TCL GROUP

ONE CARIBBEAN...
ONE COMPANY

# ANNUAL REPORT 2013

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## Vision Statement

We are a World Class Group of Companies, committed to leadership in the regional business community and progressive partnering with all our stakeholders through:

- A focus on customer satisfaction with quality products and services;
- Superior financial performance and rate of return to our shareholders;
- Growth through diversification and expansion in our core competency and through nurturing strategic alliances;
- The continuous empowerment of our family of employees participating in a network of mutual support.

## Mission Statement

To be a World Class Group of Companies providing quality products and services to our customers and generating a superior rate of return to our shareholders through the optimisation of our human, technological and natural resources.

TCL GROUP ONE CARIBBEAN... ONE COMPANY

# Table of Contents

*Annual Report 2013*




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**TCL will lead the local and regional business community in achieving greater sustainable development and progressive partnering with all our stakeholders. It is of mutual interest to the Company, Community and Country for TCL to operate responsibly and develop products and services that address social and environmental challenges.**

## We will:

1. Continually improve our efforts to corporate sustainability leadership and involve our employees in our social responsibility projects;
2. Participate in local networks or seek ways of benefiting from the transfer of knowledge and expertise;
3. Listen and respond to the varied concerns of all our stakeholders.

# Corporate Information



## Board of Directors of Trinidad Cement Limited

Mr. Andy J. Bhajan (Chairman)
Dr. Rollin Bertrand
Mr. Bevon Francis
Mr. Carlos Hee Houng
Mr. Jean Michel Allard
Dr. Leonard Nurse
Mr. Alejandro Alberto Ramirez Cantu
Mr. Brian Young
Mr. Wayne Yip Choy

## Company Secretary

Ms. Kathryna Baptiste

## Group Chief Executive Officer

Dr. Rollin Bertrand

## Registered Office

Southern Main Road,
Claxton Bay,
Trinidad & Tobago, W.I.
Phone: (868) 659-0787/0788/0800
Fax: (868) 659-0818
Website: www.tclgroup.com

## Bankers

(Local)
Republic Bank Limited
High Street, San Fernando,
Trinidad & Tobago, W.I.

## Bankers

(Foreign)
CITIBANK N.A.
111 Wall Street,
New York, NY 10043,
U.S.A.

## Auditors

Ernst & Young
5/7 Sweet Briar Road,
St. Clair,
Trinidad & Tobago, W.I.

## Registrar & Transfer Agent

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad and Tobago, W.I.

## Sub-Registrars

Barbados Central Securities Depository Inc.
8th Avenue, Belleville,
St. Michael, Barbados, W.I.

Jamaica Central Securities Depository
40 Harbour Street,
Kingston, Jamaica, W.I.

Eastern Caribbean Central Securities Registry Limited
Bird Rock, Basseterre,
St. Kitts, W.I.

Trust Company (Guyana) Limited
230 Camp & South Streets,
Georgetown,
Guyana, South America.

## Stock Exchanges on which the Company is listed:

Barbados Stock Exchange
8th Avenue, Belleville,
St. Michael,
Barbados, W.I.

Jamaica Stock Exchange
40 Harbour Street,
Kingston,
Jamaica, W.I.

Trinidad & Tobago Stock Exchange
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad & Tobago, W.I.

Eastern Caribbean Securities Exchange
Bird Rock, Basseterre,
St. Kitts, W.I.

Guyana Association of Securities Companies and Intermediaries Inc.
Hand in Hand Building,
1 Avenue of the Republic,
Georgetown,
Guyana, South America.

## Attorneys-At-Law

The Law Offices of Dr. Claude Denbow, S.C.
13-15 St. Vincent Street,
Port of Spain,
Trinidad & Tobago, W.I.

Girwar & Deonarine
Harris Court, 17-19 Court Street,
San Fernando,
Trinidad & Tobago, W.I.

Johnson, Camacho & Singh
First Floor, Briar Place,
10 Sweet Briar Road,
St. Clair,
Port-of-Spain,
Trinidad & Tobago, W.I.

Clarke, Gittens, Farmer
Parker House, Wildey Business Park,
Wildey Road,
St. Michael,
Barbados, W.I.

Hughes, Fields & Stoby
62 Hadfield & Cross Streets,
Werk-en-rust,
Georgetown,
Guyana, South America.

Kelsick, Wilkin & Ferdinand
P.O. Box 174,
Fred Kelsick Building,
Independence Square South,
Basseterre,
St. Kitts W.I.

Patterson Mair Hamilton
63-67 Knutsford Boulevard,
Kingston 5,
Jamaica, W.I.

