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>STOCKHOLDERS' EQUITY/(DEFICIT)</b>			
Share capital:			
Ordinary	26	1,808,837	1,808,837
Preference	26	5,077,760	1,339,650
<b>Capital contribution</b>	26	3,839,090	-
<b>Reserves:</b>			
Realized capital gain	26	1,413,656	1,413,656
Accumulated losses		(7,537,179)	(7,643,034)
<b>COMPANY EQUITY/(DEFICIT)</b>		<u>4,602,164</u>	<u>(3,080,891)</u>

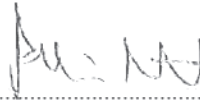
The accompanying notes form an integral part of these financial statements.

On 27 February 2014, the Board of Directors authorized these financial statements for issue.



Director

Brian Young



Director

Dr. Rollin Bertrand



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Comprehensive Income  
Year ended 31 December 2013  
(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Revenue</b>	6	<u>12,051,827</u>	<u>9,006,629</u>
<b>Earnings/(Loss) before interest, depreciation and tax</b>	6	1,463,087	(775,316)
Depreciation	13	(311,271)	(416,863)
Impairment losses	13,15,17	<u>-</u>	<u>(386,949)</u>
<b>Operating profit/(loss)</b>		1,151,816	(1,579,128)
Interest income		7,233	2,173
Debt restructuring costs		-	(11,719)
Finance costs	8	<u>(1,170,194)</u>	<u>(1,094,464)</u>
<b>Loss before taxation</b>		(11,145)	(2,683,138)
Taxation credit/(charge)	9	<u>117,000</u>	<u>(676,160)</u>
<b>Net profit/(loss) for the year</b>	10	<u>105,855</u>	<u>(3,359,298)</u>
<b>Total comprehensive income/(loss) attributable to equity holders</b>		<u>105,855</u>	<u>(3,359,298)</u>

The accompanying notes form an integral part of these financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Changes In Equity  
 Year ended 31 December 2013  
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference share capital \$'000	Capital Contribution \$'000	Realized capital gain \$'000	Reserves		Total capital & reserves \$'000
					Accumulated losses \$'000	Total reserves \$'000	
<b>Balance as at 1 January 2012</b>	1,808,837	1,339,650	-	1,413,656	(4,283,736)	(2,870,080)	278,407
Total comprehensive loss for the year	-	-	-	-	(3,359,298)	(3,359,298)	(3,359,298)
<b>Balance as at 31 December 2012</b>	1,808,837	1,339,650	-	1,413,656	(7,643,034)	(6,229,378)	(3,080,891)
Preference share issue	26	3,738,110	-	-	-	-	3,738,110
Capital contribution	26	-	3,839,090	-	-	-	3,839,090
Total comprehensive profit for the year	-	-	-	-	105,855	105,855	105,855
<b>Balance as at 31 December 2013</b>	1,808,837	5,077,760	3,839,090	1,413,656	(7,537,179)	(6,123,523)	4,602,164

The accompanying notes form an integral part of these financial statements.



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Cash Flows  
Year ended 31 December 2013  
(Expressed in Jamaican Dollars)

	Notes	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(11,145)	(2,683,138)
<b>Adjustments for:</b>			
Depreciation	13	311,271	416,863
Impairment of property, plant and equipment	13	-	271,157
Inventory impairment		-	112,420
Impairment of investment in subsidiary	15	-	3,372
(Gain)/loss on disposal of property, plant and equipment		(6,230)	54,821
Interest income		(7,233)	(2,173)
Interest expense	8	443,722	585,650
Unrealized foreign exchange gains		533,156	514,063
		<u>1,263,541</u>	<u>(726,965)</u>
Increase in inventories		(146,455)	(584,063)
Decrease in due from subsidiary		25,629	205
Increase in receivables and prepayments		(52,201)	(216,745)
(Increase)/Decrease in due from related companies		(218,079)	40,749
(Decrease)/Increase in payables and accruals		(24,375)	42,868
(Decrease)/Increase in due to parent and related companies		<u>(227,196)</u>	<u>562,373</u>
Cash provided by/(used in) operations		620,864	(881,578)
Interest received		2,231	2,173
Interest paid		<u>(372,979)</u>	<u>(95,044)</u>
<b>Net cash provided by/(used in) operating activities</b>		<u>250,116</u>	<u>(974,449)</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	13	(560,961)	(131,832)
Proceeds from disposal of property, plant and equipment		6,500	400
<b>Net cash used in investing activities</b>		<u>(554,461)</u>	<u>(131,432)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans		(33,480)	(1,933)
Related companies	26	287,954	1,241,555
<b>Net cash provided by financing activities</b>		<u>254,474</u>	<u>1,239,622</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>		<u>(49,871)</u>	<u>133,741</u>
<b>Net cash and cash equivalents - beginning of year</b>		<u>235,296</u>	<u>101,555</u>
<b>Net cash and cash equivalents – end of year</b>		<u>185,425</u>	<u>235,296</u>
<b>Represented by:</b>			
Cash at bank and short term deposits	20	185,425	235,296
		<u>185,425</u>	<u>235,296</u>

The accompanying notes form an integral part of these financial statements

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 1. Corporate information

Caribbean Cement Company Limited (the “Company”) and its Subsidiaries are incorporated under the laws of Jamaica. The Company is a limited liability public company listed on the Jamaica Stock Exchange and is domiciled in 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 manufacture and sale of cement and the mining and sale of gypsum, shale and pozzolan. The Group operates in Jamaica.

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

#### 2. Basis of preparation

(i) *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

(ii) *Basis of measurement*

These financial statements have been prepared under the historical cost convention.

(iii) *Going concern*

The Group has reported improved performance on all significant financial indicators. These include: shareholders’ equity of \$4,752,049,000 as at 31 December 2013 (a deficiency in assets of \$2,939,072,000 as at 31 December 2012) and a loss before taxation of \$3,079,000 for the year then ended (2012: a loss of \$2,672,105,000). The Group is also reporting \$1,232,104,000 in outstanding parent (TCL) and related company (TCL Group) obligations on its statement of financial position as at 31 December 2013 compared to \$7,881,126,000 as 31 December 2012.

Notwithstanding significant improvement in working capital from \$191,424,000 as at 31 December 2012 to \$1,245,920,000 as at 31 December 2013, the Group’s lease payments to TCL (US\$21.8 million in 2014) represent a significant obligation the settlement of which is subject to the various risks faced by the Group such as a decline in domestic or export demand, plant performance and the regulatory environment.



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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### 2. Basis of preparation (continued)

#### (iii) *Going concern (continued)*

Debt service (inclusive of principal and interest) for the TCL Group is forecast to be TT\$368 million for 2014 (2012: TT\$293 million), and as a percentage of projected TCL Group EBITDA ranges from 67% in 2014 to 55 % in 2018. The TCL Group's operating results in recent years have been below target given the declining market demand and plant challenges arising from constrained working capital. The key risks to the TCL Group's sustainability remain a decline in domestic markets and unexpected plant stoppages due to technical problems with plant assets.

Based on the forecast cash-flows for 2014, TCL Group management has performed a sensitivity analysis under different scenarios. Should the TCL Group achieve less than 85% of its 2014 forecast net cash flow there would be a cash shortfall which may compromise debt service in 2014. However, depending on the level of the shortfall management expects to manage its capital expenditure and working capital such that its 2014 debt service obligations would not be compromised. A major cash flow risk for the TCL Group is the potential settlement of substantial retroactive wages and salaries consequent upon the determination of the industrial dispute in Trinidad.

The TCL Group's strategies to achieve sustainability include aggressively pursuing new markets and additional market share in existing markets. Approximately 5% growth in domestic cement sales volume is projected for Trinidad with no growth in domestic market demand for Jamaica and Barbados for 2014. In Jamaica, Caribbean Cement Company Limited (CCCL) is projecting additional domestic market share. The TCL Group will be adjusting its selling prices in response to rising input cost whenever this is required. The reliability of the Jamaica plant has been restored with demonstrated improved output in 2013 and major works were completed at the Barbados plant in December 2013 and therefore output in 2014 is premised on improved plant performance. TCL Group is also pursuing the refinancing of its debt portfolio with the objectives of reducing interest cost and the annual debt service payment requirement. Indications from market participants are that these objectives can be achieved in 2014.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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### 2. Basis of preparation (continued)

#### (iii) *Going concern (continued)*

TCL Group's cash generation and performance are especially sensitive to the level of economic activity and government spending in the Caribbean countries which are its key markets. Particularly important, are the markets of Trinidad and Tobago, Jamaica, Barbados and Guyana and where there are declining or low levels of Gross Domestic Product (GDP) growth, high unemployment, unsustainable government debt or adverse government policies, there will be a risk to the performance and financial position of the TCL Group.