# 10-year Consolidated Financial Review

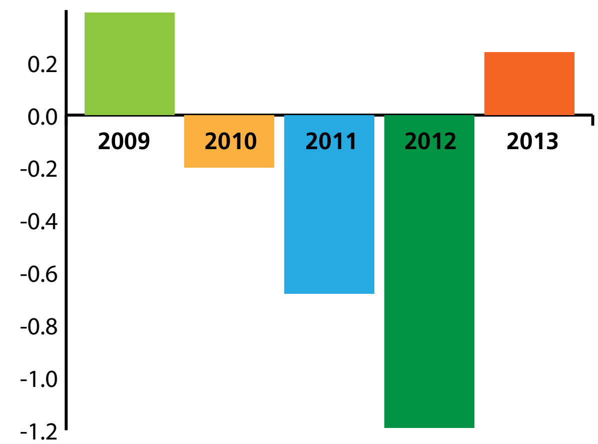


| | UOM | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Group Third Party Revenue | TT$m | 1,329.90 | 1,429.80 | 1,719.00 | 1,923.00 | 2,074.40 | 1,755.80 | 1,561.10 | 1,560.86 | 1,615.89 | 1,941.05 |
| Operating Profit | TT$m | 304.10 | 183.90 | 264.80 | 349.40 | 307.20 | 248.10 | (1.20) | 62.53 | (0.76) | 271.56 |
| Group Profit before Taxation | TT$m | 199.30 | 86.80 | 160.50 | 245.70 | 195.90 | 84.00 | (149.60) | (162.05) | (351.74) | 33.79 |
| Group Profit attributable to Shareholders | TT$m | 162.30 | 160.30 | 145.70 | 187.80 | 137.40 | 95.80 | (48.50) | (167.17) | (292.91) | 58.20 |
| Foreign Exchange Earnings | TT$m | 192.80 | 162.30 | 231.80 | 292.30 | 362.40 | 327.70 | 239.30 | 271.90 | 279.60 | 352.00 |
| EPS | TT$ | 0.67 | 0.66 | 0.60 | 0.77 | 0.56 | 0.39 | (0.20) | (0.68) | (1.19) | 0.24 |
| Ordinary Dividend per Share | TT$ | 0.20 | 0.15 | 0.06 | 0.07 | - | - | - | - | - | - |
| Issued Share Capital – Ordinary | TT$m | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 | 466.20 |
| Shareholders' Equity | TT$m | 939.40 | 1,031.80 | 1,159.00 | 1,313.70 | 1,372.20 | 1,459.70 | 1,424.90 | 781.99 | 485.72 | 561.53 |
| Group Equity | TT$m | 1,061.70 | 1,139.10 | 1,267.50 | 1,442.30 | 1,504.30 | 1,579.30 | 1,517.30 | 810.26 | 461.07 | 536.30 |
| Total Assets | TT$m | 2,394.50 | 2,948.20 | 3,230.00 | 3,621.60 | 3,994.70 | 4,034.40 | 4,120.90 | 3,506.48 | 3,452.76 | 3,399.14 |
| Net Assets per Share | TT$ | 4.25 | 4.56 | 5.07 | 5.77 | 6.02 | 6.32 | 6.07 | 3.24 | 1.85 | 2.15 |
| Return on Shareholders' Equity | % | 18.60 | 15.50 | 12.60 | 14.30 | 10.00 | 6.60 | (3.40) | (21.38) | (60.30) | 10.36 |
| Share Price (Dec 31) | TT$ | 8.05 | 10.00 | 7.01 | 7.35 | 4.00 | 3.85 | 2.80 | 1.79 | 1.49 | 2.20 |
| No. of Shares Outstanding (Dec 31) | '000 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 | 249,765.00 |
| Market Capitalisation (Dec 31) | TT$m | 2,010.60 | 2,497.70 | 1,750.90 | 1,835.80 | 999.10 | 961.60 | 699.30 | 447.08 | 372.15 | 549.48 |
| Total Long Term Debt | TT$m | 848.00 | 1,181.60 | 1,253.90 | 1,395.60 | 1,444.80 | 1,359.00 | 1,242.90 | 1,678.40 | 2,046.12 | 1,951.80 |
| Total Long Term Debt/Equity Ratio | % | 79.90 | 103.70 | 98.90 | 96.80 | 96.00 | 86.10 | 81.90 | 207.14 | 443.78 | 363.94 |

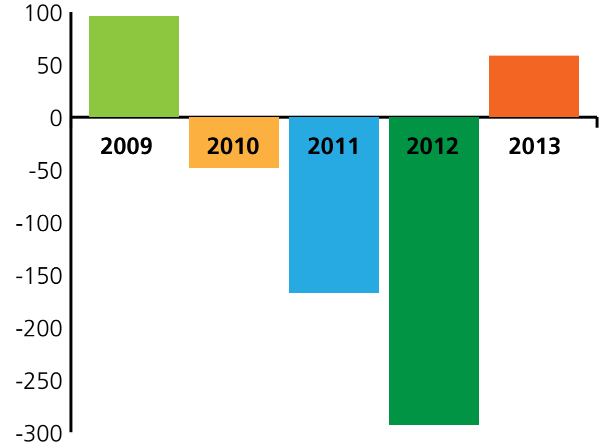
# Consolidated Financial Summary



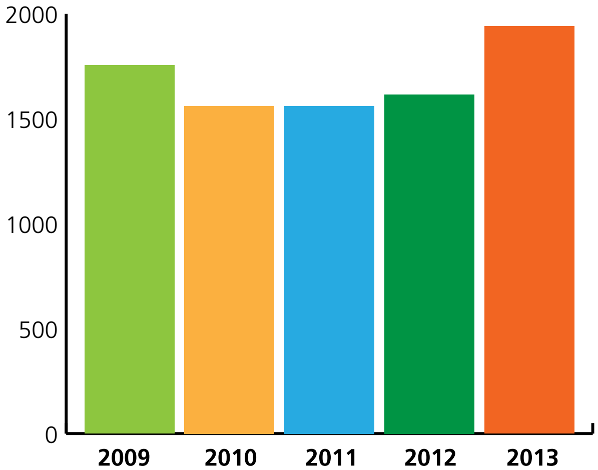
Earnings Per Share - TT$



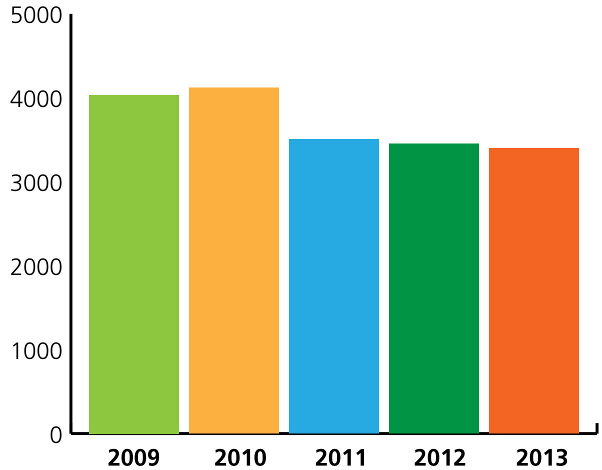

Group Profit attributable to Shareholders - TT$m




Group Third Party Revenue (2009-2013 - TT$m)

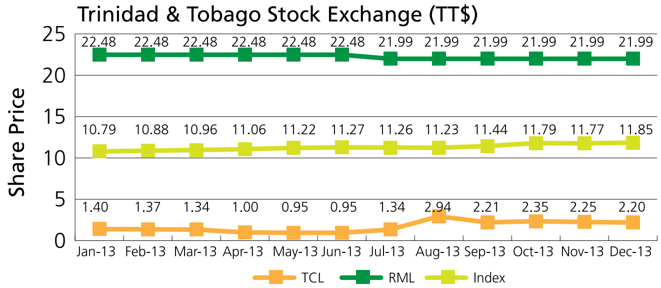



Total Assets (2009-2013 - TT$m)

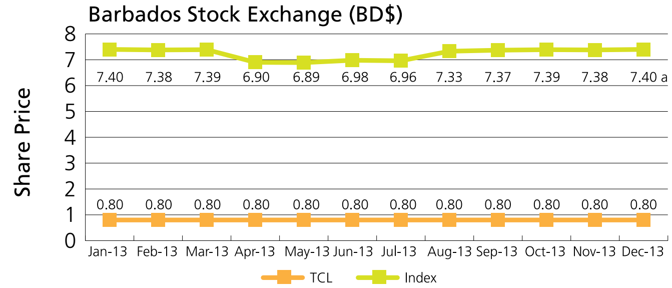


# Share & Performance Highlights

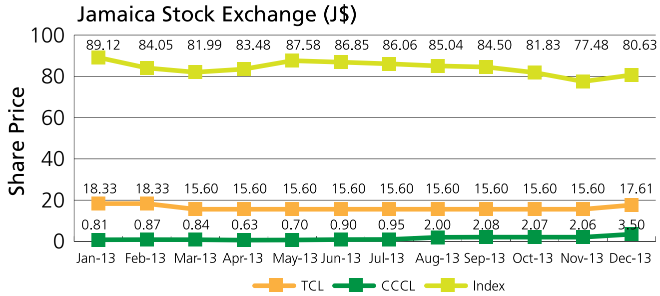
Trinidad & Tobago Stock Exchange (TT$)



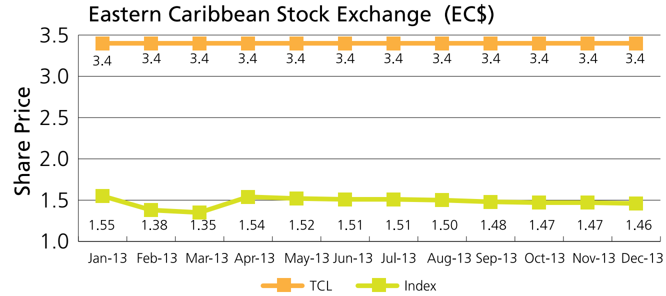

Barbados Stock Exchange (BD$)




Jamaica Stock Exchange (J$)




Eastern Caribbean Stock Exchange (EC$)




## Trading Volumes

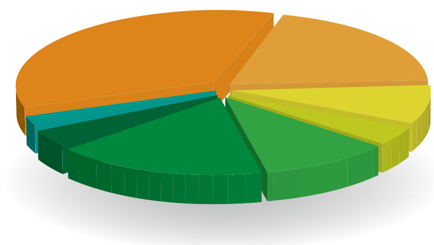
| | | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 |
|---|---|---|---|---|---|---|---|---|
| T'dad | **TCL** | 693,172 | 270,787 | 266,501 | 2,787,631 | 5,972,364 | 1,575,073 | 5,919,233 |
| | **RML** | - | - | - | - | - | - | 5 |
| BSE | **TCL** | - | - | - | - | - | - | - |
| J'ca | **TCL** | - | 20,000 | 168,400 | 500 | - | - | - |
| | **CCCL** | 1,642,967 | 1,763,511 | 202,638 | 764,773 | 614,066 | 1,768,876 | 4,894,066 |
| ECSE | **TCL** | - | - | - | - | - | - | - |

## Trading Volumes

| | | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | TOTAL |
|---|---|---|---|---|---|---|---|
| T'dad | **TCL** | 3,021,602 | 2,573,131 | 874,283 | 1,314,362 | 3,039,169 | 28,307,308 |
| | **RML** | - | - | - | - | - | 5 |
| BSE | **TCL** | - | - | - | - | - | - |
| J'ca | **TCL** | - | - | - | - | 404 | 189,304 |
| | **CCCL** | 2,578,804 | 1,623,999 | 3,648,511 | 738,961 | 7,161,414 | 27,402,586 |
| ECSE | **TCL** | - | - | - | - | - | - |

## Distribution of Shareholdings

| Category | % Distribution |
|---|---|
| Individuals | 35.50% |
| Sierra Trading | 20.00% |
| Baleno Holding | 8.21% |
| Unit Trust | 3.97% |
| NIB | 10.16% |
| Banks / Pension Funds | 16.88% |
| Insurance Companies | 3.43% |
| Other Foreign Investors | 1.85% |
| Total | 100.00% |



## Group Performance Highlights

| | | 2013 | 2012 | % Change |
|---|---|---|---|---|
| **Income Statement** | | | | |
| Group Third Party Revenue | $m | 1,941.05 | 1,615.89 | 20.1% |
| Group Profit/(Loss) attributable to Shareholders | $m | 58.20 | (292.91) | 119.9% |
| Foreign exchange earnings | $m | 352.00 | 279.60 | 25.9% |
| **Balance Sheet** | | | | |
| Total Assets | $m | 3,399.14 | 3,452.76 | -1.6% |
| Shareholders' Equity | $m | 561.53 | 485.72 | 15.6% |
| Net Assets per Share | $ | 2.15 | 1.85 | 16.3% |
| Total Long Term Debt | $m | 1,951.80 | 2,046.12 | 4.6% |
| Total Long Term Debt to Equity Ratio | % | 363.94 | 443.78 | 18.0% |

## Operational Highlights

| | | | 2013 | 2012 | % Change |
|---|---|---|---|---|---|
| **TCL** | Clinker production | '000 tonnes | 612.3 | 494.2 | 23.9% |
| | Cement sales - Local | " | 618.2 | 511.6 | 20.8% |
| | Cement sales - Export | " | 196.2 | 180.1 | 9.0% |
| | Cement sales - Total | " | **814.4** | **691.7** | **17.7%** |
| **CCCL** | Clinker production | '000 tonnes | 696.1 | 652.6 | 6.7% |
| | Cement sales - Local | " | 594.8 | 536.3 | 10.9% |
| | Cement sales - Export | " | 223.5 | 203.8 | 9.6% |
| | Cement sales - Total | " | **818.3** | **740.2** | **10.6%** |
| **ACCL** | Clinker production | '000 tonnes | 199.9 | 159.7 | 25.1% |
| | Cement sales - Local | " | 83.8 | 98.4 | -14.8% |
| | Cement sales - Export | " | 153.7 | 69.6 | 120.8% |
| | Cement sales - Total | " | **237.5** | **168.0** | **41.4%** |
| **TPL** | Paper sack production | millions | 31.7 | 19.4 | 63.1% |
| | Paper sack sales | " | 30.7 | 26.8 | 14.4% |
| **TPM** | Sling/Bag production | thousands | 136.3 | 308.2 | -55.8% |
| | Sling sales | " | 355.5 | 325.7 | 9.1% |
| | Jumbo bag sales | " | 13.3 | 16.3 | -18.2% |
| **RML Group** | Concrete sales – T&T, Barbados | '000m$^3$ | 127.3 | 111.2 | 14.5% |
| **JGQ** | Gypsum sales | '000 tonnes | 48.3 | 64.8 | -25.4% |

# Board of Directors

**Dr. Leonard Nurse**

**Mr. Bevon Francis**

**Mr. Alejandro Alberto Ramirez Cantu**

**Mr. Brian Young**

**Dr. Rollin Bertrand**
*Group Chief Executive Officer*

**Mr. Carlos Hee Houng**

**Mr. Wayne Yip Choy**

**Mr. Jean Michel Allard**

**Mr. Andy J. Bhajan**
*Chairman*

# About our Board of Directors



**Mr. Andy J. Bhajan** *Chairman, Trinidad Cement Limited, TCL Leasing Limited, TCL Service Limited and TCL (Nevis) Limited*

Mr. Andy J. Bhajan was first appointed a Director of TCL in 1987. He was subsequently appointed Group Chairman in October 1995 and served in that capacity until he retired in March 2003, having served for a total of sixteen years. He was re-appointed a Director and Group Chairman of the TCL Board of Directors in October 2005 and continues to serve in that capacity. Mr. Bhajan is an Attorney-at-Law with considerable experience in business and in law and conducts a private practice.

**Dr. Rollin Bertrand** *Group Chief Executive Officer; Director, Trinidad Cement Limited, Caribbean Cement Company Limited, Arawak Cement Company Limited, TCL Packaging Limited, TCL Ponsa Manufacturing, Readymix (West Indies) Limited, TCL Trading Limited, TCL Guyana Incorporated, TCL Leasing Limited, TCL Service Limited and TCL (Nevis) Limited*

Dr. Rollin Bertrand is the Chief Executive Officer of the TCL Group. He is Chairman of Trinidad Aggregate Products Limited and former Chairman of the Board of Trustees of the Caribbean Court of Justice Trust Fund. He was formerly the General Manager of Arawak Cement Company Limited (1994–1998), President of the Association of Cement Producers for Latin America and the Caribbean, President of the Caribbean Association of Industry and Commerce (2003–2005), Chairman of the Water and Sewerage Authority (2006–2008) and a Director of the Trinidad and Tobago Stock Exchange (2002-2011).