The ability of the Group to generate the sustained incremental cash flows to meet its significant debt service obligations is sensitive to the successful implementation of the strategies and the key assumptions around market size growth, new markets, cost reductions, plant performance and price adjustments. Should these assumptions not materialize such that the Group is unable to service its debt obligations when due, this will pose a going concern risk to the TCL Group.

Based on current plans and strategies being pursued and implemented the Directors have a reasonable expectation that the Group will generate adequate cash flows and profitability which would allow it to continue in operational existence for the foreseeable future.

On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation presumes that the Group will be able to realize its assets and discharge its liabilities in the ordinary course of business.

### 3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. 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



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 3. Basis of consolidation (continued)

The consolidated financial statements of the Group includes:

Name	Principal activities	Country of incorporation	% equity interest	
			2013	2012
Jamaica Gypsum & Quarries Limited	Mining and the management of port facilities.	Jamaica	100	100
Rockfort Mineral Bath Complex Limited	Spa facility	Jamaica	100	100
Caribbean Gypsum Company Limited	Mining	Jamaica	100	100

Caribbean Gypsum Company Limited had no trading activities during the year. All subsidiaries have a 31 December year end for financial reporting purposes.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### 4. Changes in accounting policies and disclosures and future changes in accounting standards

##### a) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amendments to IFRS effective as of 1 January 2013:

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 – Effective 1 July 2012
- IAS 19 Employee Benefits (Revised) – Effective 1 January 2013
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) – Effective 1 January 2013
- IFRS 1 Government Loans – Amendments to IFRS 1 – Effective 1 January 2013
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 – Effective 1 January 2013
- IFRS 10 Consolidated Financial Statements – Effective 1 January 2013
- IFRS 11 Joint Arrangements – Effective 1 January 2013
- IFRS 12 Disclosure of Interests in Other Entities – Effective 1 January 2013
- IFRS 13 Fair Value Measurement – Effective 1 January 2013
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine – Effective 1 January 2013

The effect of the adoption of the standards or interpretations is described below:

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

##### a) Changes in accounting policies and disclosures (continued)

##### **IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time (for example net loss or gain on valuation of available-for-sale financial assets) are presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and gains on revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments are effective for annual periods beginning on or after 1 July 2012.

##### **IAS 19 Employee Benefits (Revised)**

The IASB has issued amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendments have no impact on the Group’s financial position or performance. The amendments are effective for annual periods beginning on or after 1 January 2013.

##### **IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)**

As a consequence of the new IFRS 11, ‘Joint Arrangements’, and IFRS 12 ‘Disclosure of Interests in Other Entities’, IAS 28 ‘Investments in Associates’, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment has no impact on the Group’s financial position or performance. The revised standard is effective for annual periods beginning on or after 1 January 2013.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

##### a) Changes in accounting policies and disclosures (continued)

###### **IFRS 1 Government Loans – Amendments to IFRS 1**

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendments are effective for annual periods beginning on or after 1 January 2013. The amendments have no impact on the Group's financial position or performance.

###### **IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are effective for annual periods beginning on or after 1 January 2013. The amendments have no impact on the disclosures in the Group's financial statements.

###### **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**

IFRS 10 replaces the portion of IAS 27, 'Consolidated and Separate Financial Statements' that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12, 'Consolidation — Special Purpose Entities'. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this standard has had no impact on the Group's financial position or performance.



### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

##### a) Changes in accounting policies and disclosures (continued)

###### **IFRS 11 Joint Arrangements**

IFRS 11 replaces IAS 31, 'Interests in Joint Ventures' and SIC-13, 'Jointly-controlled Entities — Non-monetary Contributions by Venturers'. Under this standard, joint arrangements are either joint operations or joint ventures. IFRS 11 removes the option to account for joint ventures using proportionate consolidation. Instead, joint ventures must be accounted for using the equity method. This standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this standard has had no impact on the Group's financial position or performance.

###### **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard is effective for annual periods beginning on or after 1 January 2013. The adoption of this standard has had no impact on the disclosures in the Group's financial statements.

###### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure and disclose fair value under IFRS when fair value is required or permitted. Fair value is defined as an exit price. This standard becomes effective for annual periods beginning on or after 1 January 2013. The adoption of this standard has had no impact on the Group's financial position or performance.

###### **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine – Effective 1 January 2013**

IFRIC 20 now clarifies when an entity should recognise production phase waste removal (stripping) costs (production stripping costs) incurred in relation to a surface mining operation, as an asset. Such an asset will be referred to as a stripping activity asset. The interpretation is effective for annual reporting periods beginning on or after 1 January 2013 and has no impact on the Group's financial position or performance.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

##### a) Changes in accounting policies and disclosures (continued)

###### *Improvements to IFRSs May 2012*

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards resulting in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

###### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment clarifies that, upon adoption of IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition. Once an entity adopts IFRS, borrowing costs, including those incurred on qualifying assets under construction, are recognised in accordance with IAS 23.

**IAS 1 Presentation of Financial Statements** The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

**IAS 16 Property Plant and Equipment** The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

**IAS 32 Financial Instruments, Presentation** The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

**IAS 34 Interim Financial Reporting** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)

##### b) Future changes in accounting standards and interpretations

The Group has not adopted early the following new and revised IFRS's and IFRIC interpretations that have been issued but are not yet effective:

- IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 – Effective 1 January 2014
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 - Effective 1 January 2014
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 - Effective 1 January 2014
- IFRS 9 Financial Instruments: Classification and Measurement - Effective date not yet determined
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – Effective 1 January 2014
- IFRIC 21 Levies - Effective 1 January 2014

Management is currently assessing the impact of the new standards and interpretations on the Group's financial reporting.

#### 5. Significant accounting policies

##### a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.



### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 5. Significant accounting policies (continued)

##### a) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, within the scope of IAS 39 'Financial Instruments: Recognition and Measurement', is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

##### b) Foreign currency translation

The Group's functional and presentation currency is Jamaican dollars. Transactions in currencies other than the Jamaican dollar are initially recorded at the currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the statement of financial position. Non-monetary assets and liabilities that are measured in terms of historical cost in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the initial transaction. Exchange differences on foreign currency translations are recognized in the statement of comprehensive income. Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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5. Significant accounting policies (continued)

c) **Property, plant and equipment**

Property, plant and equipment held for use in the production or supply of goods and services or for administrative purposes are stated in the statement of financial position at their historical cost, less any subsequent accumulated depreciation and impairment losses.

Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred. Land and capital work in progress are not depreciated.

Interest on loans specific to capital projects is capitalized during the period of construction.

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 5.0%
Plant, machinery and equipment	3.0% to 33.3%
Office furniture and equipment	25.0% to 33.3%
Motor vehicles	20.0% to 33.3%

Leasehold land and improvements are amortized over the shorter of the useful life or term of the lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 5. Significant accounting policies (continued)

##### d) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, they are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized on the straight line method over a three year period. The useful lives and amortization method are reviewed and adjusted, if appropriate at each financial year end.

##### e) Impairment of 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 to sell 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. Where 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.



### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 5. Significant accounting policies (continued)

##### e) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. 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 loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of goodwill:

- Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired;
- Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

##### f) Taxation

The taxation charge 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 statement of financial position 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 recognized 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 profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 5. Significant accounting policies (continued)

##### f) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profits will allow this deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

##### g) Deferred expenditure

The costs of installed refractories and grinding media are amortized over a period of six to twelve months to match the estimated period of their economic usefulness.

##### h) Inventories

Plant spares and raw materials are valued at the lower of weighted average cost and net realizable value. Work in progress and finished goods are valued at the lower of cost, including attributable production overheads, and net realizable value. Net realizable 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.

##### i) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, short-term deposits, receivables, short-term loans, 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 32.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 5. Significant accounting policies (continued)

**j) Investments**

Equity investments in subsidiaries, classified as non-current, are stated at cost less impairment adjustments.

**k) Receivables and payables**

Trade receivables are carried at anticipated realizable value. A provision is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

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

**l) Net cash and cash equivalents**

For the purpose of the statement of cash flows, 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) Interest bearing loans and borrowings**

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

**n) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. The expense relating to any provision is charged to the statement of comprehensive income net of any reimbursement.