Dr. Bertrand obtained a BSc (Sp. Hons.1979) Degree and PhD in Geology (1984) from the University of the West Indies, Mona, Jamaica as well as an Executive Master's Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine. He recently completed a Doctorate in Business Administration (DBA) from the University of Phoenix. Dr. Bertrand was among fifty distinguished alumni who were recognised at UWI's 50th Anniversary Celebrations, for excellence in career achievements.

**Dr. Leonard Nurse** *Director, Trinidad Cement Limited, Arawak Cement Company Limited*

Dr. Leonard Nurse is a Senior Lecturer at the Centre for Resource Management and Environmental Studies at the University of the West Indies, Cave Hill Campus, Barbados, and an Associate of the Centre for Coastal Engineering and Management, UWI, St. Augustine. He graduated with a PhD from McGill University, and currently holds directorships in Barbados National Oil Company, Barbados National Terminal Company Limited, Barbados Cane Industry Corporation and the Bellairs Research Institute of McGill University. Dr. Nurse is also currently the Chairman, Board of Governors of the Caribbean Community Climate Change Centre which is headquartered in Belize. In 2000, Dr. Nurse was awarded the Certificate of Merit by the Future Centre for outstanding work in support of preservation of natural reefs, and in 2001 he was awarded Barbados Centennial Honours, followed by the Governor-General's Award for the Environment. He received Barbados' second highest national award, the Companion of Honour of Barbados, in 2007.

**Mr. Bevon Francis** *Director, Trinidad Cement Limited, Caribbean Cement Company Limited*

Mr. Bevon Francis was appointed to TCL's Board of Directors on December 3, 2010. He also serves as a Director on the Board of Caribbean Cement Company Limited (CCCL).

Mr. Francis graduated from the University of the West Indies, St. Augustine with a degree in Electrical Engineering and subsequently attained a Diploma in Management Studies from the University of the West Indies, Mona and an MBA (Finance) from the University of Manchester and the University of Wales.

Mr. Francis has held the position of Senior Executive Manager at several manufacturing companies in Jamaica and is currently the Chairman of the Board of IGL Ltd.

**Mr. Alejandro Alberto Ramirez Cantu** *Director, Trinidad Cement Limited*

Mr. Alejandro A. Ramirez Cantu is Country Director of CEMEX Puerto Rico. He was appointed to the position in April 2011 and under his directorship, the company has attained marked improvements in its operations. Since October 2012, CEMEX business units in Peru and Argentina also report to him.

Mr. Ramirez Cantu joined CEMEX in July 2000 and has held positions in various areas including Strategic Planning Director and Projects Director at CEMEX Central, Planning Vice President of the Philippines and Asia, Country Manager (Thailand), Vice President of Planning (Venezuela), Vice President of Strategic Projects (South America and the Caribbean), and Director of Corporate Affairs (Americas).

Mr. Ramirez Cantu has extensive experience in management of business units as well as development and implementation of operative and corporate strategies. He holds an MBA with a Major in Finance from the Wharton School of the University of Pennsylvania and a BSc. in Industrial and Systems Engineering from the Monterrey Institute of Technology, Mexico.

**Mr. Brian Young** *Chairman, Caribbean Cement Company Limited; Director, Trinidad Cement Limited*

Mr. Young is a Chartered Accountant and had been with Price Waterhouse for over thirty years before retiring as a senior partner in 1995. Since then, he has served as Interim Executive Chairman of the National Water Commission (Jamaica). He is currently Chairman of the Caribbean Cement Company Limited (based in Jamaica) and serves on the Board of Directors of the Bermudez Group Limited (based in Trinidad), the Jamaica Biscuit Company Limited and Trade Winds Citrus Limited (based in Jamaica).

**Mr. Carlos Hee Houng** *Chairman, Arawak Cement Company Limited, TCL Trading Limited; Director, Trinidad Cement Limited*

Mr. Carlos Hee Houng is a Chemical Engineer with over forty-three years' experience in the energy sector. He is regarded as one of the pioneers in the development of the gas-based industries in Trinidad and Tobago. He was a member of the Government of Trinidad and Tobago (GOTT) team responsible for the acquisition and expansion of Trinidad Cement Limited in 1975-1976. Mr. Hee Houng is also involved in sports, culture and community work and was honored by the UWI Faculty of Engineering at its 25th anniversary for outstanding contribution to national development. He was recognised among fifty distinguished alumni at UWI's 50th anniversary celebrations.

**Mr. Wayne Yip Choy** *Director, Trinidad Cement Limited*

Wayne Yip Choy began his career in 1976 as the Managing Director of Sweetheart Cakes Ltd., which was later renamed Kiss Baking Company Ltd.

Mr. Yip Choy has also served as the Managing Director of Carib Brewery Ltd. and Angostura Holdings Ltd.

He was appointed a TCL Board Member on November 29, 2013.

**Mr. Jean Michel Allard** *Director, Trinidad Cement Limited*

Mr. Jean Michel Allard is an Independent Expert in the cement industry and a Senior Advisor to the IFC (World Bank). He was appointed to the Board of Directors of TCL on March 29, 2012.

Mr. Allard gained extensive experience during his forty-year tenure with the Vicat Group, an International Cement Organisation. He served as the Deputy CEO for twenty-two years and as a member of the Board of Directors during the period 1983 to 2009. Prior to these appointments, he held several managerial positions within the company. Mr. Allard's other ancillary assignments included membership on the Board of Directors of Syndicat Français de l'Industrie Cimentière (SFIC) and Chairman of the National Commission on Safety for the French Cement Profession.

In 2012, Mr. Allard was awarded the Chevalier (Knight) National Order of the Legion of Honour by the Grand Chancery in France.

# TCL Group – Board Sub-Committees

### Governance Committee

Members: Mr. A. J. Bhajan (Chairman)
Mr. B. Young
Mr. A. A. Ramirez Cantu
Ms. K. Baptiste (Recording Secretary)

### Audit Committee

Members: Mr. B. Young (Chairman)
Mr. J.M. Allard
Mr. C. Hee Houng
Mr. G. Armoogam (Recording Secretary)

### Finance Committee

Members: Mr. A. A. Ramirez Cantu (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. L. Parmasar (Group Finance Manager)
Mr. B. Young
Mr. W. Yip Choy
Mr. O. Cuffie (Recording Secretary)

### Human Resource Committee

Members: Dr. R. Bertrand (Group CEO)
Mr. D. Caesar (Group Human Resource Manager and Recording Secretary)
Mr. B. Francis
Dr. L. Nurse

### Board Marketing Committee

Members: Mr. C. Hee Houng (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. E. Daniel (General Manager – International Business & Marketing)
Mrs. R. Gooljar-Singh (Recording Secretary)

### Board Technical Committee

Members: Dr. R. Bertrand (Chairman)
Mr. J.M. Allard
Mr. J. Maharaj (Recording Secretary)
Mr. S. Bachew (General Manager - TCL)
Mr. F.L.A. Haynes (General Manager - CCCL)
Mr. R. Greene (General Manager - TPL and TPM)
Mr. H. Dipnarine (Operations Manager - TCL)
Mr. K. Wiltshire (Operations Manager - CCCL)
Mr. C. Adams (Operations Manager - ACCL)

### TCL Board Operating Committee

Members: Mr. H.N. Hosein (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. L. Parmasar (Group Finance Manager)
Mr. S. Bachew (General Manager-TCL)
Mr. A. Ramcharan
Mr. H. Ferreira
Ms. L. Cozier (Recording Secretary)

# Group Chairman's Review



**The Board of Directors is heartened by the significant progress made to date in turning around the companies' fortunes, especially in light of the depths from which the Group has emerged.**

**Mr. Andy J. Bhajan** • *Chairman*

## The Context

The year 2013 marked a time of recovery and return to profitability for the TCL Group. After three of the most difficult years ever faced in its sixty year history, the Group showed its resilience and perseverance to effect a major turnaround in its financial performance. TCL (that is, the Trinidad and Tobago operations) recorded its highest ever annual profit in the history of the TCL Group. The 2012 loss-making subsidiaries (CCCL/ ACCL/ RML) significantly reduced their decline in 2013, with RML actually returning to profitability. CCCL ended the year by successfully negotiating a long sought after contract for the supply of 100,000 MT of clinker to Venezuela under the Trade Compensation Mechanism of the PetroCaribe Arrangement. The Group met all of its debt refinancing payments and covenants and has been doing so since the Debt Restructuring in May 2012. In the midst of these positive developments, TCL was faced with an unprecedented legal matter instituted by a minority group of shareholders, which, it was subsequently discovered, deeply involved one of our largest creditors. Notwithstanding this legal action, the Group continues to maintain its focus on its quest to bring value to all stakeholders.

Global growth remained sluggish, averaging only 2.9% in 2013. Real GDP growth was relatively slow in emerging markets and developing economies. In the Latin American and the Caribbean Region, growth was somewhat subdued. The Caribbean's growth rate is expected to increase from 1.7% in 2013 to 2.9% in 2014; with forecast for the OECS at a moderate 2.0% in 2014, up from 1.0% in 2013. Notwithstanding the prevailing global and regional economic conditions, the Group has been able to produce commendable results.

The Group's financial performance is summarised below, and is analysed in much greater detail in the Group CEO's Report and Management Discussion, which follows on Page 18.

The Board of Directors is heartened by the significant progress made to date in turning around the companies' fortunes, especially in light of the depths from which the Group has emerged. Strategic initiatives will continue to be pursued and continued improvement and growth is anticipated going forward. One major initiative is a refinancing of the existing debt portfolio on more favourable terms.

## Summary Financial Performance

The financial performance of the Group improved significantly, with Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increasing by $234.9 million or 139% to $404.3 million reflecting a margin of 20.8% compared with the previous year margin of 10.5%. The improvement resulted from increases in key operating metrics with domestic cement sales volumes increasing by 13% (especially in Trinidad and Jamaica), a 22% increase in cement export volumes and a 15% increase in clinker production. The higher sales volumes resulted in Group revenue increasing by $325 million or 20% compared with 2012.

The Group reported a profit after tax of $67.3 million compared with a loss after tax of $344.5 million for 2012. The results for 2013 also benefitted from lower depreciation, impairment charges, finance costs and higher deferred tax credit compared with 2012.

For the fourth quarter ended December 2013, revenue increased by $50.3 million or 13% over the fourth quarter of 2012 while EBITDA improved by $42.4 million or 108% compared to the corresponding 2012 period. However, the final quarter of 2013 was negatively impacted by lower sales volumes compared to the average of the prior three quarters as well as production challenges at the Barbados plant.

The Group's financial position and liquidity continued to strengthen over 2013 with all loan payments being made and financial ratio covenants being achieved in accordance with the Debt Restructuring Agreement.

**We face the future with increased optimism as we continue our efforts to restore the Group's Pride of Place, as the premier manufacturing Pan Caribbean company in the Region.**

## Our Strategic Intent – The Way Forward

The TCL Group remains steadfast in its vision to remain the premier regional manufacturer and marketer of cement. We are committed to being an efficient, dynamic, international, market and service-oriented organisation. We continue to strive to expand in a strategic manner into non-traditional markets in the region, particularly in Spanish and French speaking territories. Such expansion and growth will continue to be bolstered and propelled by the structured development of the core competency requirement for existing and new businesses. The Group will continue harnessing technology as an enabler for organisational transformation.

The major strategic intent for the Group will encompass the following:

- Asset optimisation at all Group plants;
- Reduction of the unit cost of production across the subsidiaries for increased competitiveness;
- Intensified trading in new markets;
- Aggressive pursuit of high FOB markets and greater value-added products – particularly Oilwell cement; and
- Continuous deleveraging of the Group's Balance Sheet.

## Challenges

Critical to the attainment of the Group's targets going forward will be steady plant performance at all subsidiaries and at ACCL in particular, which experienced tremendous challenges for much of 2013. The tight cash situation continued in 2013 as a significant portion of the cash generated from the Group's improved EBITDA was conserved to meet debt-servicing obligations. The Group's plants continued to be adversely affected in their ability to promptly execute planned maintenance and upgrades, especially at ACCL. Apart from the impact on ACCL's plant reliability, its ability to acquire fuel was compromised at times and this severely affected its obligations in satisfying long standing debts to key suppliers of goods and services.

## Outlook

Notwithstanding the challenges faced in 2013, all subsidiaries are projected for profitable operations going forward, and the focus will be to significantly build upon the results of 2013 into the future.

Certain critical repairs at the Barbados plant have already been completed. Local demand is in line with our expectation and exports are being made to the buoyant Guyana market as well as other key markets. Growth is being forecasted for the Jamaican economy in 2014, and this is expected to redound to the benefit of the construction sector. The plant in Jamaica will fulfil the remainder of its 100k tonne Venezuela supply contract and negotiations have commenced for a new contract to supply 240k tonnes over 12 months. The Trinidad and Tobago market remained buoyant in the first three months of 2014 and this buoyancy is expected to continue for all of 2014, thus significantly enhancing the Group's cement and concrete businesses.

We face the future with increased optimism as we continue our efforts to restore the Group's Pride of Place, as the premier manufacturing Pan Caribbean company in the Region.