## FINANCIAL STATEMENTS

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 5. Significant accounting policies (continued)

**o) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of goods have been passed to the buyers, which is usually on the delivery of goods, and the amounts of revenue can be measured reliably.

Rental and interest income are recognized as they accrue unless collectability is in doubt.

**p) Pension benefits**

The Group has a defined contribution pension scheme for all permanent employees. The 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 comprehensive income in the period to which they relate.

**q) 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 comprehensive income over the period of the lease on a straight line basis.

**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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**s) Earnings per stock unit**

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

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 5. Significant accounting policies (continued)

##### 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 and that is subject to risks and returns that are different from those of other segments. The Group bases its segment reporting on business segments whose results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available and, from which it earns income and incurs expenses.

##### u) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The areas involving the highest degree of judgement or estimation are:

###### (i) Accruals

Amounts accrued for certain expenses are based on estimates and are included in payables and accruals.

###### (ii) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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#### 5. Significant accounting policies (continued)

##### u) Use of estimates and judgements (continued)

###### (iii) *Property, plant and equipment*

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

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

###### (iv) *Allowance for impairment losses on receivables*

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

###### (v) *Provision for inventory obsolescence*

Estimates of provision for inventory obsolescence are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Estimates of provision for obsolescence also take into consideration the purpose for which the inventory is held.



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 6. Operating profit/(loss)

Operating profit/(loss) consists of the following:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Revenue</b>	12,089,484	9,084,600	12,051,827	9,006,629
<b>Expenses:</b>				
Raw materials and consumables	1,123,184	863,696	1,363,195	1,086,729
Fuels and electricity	3,503,921	3,270,034	3,496,526	3,261,355
Personnel remuneration and benefits (Note 7)	2,162,860	1,941,761	2,116,758	1,894,922
Repairs and maintenance	505,366	396,801	491,669	380,124
Operating lease	1,367,528	1,714,720	1,367,528	1,714,720
Marketing and selling expenses	168,358	220,713	154,477	201,532
Cement transportation	483,783	408,121	440,025	392,637
Insurance	231,208	236,536	220,684	225,481
Training and staff development	92,985	79,429	92,985	79,429
Technical assistance fees and related charges	159,781	155,025	156,983	151,170
Security	108,360	108,393	82,375	86,312
Equipment hire	514,643	514,697	464,431	424,901
Other operating expenses	285,477	470,356	334,798	408,665
Changes in inventories of finished goods and work in progress	(88,060)	(545,039)	(133,694)	(508,032)
<b>Total expenses</b>	10,619,394	9,835,243	10,648,740	9,799,945
Profit/(Loss) before other income	1,470,090	(750,643)	1,403,087	(793,316)
Other income	-	205	60,000	18,000
<b>Earnings/(Loss) before interest, tax and depreciation</b>	1,470,090	(750,438)	1,463,087	(775,316)
Depreciation and amortization	(319,207)	(430,695)	(311,271)	(416,863)
Impairment losses	-	(383,577)	-	(386,949)
<b>Operating profit/(loss)</b>	1,150,883	(1,564,710)	1,151,816	(1,579,128)

Depreciation and amortization includes \$30,880,000 for 2012 representing amounts for accelerated depreciation for certain assets. There is no accelerated depreciation for 2013.

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 6. Operating profit/(loss) (continued)

Other operating expenses/(other income) include:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(Gain)/loss on disposal of property, plant and equipment	(6,229)	69,842	(6,230)	54,821

Operating profit/(loss) is arrived at after charging:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Audit fees:				
Current year	13,752	11,910	12,287	10,595
Prior year	(210)	-	(210)	-
Directors' emoluments:				
Fees	8,961	8,776	8,961	8,776

#### 7. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Wages and salaries	1,643,474	1,467,646	1,613,964	1,431,006
Statutory contributions	155,496	134,626	151,551	129,657
Pension costs (Note 27)	61,890	55,671	61,015	55,447
Redundancy costs	7,687	1,638	-	-
Other personnel costs	294,313	282,180	290,228	278,812
	<u>2,162,860</u>	<u>1,941,761</u>	<u>2,116,758</u>	<u>1,894,922</u>

## FINANCIAL STATEMENTS

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#### 8. Finance costs

Finance costs consist of the following:

	<u>Group</u>		<u>Company</u>	
	<b>2013</b> \$'000	<b>2012</b> \$'000	<b>2013</b> \$'000	<b>2012</b> \$'000
Interest expense	443,722	592,153	443,722	585,650
Loss on currency exchange	720,222	505,744	726,472	508,814
	<u>1,163,944</u>	<u>1,097,897</u>	<u>1,170,194</u>	<u>1,094,464</u>

#### 9. Taxation

	<u>Group</u>		<u>Company</u>	
	<b>2013</b> \$'000	<b>2012</b> \$'000	<b>2013</b> \$'000	<b>2012</b> \$'000
<b>Statement of comprehensive income</b>				
Taxation consists of:				
Deferred tax credit (charge)	<u>117,000</u>	<u>(676,160)</u>	<u>117,000</u>	<u>(676,160)</u>



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 9. Taxation (continued)

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

	<u>Group</u>		<u>Company</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Loss before taxation	(3,079)	(2,672,105)	(11,145)	(2,683,138)
Taxed at 28.75%	885	-	3,204	-
Taxed at 33.3%	-	890,702	-	894,379
Effect of different tax rate applicable to subsidiary	(284)	-	-	-
Effect of change in tax rate	143,025	(530,212)	143,025	(523,330)
Tax on non-assessable income	8,040	13,106	10,387	9,563
Tax on non-allowable expenses	(4,664)	(83,687)	(4,629)	(81,095)
Tax effect of debt forgiven by Parent	(1,103,738)	-	(1,103,738)	-
Other	(1,072)	2,749	(1,750)	356
Decrease (Increase) in tax benefits not recognised	1,074,810	(968,818)	1,070,502	(976,033)
Effective tax credit (charge)	117,000	(676,160)	117,000	(676,160)

	<u>Group</u>		<u>Company</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Deferred tax asset (liability)</b>				
Balance at beginning of year	-	676,160	-	676,160
Deferred tax credit (charge) for the year	117,000	(676,160)	117,000	(676,160)
Balance at end of year, net	117,000	-	117,000	-

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 9. Taxation (continued)

The significant components of deferred tax asset (liability) are as follows:

	<u>Group</u>		<u>Company</u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	\$'000	\$'000	\$'000	\$'000
Deferred tax liability:				
Property, plant and equipment	(817,836)	(793,928)	(816,976)	(792,564)
Unrealized exchange gains	(69,292)	(33,057)	(69,292)	(32,221)
	<u>(887,128)</u>	<u>(826,985)</u>	<u>(886,268)</u>	<u>(824,785)</u>
Deferred tax asset:				
Tax losses	1,181,886	2,073,716	1,153,136	2,042,491
Accrued vacation	33,908	33,818	33,908	33,346
Accrued redundancy	-	1,606	-	1,606
Interest payable	32,010	177,906	32,010	177,906
Unrealized exchange losses	278,019	132,308	278,019	132,308
Other	3,060	7,196	5,685	7,120
	<u>1,528,883</u>	<u>2,426,550</u>	<u>1,502,758</u>	<u>2,394,777</u>
Tax benefits not recognised	641,755	1,599,565	616,490	1,569,992
	<u>(524,755)</u>	<u>(1,599,565)</u>	<u>(499,490)</u>	<u>(1,569,992)</u>
	<u>117,000</u>	<u>-</u>	<u>117,000</u>	<u>-</u>

IAS 12, Income Taxes, requires the Company to reassess at each statement of financial position date unrecognized deferred tax assets. Pursuant to this requirement, the tax losses of \$4,612,543,000 available to the Company as at 31 December 2013 were assessed and based upon a conservative estimate of utilization, given the improvement in the financial performance of the Company in 2013 and over a projection period of two years, a deferred tax asset of \$117,000,000 is recognized at 31 December 2013, with a corresponding deferred tax credit to the earnings statement.

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for indefinite carry forward and offset against future profits amount to approximately \$4,727,545,000 (2012 - \$8,277,206,000) for the Group and \$4,612,543,000 (2012 - \$8,149,542,000) for the Company.