## Legal Matter

As previously referenced, on June 14, 2013 TCL was served with a Notice of Proposal of Shareholders, which proposed the nomination of 5 persons for the election of Directors at the Annual Meeting scheduled for July 12, 2013 and inclusion in the Management Proxy Circular. The matter was initiated by a minority group of eleven (11) TCL shareholders, holding in the aggregate, 5.68% of TCL's shareholding. The Notice was issued pursuant to sections 116-118 of the Companies Act of Trinidad and Tobago. TCL issued a Notice of Refusal of Proposal by Shareholders, under sections 119 and 121 of the Companies Act. On the date scheduled for the Annual Meeting – Friday, July 12, 2013 the proposing shareholders applied to the High Court for an injunction to stop the said meeting. While this matter is sub judice, TCL can inform all shareholders that the High Court granted the injunction, and ordered that the company be restrained from holding its Annual Meeting whether on July 12, 2013 or otherwise until the hearing and determination of the matter or until further order. TCL appealed the decision of the High Court. TCL's appeal was dismissed, and the Court of Appeal ordered that the injunction granted continue until the hearing and determination of the claim, or until further order. Accordingly, the matter was remitted to the High Court for the trial and determination of the substantive issues raised in the case. TCL has since filed a Counter-claim and joined Republic Bank Limited as a party to the matter. The trial

**The return to profitability and continued commendable results in 2013 is a testament to the talent, resilience and commitment of the people who work for the TCL Group.**

of the matter has been scheduled for June 23, 24, 25, 27 and July 1, 2014. Concurrently, critical issues concerning the involvement of several parties in this matter have been reported by TCL to the Trinidad and Tobago Securities and Exchange Commission and the Central Bank of Trinidad and Tobago. No further comment can be made at this time.

## Board Changes

### New Directors and Resignations

As reported in the 2012 Annual Report, Mr. George Thomas - a Designated Director nominated by the Lenders - resigned from the Board effective March 31, 2013. To fill the vacancy created by Mr. Thomas' resignation, pursuant to Paragraph 6.2 of the Intercreditor Agreement, Mr. Wayne Yip Choy was nominated by the Lenders and was subsequently appointed by the Board as a Designated Director, effective November 29, 2013.

Ms. Eutrice Carrington resigned from the Board effective June 20, 2013, after her retirement as Executive Director of the Trinidad and Tobago Unit Trust Corporation.

Given that there was no 2013 Annual Meeting due to the continuing Injunction, the existing slate of directors remains in place until the next Annual Meeting of the Company.

## Acknowledgements

The return to profitability and continued commendable results in 2013 is a testament to the talent, resilience and commitment of the people who work for the TCL Group.

I wish to thank my fellow Directors, the Group CEO, Management, and all employees for their dedication to duty and steadfastness in the face of considerable adversity. I also wish to thank our loyal customers for their patronage, our shareholders for their patience and all of our stakeholders for their continued support. As the last year shows, the TCL Group has returned to profitability. Such positive performance has continued into 2014, with the Group continuing to record a profit. I am confident that the best is yet to come.

**Andy J. Bhajan**
Group Chairman

# Group Executive Committee



Mr. F.L. Anthony Haynes

Mr. Rupert Greene

Mr. David Caesar

Mr. Lincoln Parmasar

Mr. Jinda Maharaj

Mr. Derrick Isaac

Mr. Satnarine Bachew

Mr. Manan Deo

Mr. Andres Peña

Ms. Kathryna Baptiste

Mr. Egwin Daniel

**Dr. Rollin Bertrand**
*Group Chief Executive Officer*

**Dr. Rollin Bertrand** - *Group Chief Executive Officer*

Dr. Rollin Bertrand is the Chief Executive Officer of the TCL Group. He is Chairman of Trinidad Aggregate Products Limited and former Chairman of the Board of Trustees of the Caribbean Court of Justice Trust Fund. He was formerly the General Manager of Arawak Cement Company Limited (1994–1998), President of the Association of Cement Producers for Latin America and the Caribbean, President of the Caribbean Association of Industry and Commerce (2003–2005), Chairman of the Water and Sewerage Authority (2006–2008) and a Director of the Trinidad and Tobago Stock Exchange (2002-2011).

Dr. Bertrand obtained a BSc (Sp. Hons.1979) Degree and PhD in Geology (1984) from the University of the West Indies (UWI), Mona, Jamaica, as well as an Executive Master's Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine. He has recently completed a Doctorate in Business Administration (DBA) from the University of Phoenix. He was among fifty (50) distinguished alumni who were recognised at UWI's 50th Anniversary Celebrations for excellence in career achievements.

**F.L. Anthony Haynes** - *General Manager, Caribbean Cement Company Limited*

F.L. Anthony Haynes was appointed General Manager of Caribbean Cement Company Limited (CCCL), Jamaica in January 2002. Prior to this, he held the post of General Manager at Trinidad Cement Limited, Claxton Bay, during the period 1998 to 1999. Mr. Haynes possesses extensive experience in the manufacturing and energy industries. He was a Trinidad and Tobago National Scholarship winner in 1972 and holds a BSc in Electrical and Electronic Engineering from London University, England, and an MBA from the University of Liverpool.

**Rupert Greene** - *General Manager, TCL Packaging Limited & TCL Ponsa Manufacturing Limited*

Rupert Greene assumed the position of General Manager of TCL Packaging Limited and TCL Ponsa Manufacturing Limited in January 2014. Mr. Greene has been a part of the TCL Group since April 1995. He joined Arawak Cement Company Limited as an Accountant and was promoted to the position of Finance Manager in July 1997, a position he held for eleven years before assuming the position of General Manager in 2008. He has several years of accounting experience, having held various senior positions before joining the TCL Group.

Mr. Greene graduated with honours from the University of the West Indies with a Bachelor's Degree in Accounting.

**David Caesar** - *Group Human Resource Manager*

David Caesar joined the TCL Group on March 1, 2010 in the position of Group Human Resource Manager. He possesses over seventeen years' experience in the Human Resource field, enabling him to bring a wealth of knowledge and expertise to the Group, particularly in the areas of organisational change, cultural transformation and performance management.

Mr. Caesar holds an MSc in Organisational Development from the American University, Washington DC, a Post Graduate Diploma in Business Management from Herriot–Watt University, Scotland and a BSc in Mathematics and Economics from the University of the West Indies.

**Lincoln Parmasar** - *Group Finance Manager*

Lincoln Parmasar assumed the position of Group Finance Manager from August 1, 2009. He has been with the TCL Group since April 1995, holding a number of senior positions. Mr. Parmasar has many years of experience in the field of accounting, having previously worked at a public auditing firm and in the energy sector. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT), as well as a graduate (Upper Second Class Honours) of the University of the West Indies with a Bachelor's Degree in Accounting.

**Jinda Maharaj** - *Group Manufacturing Development Manager*

Jinda Maharaj was appointed Group Manufacturing Development Manager on May 1, 2012. He was formerly the Group Energy Optimisation Manager, a position which he held from October 1, 2010. Mr. Maharaj possesses a wealth of knowledge and experience, having been with the TCL Group for almost twenty five years. He has held various positions throughout the Group, including Engineering Services Manager, Materials Manager, Production Manager, Operations Manager (all at Trinidad Cement Limited) as well as General Manager and Operations Manager at Arawak Cement Company Limited and Operations Manager at Caribbean Cement Company Limited.

Mr. Maharaj holds a BSc in Mechanical Engineering and an MSc in Production Engineering and Management, both from The University of the West Indies, St. Augustine.

**Derrick Isaac** - *General Manager, Arawak Cement Company Limited*

Derrick Isaac has been with the TCL Group for over seventeen years and has held managerial positions at Caribbean Cement Company Limited, Jamaica and Trinidad Cement Limited, Trinidad. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). He holds a Master's of Business Administration from the University of New Orleans, and is also an Associate Member of the Association of Certified Fraud Examiners (ACFE).

**Satnarine Bachew** - *General Manager, Trinidad Cement Limited*

Satnarine Bachew has been with the TCL Group for the past twenty-five years, and has held various positions such as Quarry Foreman, Process Engineer, Quarry Manager, Production Manager and Marketing Manager (all at Trinidad Cement Limited) as well as Operations Manager and General Manager at Arawak Cement Company Limited, Barbados. He holds a BSc in Geology and Mathematics from the University of the West Indies, Jamaica and is a graduate of the Master's programmes at Dalhouse University, Nova Scotia, Canada. He also holds a Master's in Business Administration from the Arthur Lok Jack School of Business, Trinidad.

**Manan Deo** - *General Manager, Readymix (W.I.) Limited*

Manan Deo was appointed General Manager, Readymix (West Indies) Limited in 2005. He joined the TCL Group as Marketing Manager of TCL Packaging Limited in 1995 and was appointed the General Manager of both TCL Packaging Limited and TCL Ponsa Manufacturing Limited in October 1997. During his tenure, both TPL and TPM won "Exporter of the Year" awards in their respective categories, particularly as a result of market breakthroughs into Columbia, Venezuela and most significantly, Cuba.

Mr. Deo is fluent in Spanish and holds a BSc in Management Studies from UWI St. Augustine as well as an Executive MBA (Distinction) with an emphasis on International Marketing. He is currently the Vice-Chairman of the Board of the JC McDonald Home for the Aged.

**Andres Peña -** *Group Strategy Implementation Manager*

Andres Peña assumed the position of Group Strategy Implementation Manager on November 1, 2013. Prior to joining the TCL Group, he served as Regional and Export Manager at Corpacero, a leading steel company in Colombia. Mr. Peña has over seventeen years' experience in sales and business development, eleven of which were spent in the cement industry. During his career, he developed a passion for capturing new markets and possesses a deep understanding of the Latin American construction industry: attributes which are undoubtedly beneficial to the Group.

Mr. Peña holds a Business Administration Degree from the University of Texas at Arlington and a Marketing Graduate Degree from Universidad del Norte in Barranquilla, Colombia.

**Kathryna Baptiste** - *Group Manager Legal / Company Secretary*

Kathryna Baptiste, Group Manager Legal/Company Secretary, joined the Company on September 3, 2012. She is an Attorney-at-Law with over seventeen years' experience in various facets, including Corporate and Commercial Law as well as Employment Law.

Ms. Baptiste obtained a Bachelor of Laws (LL.B) (Honours) Degree from the University of the West Indies and a Legal Education Certificate (LEC) from the Hugh Wooding Law School, St. Augustine, Trinidad. She also holds an Executive Master's of Business Administration (EMBA 2011) (Distinction) Degree from the Arthur Lok Jack Graduate School of Business, Trinidad.

**Egwin Daniel** - *General Manager - International Business and Marketing*

Egwin Daniel has extensive International Marketing and Financial experience having worked in these fields in Canada, USA and throughout the Caribbean for twenty years, seven of which were spent abroad in the French and Spanish Caribbean, working in the private sector providing Senior Management expertise in the International Money Markets and Distribution. He holds an MBA from the University of Concordia, Canada and a BSc from McGill University, Canada.

**We are pleased to report that all loan payment obligations and covenant target ratios and measurements have been successfully honoured and achieved to date, despite the continued challenges on the road to full recovery.**

**Dr. Rollin Bertrand**
*Group Chief Executive Officer*

### Introduction

In 2013 the TCL Group registered a major turnaround in its performance, after three (3) consecutive years of reported losses. The Group recorded a Net Profit After Tax of $67.3 million (2012: Net Loss of $344.5 million).

The economies of the Group's traditional markets experienced modest growth in 2013 (with the exception of Barbados) and, in fact, recorded increases in cement consumption. This trend is expected to continue in 2014. Additionally, the Group's two (2) largest export markets – Suriname and Guyana – continued to outperform other territories recording GDP growth rates of 4.7% and 5.3% respectively. (Source: International Monetary Fund, World Economic Outlook Database October 2013)

During the year, the Group prudently managed its operations under tight cash constraints from internally generated funds. A key covenant in the Debt Restructuring Agreement limits Capital Expenditure to US$15 million, which requires the Management of the Group to be selective in both the timing and type of works to be undertaken at the Group's various plants.

We are pleased to report that all loan payment obligations and covenant target ratios and measurements have been successfully honoured and achieved to date, despite the continued challenges on the road to full recovery.

## 1.0 HEALTH SAFETY AND ENVIRONMENT (HSE)

### Occupational Health and Safety – Safety Performance

At the end of 2013, the Group recorded seven (7) lost-time accidents (LTAs) among the Permanent and Casual workforce, three (3) LTAs among Contractor employees and one (1) fatality, which occurred at CCCL's Rockfort quarry. The truck driver, who died, inexplicably exited his truck, out of the line of sight of the excavator operator while waiting in the queue to be loaded, and was hit by the excavator. Notwithstanding this unfortunate death, TCL Ponsa Manufacturing Limited (TPM), Jamaica Gypsum Quarries Limited (JGQ), TCL Packaging Limited (TPL), TCL Guyana Inc. (TGI), must be commended for achieving over 5.8 continuous years without an LTA among all categories of employees with TPM attaining the record of 6.38 continuous years without an LTA. The Group's Behaviour-based Safety Programmes continued to be implemented at TPM, TPL and ACCL. No company in the TCL Group received any adverse OSH notice from a Regulatory Authority for any breaches of OSH legal requirements.

The Group also tracked on a monthly basis, each company's performance in a comprehensive suite of proactive "leading" OSH key performance indicators (KPIs). Overall, in 2013, all companies maintained good performance as required by the leading OSH KPIs. Particular attention was paid to ensuring that all statutorily required meetings, inspections, and certification of equipment were completed, and to maintaining a high level of safety vigilance among all personnel on-site, through the system of reporting of hazardous conditions or acts.

The Annual Group HSE Forum, a meeting of the Group CEO, GMs, and senior Operations and HSSE personnel, was held in November 2013 in Trinidad. Key discussion areas included critical review of each Company's HSE performance, Quarry Safety Rules, Electrical Safety, and Environmental Improvements.

### Environmental Management

In 2013, the Group re-affirmed its ongoing commitment to pollution prevention, compliance with legal environmental requirements, and dedication to continual improvement of its environmental performance. The three (3) cement companies – Trinidad Cement Limited, Caribbean Cement Company Limited and Arawak Cement Company Limited – all successfully completed their respective ISO 14001 EMS Audits, and maintained their Certification status. Due primarily to challenges in maintaining major plant and equipment and controlling material-handling operations in 2013, there were episodes which gave rise to external complaints (ACCL & TCL) and official site warning notices (CCCL). Issues were addressed in accordance with the EMS procedures, through repair and maintenance of critical equipment and increased process control, and dialogue with key stakeholders.