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 10. Profit/ (loss) after taxation and accumulated losses

	2013 \$'000	2012 \$'000
a) The net profit/(loss) is dealt with in the financial statements as follows:		
Company	105,855	(3,359,298)
Subsidiaries	8,066	11,033
Group	<u>113,921</u>	<u>(3,348,265)</u>
b) The accumulated losses are reflected in the financial statements as follows:		
Company	(7,537,179)	(7,643,034)
Subsidiaries	149,880	141,814
Group	<u>(7,387,299)</u>	<u>(7,501,220)</u>

#### 11. Earnings/(Loss) per ordinary stock unit

	<u>Group</u>	
	2013 \$'000	2012 \$'000
Profit/(Loss) attributable to Shareholders	113,921	(3,348,265)
Number of stock units in Issue (thousands)	851,138	851,138
Earnings/ (loss) per ordinary stock Unit (expressed in \$ per share)	<u>\$0.13</u>	<u>(\$3.93)</u>



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 12. Related party transactions

##### Terms and conditions of transactions with related parties:

Parties are considered to be related if they are members of the same group or are jointly controlled by the same entity. Related parties also include those who have the ability to exercise significant influence over the entity or are members of key management. CCCL and its subsidiaries are part of the Trinidad Cement Limited Group. Transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction. For the year ended 31 December 2012 and 2013, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

##### a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Included in the statement of comprehensive income:</b>				
(Income)/Expenses –				
Sale of gypsum	(3,563)	(4,229)	-	-
Sale of cement	(1,309,343)	(998,771)	(1,309,343)	(998,771)
Sale of clinker	(98,748)	(64,616)	(98,748)	(64,616)
Technical fee charges	75,689	72,672	75,689	72,672
Purchase of goods and materials	540,473	359,463	540,473	359,463
Interest charges on advances	187,593	277,946	187,593	277,946
Operating lease (Note 13)	1,367,528	1,714,720	1,367,528	1,714,720

##### Included in the statement of financial position:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Short-term amounts (repaid) received, net	(455,899)	552,476	(450,277)	556,263
Long-term amounts (repaid) received, net	(6,421,824)	2,108,463	(6,421,824)	2,108,463

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 12. Related party transactions (continued)

b) Transactions between the Company and its subsidiaries:

	<u>Company</u>	
	2013 \$'000	2012 \$'000
<b>Included in the Company statement of comprehensive income:</b>		
Purchase of gypsum, shale and pozzolan	240,013	217,164
Port fees paid	10,604	3,252
Management fee received	(60,000)	(18,000)
Subvention	11,556	9,559
	<u>          </u>	<u>          </u>

c) Compensation of directors and key management personnel

	<u>Group</u>		<u>Company</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Short-term employee benefits	135,640	113,445	135,640	113,445
Directors' fees	8,961	8,776	8,961	8,776
	<u>144,601</u>	<u>122,221</u>	<u>144,601</u>	<u>122,221</u>

**CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES**

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**13. Property, plant and equipment**

Property, plant and equipment consist of the following:

**Group:**

**2013**

	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000	Total \$'000
<b>At cost</b>					
1 January 2013	1,292,180	7,365,185	313,204	165,772	9,136,341
Additions	-	555	26	577,949	578,530
Disposals and adjustments	-	(27,482)	(317)	-	(27,799)
Transfers	9,177	146,592	11,871	(167,640)	-
31 December 2013	1,301,357	7,484,850	324,784	576,081	9,687,072
<b>Accumulated depreciation</b>					
1 January 2013	551,824	3,869,066	243,238	-	4,664,128
Charges during the year	98,859	205,177	15,171	-	319,207
Disposals	-	(27,308)	(220)	-	(27,528)
31 December 2013	650,683	4,046,935	258,189	-	4,955,807
<b>Net book value</b>					
31 December 2013	650,674	3,437,915	66,595	576,081	4,731,265



CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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13. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Group:

2012

	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000	Total \$'000
<b>At cost</b>					
1 January 2012	1,168,199	7,375,810	306,301	436,430	9,286,740
Additions	-	-	-	149,217	149,217
Disposals and adjustments	(2,474)	(296,519)	(623)	-	(299,616)
Transfers	126,455	285,894	7,526	(419,875)	-
31 December 2012	1,292,180	7,365,185	313,204	165,772	9,136,341
<b>Accumulated depreciation</b>					
1 January 2012	518,509	3,443,702	230,370	-	4,192,581
Charges during the year	35,767	380,558	13,439	-	429,764
Impairment	-	271,157	-	-	271,157
Disposals	(2,452)	(226,351)	(571)	-	(229,374)
31 December 2012	551,824	3,869,066	243,238	-	4,664,128
<b>Net book value</b>					
31 December 2012	740,356	3,496,119	69,966	165,772	4,472,213

**CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES**

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**13. Property, plant and equipment (continued)**

Property, plant and equipment consist of the following:

Company:

	2013					Total
	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000		\$'000
<b>At Cost</b>						
1 January 2013	1,149,891	7,237,003	311,886	129,113		8,827,893
Additions	-	-	-	560,961		560,961
Disposals and adjustments	-	(6,163)	(317)	-		(6,480)
Transfers	9,177	146,592	11,871	(167,640)		-
31 December 2013	1,159,068	7,377,432	323,440	522,434		9,382,374
<b>Accumulated depreciation</b>						
1 January 2013	496,105	3,755,507	240,583	-		4,492,195
Disposals and adjustments	7,060	(13,050)	(220)	-		(6,210)
Charges during the year	87,488	208,786	14,997	-		311,271
31 December 2013	590,653	3,951,243	255,360	-		4,797,256
<b>Net book value</b>						
31 December 2013	568,415	3,426,189	68,080	522,434		4,585,118

**CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES**

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**13. Property, plant and equipment (continued)**

Property, plant and equipment consist of the following:

Company:

	2012					Total \$'000
	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000		
<b>At Cost</b>						
1 January 2012	1,025,910	7,184,916	304,931	417,156	8,932,913	
Additions	-	-	-	131,832	131,832	
Disposals and adjustments	(2,474)	(233,807)	(571)	-	(236,852)	
Transfers	126,455	285,894	7,526	(419,875)	-	
31 December 2012	1,149,891	7,237,003	311,886	129,113	8,827,893	
<b>Accumulated depreciation</b>						
1 January 2012	467,835	3,290,257	227,715	-	3,985,807	
Disposals and adjustments	(2,452)	(178,609)	(571)	-	(181,632)	
Impairment	-	271,157	-	-	271,157	
Charges during the year	30,722	372,702	13,439	-	416,863	
31 December 2012	496,105	3,755,507	240,583	-	4,492,195	
<b>Net book value</b>						
31 December 2012	653,786	3,481,496	71,303	129,113	4,335,698	

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 13. Property, plant and equipment (continued)

- a) In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln are owned by TCL and the rest is owned by the Company. On 1 December 2008, the Company entered into a lease arrangement with TCL which ends in 2028, in respect of the units that TCL owns (Note 29).

Cement Mill 5 assets are partly owned by TCL and the rest is owned by the Company. On commissioning of the Mill in January 2010, the Company entered into a lease arrangement with TCL in respect of the units that TCL owns (Note 29).

- b) TCL obtained loans in the amount of US\$105,000,000 in order to finance the construction of Kiln 5 and Cement Mill 5. The loans are secured by a first charge on Kiln 5 and Cement Mill 5, owned by TCL but leased to the Company. The Company's fixed and floating assets are pledged to secure TCL's loans. The pledged assets include the ownership interest in subsidiaries. The Group is also a guarantor of loans that are taken by the parent or fellow subsidiaries of the parent. The leasehold interest in the quarry held by Jamaica Gypsum & Quarries Limited is pledged in this regard.
- c) The Group reviewed the carrying amounts of the Kiln 4 asset at the end of 2012 and concluded that the asset was totally impaired. The remaining impaired value at the end of 2012 was recognized in the statement of comprehensive income as a loss for that year.

Any remaining assets that were not impaired at the end of 2012 were transferred to the Kiln 5 asset.



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#### 14. Intangible assets

	<b>The Group</b>		<b>Total</b>
	<b>Exploration</b>	<b>Dredging</b>	
	<b>cost</b>	<b>cost</b>	<b>cost</b>
	\$'000	\$'000	\$'000
<b>At cost</b>			
1 January 2012 and 31 December 2012 and 2013	2,521	13,570	16,091
<b>Accumulated amortization</b>			
1 January 2012	2,521	12,639	15,160
Amortization	-	931	931
31 December 2012 and 2013	2,521	13,570	16,091
<b>Net book value</b>			
31 December 2013	-	-	-
31 December 2012	-	-	-

#### 15. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
<b>At cost:</b>		
Jamaica Gypsum and Quarries Limited 375,000,000 ordinary shares	79,000	79,000
Rockfort Mineral Bath Complex Limited 21,000,000 ordinary shares Impairment loss (2012)	2,938 -	6,310 (3,372)
	2,938	2,938
Caribbean Gypsum Company Limited 1,000 ordinary shares	4,000	4,000
	85,938	85,938

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#### 16. Due from related company

The loan was set off against trade balances due to the parent company at year-end.

Arawak Cement Company Limited:

Interest rate per annum %	The Group			
	2013 US \$'000	2012 US\$'000	2013 \$'000	2012 \$'000
9.50	-	285	-	26,294
9.50	-	510	-	46,859
	-	795	-	73,153

Interest rate per annum %	The Company			
	2013 US \$'000	2012 US\$'000	2013 \$'000	2012 \$'000
9.50	-	510	-	46,859
	-	510	-	46,859

#### 17. Inventories

Inventories consist of the following:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Plant spares	749,988	764,504	749,988	764,504
Consumables	395,899	382,987	395,899	382,987
Raw materials and work in progress	1,357,064	1,238,364	1,339,235	1,220,536
Finished goods	452,105	504,486	415,602	419,591
Goods in transit	36,030	9,132	36,030	9,132
	2,991,086	2,899,473	2,936,754	2,796,750
Provision for obsolescence and impairment	(127,941)	(134,392)	(127,941)	(134,392)
	2,863,145	2,765,081	2,808,813	2,662,358

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#### 17. Inventories (continued)

Included in the provision for obsolescence and impairment is \$112,420,000 (2012: \$112,420,000) for spares relating to the idle Kiln #4 asset which have been fully impaired (Note 13c). Finished goods in the amount of \$452,105,000 (2012: \$494,743,000) and work in progress in the amount of \$1,240,514,000 (2012: Nil) are presented at net realizable value.

#### 18. Due from related companies

Due from related companies consists of the following:

	<u>Group</u>		<u>Company</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Readymix (West Indies) Limited	61	53	61	53
Arawak Cement Company Limited	7,184	-	4,309	
TCL Ponsa Manufacturing	-	1,770	-	1,770
TCL Guyana Limited	33,916	14	33,916	14
Trinidad Cement Limited	<u>189,379</u>	-	<u>186,632</u>	-
	<u>230,540</u>	<u>1,837</u>	<u>224,918</u>	<u>1,837</u>

These balances are unsecured and carry no fixed repayment terms.

#### 19. Receivables and prepayments

	<u>Group</u>		<u>Company</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables	652,979	493,315	623,239	463,053
Sundry receivables and prepayments	<u>389,650</u>	<u>516,564</u>	<u>346,074</u>	<u>473,604</u>
	1,042,629	1,009,879	969,313	936,657
Less: Impairment provision	<u>(97,773)</u>	<u>(110,928)</u>	<u>(84,695)</u>	<u>(99,467)</u>
	<u>944,856</u>	<u>898,951</u>	<u>884,618</u>	<u>837,190</u>

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#### 19. Receivables and prepayments (continued)

##### Changes in impairment provision

	Group Individually impaired		Company Individually impaired	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance as at 1 January	110,928	18,812	99,467	16,293
Charges (recoveries)	(13,155)	92,116	(14,772)	83,174
Balance as at 31 December	97,773	110,928	84,695	99,467

As at 31 December, the aging analysis of trade receivables net of impaired provision is as follows:

	Total \$'000	Neither past due nor impaired \$'000	The Group Past due but not impaired			
			< 30 days \$'000	30-60 days \$'000	61-90 days \$'000	> 90 days \$'000
			<b>2013</b>	<u>555,206</u>	<u>491,935</u>	<u>14,896</u>
<b>2012</b>	<u>382,387</u>	<u>261,916</u>	<u>87,722</u>	<u>4,308</u>	<u>6,529</u>	<u>21,912</u>

	Total \$'000	Neither past due nor impaired \$'000	The Company Past due but not impaired			
			< 30 days \$'000	30-60 days \$'000	61-90 days \$'000	> 90 days \$'000
			<b>2013</b>	<u>538,544</u>	<u>490,433</u>	<u>11,335</u>
<b>2012</b>	<u>363,586</u>	<u>260,927</u>	<u>85,148</u>	<u>2,752</u>	<u>1,990</u>	<u>12,769</u>



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#### 20. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>Group</u>		<u>Company</u>	
	<b>2013</b> \$'000	<b>2012</b> \$'000	<b>2013</b> \$'000	<b>2012</b> \$'000
Cash at bank and in hand	202,097	164,451	185,415	155,444
Short-term deposits	10	79,852	10	79,852
	<u>202,107</u>	<u>244,303</u>	<u>185,425</u>	<u>235,296</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### 21. Due to parent and related companies

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

	<u>Group</u>		<u>Company</u>	
	<b>2013</b> \$'000	<b>2012</b> \$'000	<b>2013</b> \$'000	<b>2012</b> \$'000
TCL Ponsa Manufacturing Limited	3,040	-	3,040	-
TCL Guyana Limited	-	15	-	15
Trinidad Cement Limited	181,635	6,891,985	181,635	6,891,985
TCL (Nevis) Limited	267,058	266,040	267,058	266,040
TCL Packaging Limited	531,778	425,473	531,778	425,473
TCL Trading Limited	248,593	297,613	248,593	297,613
	<u>1,232,104</u>	<u>7,881,126</u>	<u>1,232,104</u>	<u>7,881,126</u>
Long-term	456,324	6,878,150	456,324	6,878,150
Short-term	775,780	1,002,976	775,780	1,002,976
	<u>1,232,104</u>	<u>7,881,126</u>	<u>1,232,104</u>	<u>7,881,126</u>

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 21. Due to parent and related companies (continued)

	<u>Group and Company</u>	
	<b>2013</b> \$'000	<b>2012</b> \$'000
The long-term amount comprises the following:		
Trinidad Cement Limited	181,635	6,342,039
TCL Packaging Limited	414,782	365,036
TCL Trading Limited	-	58,405
TCL Nevis Limited	<u>-</u>	<u>112,670</u>
	596,417	6,878,150
Less current portion included in short-term	<u>(140,093)</u>	<u>-</u>
	<u>456,324</u>	<u>6,878,150</u>
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	3,040	-
TCL Guyana Limited	-	15
Trinidad Cement Limited	-	549,946
TCL Nevis Limited	267,059	153,370
TCL Packaging Limited	257,088	60,437
TCL Trading Limited	<u>248,593</u>	<u>239,208</u>
	<u>775,780</u>	<u>1,002,976</u>

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 21. Due to parent and related companies (continued)

##### Trinidad Cement Limited:

Loan #	Interest rate per annum %	2013	2012	2013	2012
		US\$'000	US\$'000	S'000	S'000
1	10.50	-	3,625	-	337,036
2	10.00	-	2,249	-	209,104
3	10.00	-	13,706	-	1,274,357
4	10.00	-	1,100	-	102,275
5	10.00	-	1,434	-	133,338
6	10.00	-	1,300	-	120,871
7	10.00	-	600	-	55,787
9	4.58	1,713	-	181,635	-
		1,713	24,014	181,635	2,232,768
		TTS'000	TTS'000		
8	10.00		23,700		343,381
		-	23,700	-	343,381
		US\$'000	US\$'000		
Long term payables		-	40,481	-	3,765,890
		-	40,481	-	3,765,890
				181,635	6,342,039

Loan # 1 represented Kiln 5 lease payable renegotiated as a long term loan in September 2009. It was repayable in sixteen equal quarterly installments, and repayment was to initially commence March 2013. In December 2012, a review of the Company's loan portfolio was done and the repayment was rescheduled to commence March 2014.

Loan # 2 represented Kiln 5 lease payable converted to a long term loan in March 2010. In December 2011, the loan was rescheduled to mature in March 2014.

Loan # 3 represented lease obligations (Kiln 5 and Cement Mill 5) and Kiln 5 current payable converted to a long term loan in September 2010. It was rescheduled to be repaid upon maturity on 31 December 2016.

Loan # 4 represented amounts advanced to the Company to aid with severance payments in June 2011. It was repayable upon maturity on 31 March 2015.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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### 21. Due to parent and related companies (continued)

#### Trinidad Cement Limited (continued):

Loan # 5 represented amounts advanced to the company to aid with coal purchase in July 2011. It was repayable upon maturity on 31 March 2014.

Loan # 6 represented amounts advanced to the company to aid with coal purchase in September 2011. It was repayable upon maturity on 31 December 2016.

Loan # 7 represented advance for coal purchase in February 2012 and was payable upon maturity November 2012. In December 2012, the loan was rescheduled to be repaid upon maturity December 2014.

Loan # 8 represented Kiln 4 lease payable converted to a long term loan in December 2009. In December 2011, the loan was rescheduled to mature in March 2014.

The long term balance of US\$40,481,000 as at December 2012 represented lease obligation (Kiln 5 and Cement Mill 5) advance payment, Kiln 5 current account and interest payable converted to long term payables.

On 29 June 2013, debt of US\$75,000,000 owed to Trinidad Cement Company was restructured to strengthen the equity position of the Company. Pursuant to the shareholders' approval, US\$37,000,000 was converted to redeemable preference shares and, in addition, TCL forgave US\$38,000,000 of the outstanding debt. The latter is reflected as a capital contribution in the consolidated statement of changes in equity. Loans # 1 to #8 and long term payables balance were included in this restructuring.

Loan # 9 represents residual balances due to Trinidad Cement Limited that remained outstanding after the June 2013 debts of US\$75,000,000 were converted and forgiven. These balances have been consolidated into a medium term loan payable on 31 December 2017.



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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 21. Due to parent and related companies (continued)

##### TCL Packaging Limited:

Loan #	Interest rate per annum %	2013	2012	2013	2012
		TT \$'000	TTS'000	\$'000	\$'000
1	9.50	10,960	10,960	179,738	158,796
2	8.50	2,082	2,082	34,150	30,104
		13,042	13,042	213,888	188,900
		US\$'000	US\$'000		
3	8.50	1,894	1,894	200,894	176,136
				414,782	365,036

Loan # 1 was received in 2008 and was repayable in four semi-annual installments which began June 2009. The loan was rescheduled in 2012 and repayments are now scheduled to commence June 2014.

Loan # 2 represents the conversion of short term advances to a long term loan. It is repayable in twelve equal quarterly installments which began March 2009. The loan has been rescheduled and repayments are slated to start March 2014.

Loan # 3 represents the conversion of a portion (US\$1.894m) of outstanding trade payable balance to TPL at 31 December 2012. It is repayable in 16 equal installments commencing March 2014.

##### TCL Trading Limited:

Loan #	Interest rate per annum %	2013	2012	2013	2012
		US\$'000	US\$'000	\$'000	\$'000
1	7.00	-	410	-	38,160
2	7.50	-	218	-	20,245
		-	628	-	58,405

Both loans were settled during the year.

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#### 21. Due to parent and related companies (continued) TCL Nevis Limited:

Interest rate per annum %	2013 US\$'000	2012 US\$'000	2013 S'000	2012 S'000
10.00	-	1,212	-	112,670
	-	1,212	-	112,670

The loan was settled during the year.

All parent and related party loans as stated above are unsecured.

#### 22. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Sundry payables and accruals	613,950	1,397,035	596,737	1,345,018
Trade payables	1,427,822	1,204,727	1,405,237	1,181,426
Statutory obligations	140,785	112,314	139,803	111,136
	<u>2,182,557</u>	<u>2,714,076</u>	<u>2,141,777</u>	<u>2,637,580</u>

#### 23. Due from subsidiary

This amount represents the net trade amounts due from Jamaica Gypsum & Quarries Limited and management fees charged by the parent company.

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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 24. Long-term loans

Long-term loans are repayable as follows:

	<b>Group and Company</b>	
	<b>2013</b>	<b>2012</b>
	\$'000	\$'000
Amounts repayable within:		
One year	69,334	34,461
Two years	70,006	68,277
Three years	72,303	69,205
Four years	71,660	71,324
Five years	525,507	588,906
	<u>808,810</u>	<u>832,173</u>
Current portion	(69,334)	(34,461)
	<u>739,476</u>	<u>797,712</u>

#### RBC Bank Jamaica Limited

These loans are:

Loan #	Interest rate per annum %	<b>Group and Company</b>			
		2013	2012	2013	2012
		US\$'000	US\$'000	\$'000	\$'000
1	11.50	820	854	86,917	79,123
2	17.75	-	-	174,869	182,155
3	20.25	-	-	485,070	505,282
4	24.50	-	-	59,835	62,328
		-	-	719,774	749,765
		-	-	806,691	828,888
<b>Other</b>					
	20.76	-	-	2,119	3,285
		-	-	808,810	832,173

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#### 24. Long-term loans (continued)

Loan #s 1 - 4 were reclassified under the debt restructuring exercise. These loans are repayable in quarterly installments and repayments commenced March 2013.

The loan classified as "Other", represents a motor vehicle loan which was provided to a Company executive in accordance with the Company's motor vehicle policy. The loan is secured by a bill of sale over the vehicle. The loan is repayable in equal monthly installments.

As a consequence of the restructuring of the Group's and Company's debt, an Override Agreement was executed between the TCL Group and the Lenders, which synchronized debt service payments and set other conditions including the maintenance of ratio covenants. The individual loan agreements continue to be in force to the extent they were not varied by the Override Agreement. Interest and principal is payable quarterly from March 2013 through to December 2018 with the last principal payment being 43% of the restructured debt. Under the Override Agreement, the CCCL Group's assets are pledged to secure its debt and that of fellow companies in the TCL Group for which CCCL Group is also a guarantor.

The Group was compliant with all terms of the debt restructuring agreement including payments at December 2013.

#### 25. Other long-term liability

This represents withholding tax payable on conversion of US\$37,000,000 of the Company's debt to preference shares. The Company has been granted a period of six years to pay the withholding taxes, with an assessment to be completed at the end of three years to determine the Company's ability to commence payment. The outstanding amount must be paid in full at the expiration of either three or six years.

#### 26. Share capital and reserves

Share capital consists of the following:

	Number of units	Number of units
	2013 (000)	2012 (000)
<b>Authorized:</b>		
Ordinary shares of no par value	<u>1,350,000</u>	<u>1,350,000</u>
Preference shares		
1 January	15,000	15,000
Increase during the year	<u>100,000</u>	<u>-</u>
31 December	<u>115,000</u>	<u>15,000</u>



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 26. Share capital and reserves (continued)

	Number of Units	Number of Units	<u>Group and Company</u>	
	2013 (000)	2012 (000)	2013 \$'000	2012 \$'000
<b>Issued and fully paid:</b>				
Ordinary stock units of no par value 1 January and 31 December	<u>851,138</u>	<u>851,138</u>	<u>1,808,837</u>	<u>1,808,837</u>
<b>Preference shares</b>				
1 January	<u>15,000</u>	<u>15,000</u>	<u>1,339,650</u>	<u>1,339,650</u>
Issued during the year	<u>37,000</u>	<u>-</u>	<u>3,738,110</u>	<u>-</u>
31 December	<u>52,000</u>	<u>15,000</u>	<u>5,077,760</u>	<u>1,339,650</u>
	<u>903,138</u>	<u>866,138</u>	<u>6,886,597</u>	<u>3,148,487</u>
<b>Capital contribution</b>	<u>-</u>	<u>-</u>	<u>3,839,090</u>	<u>-</u>

- (a) On 5 January 2010 at an Extraordinary General Meeting the members approved a resolution for the conversion of US\$15,000,000 of the Company's indebtedness to TCL into fifteen million (15,000,000) redeemable preference shares of US\$1 each.

On 25 June 2013, at a General Meeting the shareholders approved a resolution for the creation of 100,000,000 new preference shares and further authorized the Board to issue to Trinidad Cement Company Limited allotments of new preference shares for the purpose of discharging debts owed by the Company to TCL. Subsequently, on 29 June 2013, the Board approved the conversion of US\$37,000,000 due to Trinidad Cement Limited into thirty seven million (37,000,000) redeemable preference shares of US\$1 each.

Additionally, on this date the TCL Board approved that intercompany balances of US\$38,000,000 due by the Company to TCL be forgiven. The debt forgiven has been credited as a capital contribution by the Company.

This restructuring was designed to strengthen the equity position of the Company.

The preference shares confer upon the holders thereof no right at any time to receive any dividend beyond such dividend as the Company may, at its discretion, declare upon the preference shares provided that if the Company shall declare any dividend on its ordinary stock units it shall at the same time declare a dividend on the preference shares at a rate no lower than the rate declared on the ordinary stock units. All dividends declared upon the preference shares shall be paid in United States dollars. The preference shares may be redeemed at any time at the sole discretion of the Company.

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### 26. Share capital and reserves (continued)

- (b) Realized capital gain represents the profit from the sale of certain machinery and equipment in August 1999 which was credited to the statement of comprehensive income over the 10 year period of the original operating lease (Note 13).

### 27. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life 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 and Company's contributions in the year amounted to \$61,890,000 (2012 - \$55,671,000) and \$61,015,000 (2012 - \$55,447,000) respectively.

### 28. Contingencies

There are several pending legal actions and other claims, estimated at \$21,539,000 (2012 - \$28,000,000), 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 considered probable. Accordingly, no provision has been made in these financial statements in respect of these matters.

### 29. Commitments

#### a) Operating leases

The Company has commitments of \$8,950,375,000 (US\$84,400,000) under the operating leases with Trinidad Cement Limited, which are payable semi-annually in United States dollars (Note 6). The annual lease charges were revised during 2012.

In the year ended 31 December:

	\$'000
2014	1,569,497
2015	1,739,172
2016	1,908,848
2017	1,866,429
2018	1,866,429
	<u>8,950,375</u>

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#### 29. Commitments (continued)

##### a) Operating leases (continued)

Other operating leases	2013	2012
	\$'000	\$'000
Within one year	3,140	3,140
After one year, but less than five years	12,365	12,430
More than five years	44,592	47,667
	<u>60,097</u>	<u>63,237</u>

##### b) Guarantees

The Company provided guarantees in the form of letters of credit and indemnities to third parties in the amount of \$10,500,000 for year ended 2012. There was no guarantee for the year ended 2013.

##### c) Capital commitment

The amount of \$110,357,000 (US\$1,040,641) (2012: \$37,000,000 (US\$400,000)) was approved and contracted as at 31 December 2013 in respect of capital projects.

#### 30. Limestone reserves

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 35 years remaining but exploitable reserves are expected to have a life of 165 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 123 years. These limestone reserves are not recorded in these financial statements.

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#### 31. Operating segment reporting

As at 31 December 2013

	Cement \$'000	Gypsum and pozzolan \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
<b>Revenue</b>				
External customers	12,058,718	30,766	-	12,089,484
Inter-segment	11,556	250,617	(262,173)	-
<b>Total revenue</b>	<u>12,070,274</u>	<u>281,383</u>	<u>(262,173)</u>	<u>12,089,484</u>
<b>Segment results</b>				
Depreciation and amortization	311,786	7,421	-	319,207
<b>Segment (loss) profit before tax</b>	<u>(10,659)</u>	<u>7,580</u>	<u>-</u>	<u>(3,079)</u>
<b>Operating assets</b>	<u>8,940,288</u>	<u>256,219</u>	<u>(74,651)</u>	<u>9,121,856</u>
<b>Operating liabilities</b>	<u>4,329,701</u>	<u>46,648</u>	<u>(6,542)</u>	<u>4,369,807</u>
<b>Other disclosure</b>				
Capital expenditure	<u>561,516</u>	<u>17,014</u>	<u>-</u>	<u>578,530</u>

As at 31 December 2012

	Cement \$'000	Gypsum and pozzolan \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
<b>Revenue</b>				
External customers	9,012,719	71,881	-	9,084,600
Inter-segment	9,559	220,416	(229,975)	-
<b>Total revenue</b>	<u>9,022,278</u>	<u>292,297</u>	<u>(229,975)</u>	<u>9,084,600</u>
<b>Segment results</b>				
Depreciation and amortization	417,996	12,699	-	430,695
Impairment losses	386,949	-	(3,372)	383,577
<b>Segment (loss) profit before tax</b>	<u>(2,683,973)</u>	<u>2,625</u>	<u>9,243</u>	<u>(2,672,105)</u>
<b>Operating assets</b>	<u>8,278,953</u>	<u>309,507</u>	<u>(100,157)</u>	<u>8,488,303</u>
<b>Operating liabilities</b>	<u>11,351,906</u>	<u>107,516</u>	<u>(32,047)</u>	<u>11,427,375</u>
<b>Other disclosure</b>				
Capital expenditure	<u>131,832</u>	<u>17,385</u>	<u>-</u>	<u>149,217</u>



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### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 31. Operating segment reporting (continued)

##### Geographical information

	2013 \$'000	2012 \$'000
Local	10,691,952	7,765,604
Caribbean countries	687,725	1,135,961
South American countries	709,807	183,035
	<u>12,089,484</u>	<u>9,084,600</u>

The revenue information above represents third party revenue based on the location of the customers' operations.

Revenue from one customer amounted to \$1,774,380,000 (2012: \$821,665,000), arising from sales in the cement segment.

#### 32. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans, operating leases, trade payables and related party balances. The Group has various financial assets such as trade receivables, cash and short-term deposits and related party balances which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risks arises primarily from its trade receivables and from its financing activities of short term deposits with banks and financial institutions and foreign exchange transactions.

##### a) Trade and other receivables

The Group's main exposure to credit risk is managed by an established credit policy under which each customer has to be assessed individually for credit worthiness before the customer can be considered for a credit limit. Credit limits are established for all customers and are based on internal rating criteria which are reviewed annually.

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements  
31 December 2013  
(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Credit risk (continued)

##### a) Trade and other receivables (continued)

As at 31 December 2013, the Group had 3 customers (2012: 3 customers) that owed the Group more than \$65,000,000 each (2012: \$40,000,000 each), which accounted for 65% (2012: 49%) of all trade receivables owing.

The Group manages its concentration risk by frequent and diligent reviews of its largest customers' operations to ensure that they remain economically viable and will be able to settle liabilities in a timely manner.

The aged receivable balances are regularly monitored. An allowance for impairment is done annually on the trade receivables balances where each customer is assessed for amounts that are long overdue despite the Group's collection efforts during the year.

##### b) Cash and cash equivalents

This risk is managed in line with the Group's policy. Excess funds are invested for short periods of time depending on the Group's cash flow requirements. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

Annual reviews of the policy are undertaken and approved at the Group's Board of Directors level.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position:

	Group		Company	
	Gross maximum exposure	Gross maximum exposure	Gross maximum exposure	Gross maximum exposure
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	\$'000	\$'000	\$'000	\$'000
Trade receivables	555,206	382,387	538,544	363,586
Cash and cash equivalents	202,107	244,303	185,425	235,296
Due from related companies	230,540	74,990	224,918	48,696
Due from subsidiary	-	-	6,418	32,047
	<u>987,853</u>	<u>701,680</u>	<u>955,305</u>	<u>679,625</u>

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2013

(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2013, the Group had no significant exposure to interest rate risk as all borrowings are at fixed rates. The interest rate exposure of borrowings is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2013</u> \$'000	<u>2012</u> \$'000	<u>2013</u> \$'000	<u>2012</u> \$'000
Total borrowings:				
At fixed rates	<u>1,265,134</u>	<u>7,710,323</u>	<u>1,265,134</u>	<u>7,710,323</u>
Weighted average effective interest rates:				
	(%)	(%)	(%)	(%)
Bank borrowings (US\$ loans)	11.5	11.5	11.5	11.5
Other bank borrowings	20.0	20.0	20.0	20.0
Related party loans	9.3	10.0	9.3	10.0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of the Group's and Company's loss before tax, with all other variables held constant.

	<u>Group &amp; Company</u>	
	<u>Increase/decrease</u> <u>in basis points</u>	<u>Effect on loss</u> <u>before tax</u> \$'000
<b>2013</b>		
JMD	+400	-
JMD	-100	-
<b>2012</b>		
JMD	+400	-
JMD	-100	-
	<u>          </u>	<u>          </u>

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2013

(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from purchases by the Group in currencies other than its functional currency. Approximately sixty percent (60%) of the Group's purchases are denominated in or sensitive to currencies other than its functional currency. The net foreign currency exposure as at 31 December 2013, expressed in Jamaican dollars, is as follows:

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Group's and the Company's loss before tax, with all other variables held constant.

		<u>Change in Exchange rate</u>	<u>Group Effect on loss before tax</u> \$'000	<u>Company Effect on loss before tax</u> \$'000
2013	US\$	+1%	9,072	9,770
	US\$	-10%	(90,720)	(97,699)
	TTS	+1%	2,364	2,364
	TTS	-10%	(23,636)	(23,636)
	Euro	+1%	77	77
	Euro	-10%	(774)	(774)
			<u>          </u>	<u>          </u>
		<u>Change in Exchange rate</u>	<u>Group Effect on loss before tax</u> \$'000	<u>Company Effect on loss before tax</u> \$'000
2012	US\$	+1%	64,095	64,383
	US\$	-10%	(640,949)	(643,825)
	TTS	+1%	14,791	14,791
	TTS	-10%	(147,909)	(147,909)
	Euro	+1%	75	75
	Euro	-10%	(749)	(749)
			<u>          </u>	<u>          </u>



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2013

(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group maintains a balance between continuity of funding and flexibility through the use of bank loans and related party financing.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

As at 31 December 2013	The Group					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings	-	51,485	154,495	1,071,813	-	1,277,793
Due to parent and related companies	-	33,901	806,445	534,232	-	1,374,578
Trade and other payables	-	1,871,721	-	-	-	1,871,721
	-	1,957,107	960,940	1,606,045	-	4,524,092

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2013

(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Liquidity risk (continued)

As at 31 December 2012	The Group					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings	-	5,720	28,741	3,909,972	-	3,944,433
Due to related companies	-	-	1,002,976	3,765,890	-	4,768,866
Trade and other payables	-	2,714,076	-	-	-	2,714,076
	-	2,719,796	1,031,717	7,675,862	-	11,427,375

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments.

As at 31 December 2013	The Company					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings	-	51,485	154,495	1,071,813	-	1,277,793
Due to parent and related companies	-	33,901	806,445	534,232	-	1,374,578
Trade and other payables	-	1,836,675	-	-	-	1,836,675
	-	1,922,061	960,940	1,606,045	-	4,489,046

As at 31 December 2012	The Company					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings	-	5,720	28,741	3,909,972	-	3,944,433
Due to related companies	-	-	1,002,976	3,765,890	-	4,768,866
Trade and other payables	-	2,637,580	-	-	-	2,637,580
	-	2,643,300	1,031,717	7,675,862	-	11,350,879

## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business activities, maximize shareholder value, and comply with externally imposed capital ratio requirements.

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

##### Fair values

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 of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. Management assessed that the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate their fair values largely due to the short-term maturities of these instruments.

	The Group			
	Carrying amount		Fair values	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	202,107	244,303	202,107	244,303
Receivables	681,337	477,212	681,337	477,212
Due from related companies	230,540	74,990	230,540	75,869
<b>Financial liabilities</b>				
Payables	1,871,721	2,414,632	1,871,721	2,414,632
Due to parent and related companies	1,232,104	7,881,126	619,797	5,439,491
Long term loans	808,810	832,173	849,116	884,105

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements  
 31 December 2013  
 (Expressed in Jamaican Dollars)

32. Financial risk management objectives and policies (continued)

Fair values (continued)

	The Company			
	Carrying amount		Fair values	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	185,425	235,296	185,425	235,296
Due from subsidiary	6,418	32,047	6,418	32,047
Receivables	626,201	421,221	626,201	421,221
Due from related companies	224,918	48,975	224,918	35,278
<b>Financial liabilities</b>				
Payables	1,836,675	2,367,114	1,836,675	2,367,114
Due to parent and related companies	1,232,104	7,881,126	619,797	5,439,491
Long term loans	808,810	832,173	849,116	884,105

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



## FINANCIAL STATEMENTS

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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31 December 2013

(Expressed in Jamaican Dollars)

#### 32. Financial risk management objectives and policies (continued)

##### Fair values (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

##### Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2013

	Date of valuation	Quoted	Significant	Significant	Total
		prices in active markets	observable inputs	unobservable inputs	
		(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	\$'000
<b>As at 31 December 2013</b>					
<b>Liabilities for which fair values are disclosed</b>					
Due to parent and related companies	31 December 2013	-	-	619,797	619,797
Long term loans	31 December 2013	-	-	849,116	849,116
<b>As at 31 December 2012</b>					
<b>Assets for which fair values are disclosed</b>					
Due from related companies	31 December 2012	-	-	75,869	75,869
<b>Liabilities for which fair values are disclosed</b>					
Due to parent and related companies	31 December 2012	-	-	5,439,491	5,439,491
Long term loans	31 December 2012	-	-	884,105	884,105

### CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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#### 33. Debt Restructuring

In 2010 the ultimate parent company, Trinidad Cement Limited (TCL) commenced negotiations with its lenders for the restructuring of its debt portfolio. On 14 January 2011, TCL declared a moratorium on debt service payments by all entities in the Group and thereafter debt service payments falling due were not paid by TCL and its subsidiaries (the "TCL Group").

Debt agreements covering loans amounting to TT\$1,673 million (US\$261 million) in the TCL Group as at 31 December 2011 were therefore in default. However, lenders did not seek to enforce their security and legal rights, which remained unchanged whilst negotiations were in progress with TCL. By 31 December 2011, TCL and its lenders had reached agreement in principle on the features of the restructuring and its key terms.

On 10 May 2012, the agreements to give effect to the debt restructuring were executed by the TCL Group with the lenders and these financial statements have been prepared in accordance with the restructuring agreements. Payment and all other terms were complied with throughout 2013. As described in Note 24, the restructured debt has effectively been bundled into one portfolio of debt with quarterly payments of principal and interest to be repaid from March 2013 through December 2018, with the last principal payment being 43% of the restructured debt.

The override agreement has imposed the following key covenants and restrictions on the TCL group:

1. Compliance with certain financial covenants for the TCL Group commencing from March 31, 2013 and quarterly thereafter. This includes a consolidated coverage ratio (ratio of EBITDA to interest), consolidated leverage ratio (ratio of Debt to EBITDA) and consolidated total liabilities to tangible net worth (ratio of total liabilities to shareholders equity).
2. The TCL Group's capital expenditure cannot exceed US\$15 million (excluding Readymix W.I. Limited and TCL Packaging Limited).
3. Dividends cannot exceed US\$3m per annum and can only be paid when Debt / EBITDA is less than or equal to 3.
4. At each quarter end, if cash balance is greater than US\$15 million after accounting for any impending debt service payment, the excess is payable to lenders as an additional debt service payment.

The TCL Group was in compliance with all terms of the debt restructuring agreement as at 31 December 2013.

# Form of Proxy - 2014

Please affix  
\$100 postage  
stamp here

I/We \_\_\_\_\_  
(Name of Shareholder)

of \_\_\_\_\_  
(Address)

being a member(s) of the above named Company, hereby appoint \_\_\_\_\_ of  
(Name of Proxy)

\_\_\_\_\_ or failing him/her  
(Address)

\_\_\_\_\_ of  
(Name of Proxy)

\_\_\_\_\_ (Address)

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on May 15, 2014 at 10:00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
(Signature)

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the resolutions listed below. Unless otherwise instructed, the Proxy will vote as he thinks fit.

RESOLUTION	For	Against
Resolution 1 - Adoption of Accounts		
Resolution 2 - Remuneration of Auditors		
Resolution 3 - Election of Directors		
(a) Lincoln Parmasar		
(b) Judith Robinson		
Resolution 4 - Remuneration of Directors		

**Note:**

- To be valid, this Form of Proxy must be lodged at the Registered Office of the Company not less than forty-eight hours before the meeting.
- Any alteration in this Form of Proxy shall be initialed.
- In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which the names stand on the register.
- If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal.
- Please affix a \$100.00 postage stamp in the space provided above.

**Postal address:** CARIBBEAN CEMENT COMPANY LIMITED  
P.O. Box 448 Kingston

**Registered Office:** Rockfort, Kingston

Please cut here



# Our Core Values

# GRIPP

## Generating Respect, Integrity, Professionalism and Passion

### *Generating*

- *Offers new ideas and new solutions.*
- *Takes the initiative.*
- *Willingly embraces new and different ways of doing (curve jumping).*
- *Builds trust, embraces with tolerance differences in culture, race, gender, age, educational level, opinions or ideas.*

### *Respect*

- *Thinks about the impact of own words and actions on others.*
- *Is honest, empathetic, and communicates authentically and contextually.*
- *Leads by example.*

### *Integrity*

- *Acts decisively with fair play and equity. No double-speak or curry favour.*
- *Accepts no bribes, operates transparently and in a clean and open manner.*

### *Professionalism*

- *Challenges assumptions and welcomes alternative views.*
- *Displays concerns about wellness, health, security and the environment.*
- *Engages work and others with zest and a commitment to succeed.*
- *Loves people. Loves work. Loves the business.*
- *Understands the mission and is happily guided by its tenets.*
- *Does not seek short term gains at the expense of good customer relations.*

### *Passion*

- *Displays sensitivity to customer perspectives or needs.*
- *Seeks input from external or internal customers.*
- *Listens and responds promptly to customer requests.*





CARIB CEMENT  
Caribbean  
Cement Company  
Limited

MORE THAN JUST CEMENT