**In 2014, the primary areas of focus will be: ensuring thorough accident and incident investigation and reporting and completion of corrective and preventive actions stipulated from investigations of such incidents.**

In addition, TCL Guyana Inc. (TGI) substantially completed the development of its ISO 14001 system and is scheduled to have its EMS Certification Audits by mid 2014.

During the year, the TCL Group also joined the international community in observing the ILO's World Day for Safety and Health at Work (April 28) and the UNEP World Environment Day (June 5), by publicly publishing special safety and environmental messages in the local print media, disseminating internal communications Group-wide, and holding various company activities.

In 2014, the primary areas of focus will be: ensuring thorough accident and incident investigation and reporting and completion of corrective and preventive actions stipulated from investigations of such incidents. Additionally there will be greater coordination with Operations for timely close out of HSE non-conformities and hazardous conditions, and completion of formal OSH Risk Assessments with due consideration of health risks and human factors.

## 2.0 FINANCIAL REVIEW AND ANALYSIS

### Review of 2013

The Group turned around its financial performance for 2013 as a result of the streamlining of operations and improved demand in key markets. In order to ensure that expenditure was aligned with inflows, the Group implemented a number of initiatives aimed at aggressively pursuing new markets while controlling costs. There were minor headcount reductions at the three (3) cement plants in Trinidad, Jamaica and Barbados and various non-core operations were outsourced. Overall, clinker content was reduced through conversion of markets to blended cement and the use of alternative fuel initiatives was intensified. New markets such as Brazil, the French West Indies, Haiti and Belize were penetrated and are now being supplied on an on-going basis.

Additionally, the plant in Jamaica secured a clinker supply contract with the Government of Venezuela as part of the Trade Compensation Mechanism enshrined in the PetroCaribe Agreement. The Government of Jamaica's debt to Venezuela is about US$2.5 billion and this debt can be serviced with Jamaican manufactured products, with interest payments of US$110 million in 2014. TCL's plant in Jamaica can supply up to 500,000 MT per annum of product under this arrangement. In the meantime, existing markets have stabilised or become buoyant as in the case of Trinidad, Guyana and Suriname. As a consequence, the financial performance of the Group has shown significant improvement in 2013 as compared to 2012. For the year ended December 31, 2013, EBITDA was $404.3 million compared to $169.4 million for the prior year period.

### Revenue

The Group's third party revenue for the year 2013 increased by $325.1 million or 20% compared with 2012. This was driven by increased volumes and higher average selling prices in the Trinidad and Jamaica markets.

In Trinidad, cement sales increased by 106k metric tonnes or 21% compared with 2012, due to an increase in construction activity, while list prices across product categories were increased by 9.5%, effective January 2013. It must be remembered that 2012 was the year of the 92-day strike at TCL, which negatively impacted demand in Trinidad & Tobago.

In Jamaica, cement sales volume increased by 58.4k metric tonnes or 11% compared to 2012, due to additional market share gained, as total market demand was largely flat for the year. In addition, price adjustments were implemented during 2013, effectively increasing list prices by 24% compared to 2012, to counter the impact of the depreciation of the Jamaican dollar on imported input costs and the general inflation trend.

In Barbados, sales volume declined by 14.6k metric tonnes or 15% as compared to 2012, while selling prices were unchanged.

Export cement volumes (manufactured cement) increased by 120k metric tonnes or 26% compared with 2012, due in part to the increased availability of cement following the resumption of full production at the TCL facility, while average export prices were 15% higher in 2013 as compared to 2012. There was strong growth in the Group's export sales to Guyana (20%) and Suriname (72%) on the basis of new customers causing market share to grow.

Concrete revenue increased by $39.1 million or 29% compared to 2012, driven by a 14% increase in sales volume and 2% higher average selling prices.

The packaging sector also recorded improved performance with sack and sling sales increasing over 2012 by 14% and 9% respectively.

**During much of 2012, the TCL Group benefited from a moratorium on debt service, which restarted in December of that year, after completion of the debt restructuring agreement. After accounting for other items, net cash increased for the year by 15.7 million.**

### Operating Expenses

Operating Expenses of $1,536.7 million was 79% of sales for 2013 compared to 90% in 2012. Prices for key inputs such as kiln fuel (natural gas, coal and petroleum coke), raw materials (limestone, pozzolan and gypsum) were on par with prices in 2012. However, operating expenses in 2012 were negatively impacted by a 92-day strike at the Trinidad plant that necessitated the purchase of expensive cement from third parties in order to ensure that the Group's customers were supplied.

### Depreciation

Depreciation decreased by $17.6 million in 2013 as a result of the impairment at the end of 2012 of CCCL's kiln 4 (in accordance with the provisions of International Accounting Standard (IAS) – 36) as this piece of equipment was taken out of production after the new kiln 5 became operational. Additionally, the steep depreciation of the Jamaican dollar reduced the value of depreciation recorded by the Group's Jamaican subsidiaries when reported in Trinidad and Tobago dollars.

### Net Finance Costs

Net interest expense was $11.5 million higher in 2013 than in 2012 due mainly to a higher average principal balance outstanding as at June 30, 2012, and again at September 30, 2012, there was capitalisation of outstanding interest. Included in net finance cost for 2013 was $21.1 million (2012: $33.7 million) of foreign exchange losses incurred mainly by CCCL as the Jamaican dollar depreciated by 14% over 2013, most of it concentrated in the first half of the year. At mid-year, the TCL Group restructured the Balance Sheet of CCCL, significantly reducing the foreign exchange exposure to Jamaican dollar depreciation.

### Taxation

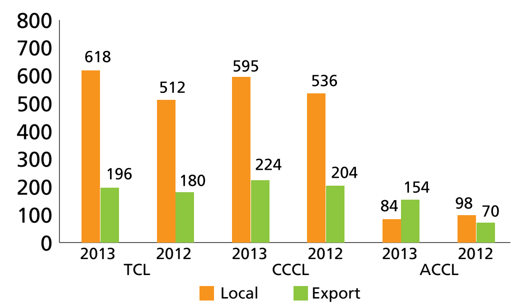
The Taxation line for 2013 reflects a net credit for the year, partly as a result of the reversal of a net withholding tax payable and the recognition of TT$7.4 million of a previously impaired deferred tax asset. This was due to the improved performance and outlook for the Group's Jamaican operations and is in accordance with IAS 12. The Group's effective tax rate is substantially lower than the statutory rates due to the non-recognition of certain deferred tax assets. This arose because uncertainty regarding the ultimate utilisation of tax losses and the benefits of a Double Taxation treaty.

### Liquidity & Financial Position

The TCL Group generated $418.6 million in cash from Operations in 2013 compared with $198.4 million in 2012, following from the improvement in EBITDA. $297.7 million was used from this cash for debt servicing while $74 million was used for investment in property, plant and equipment, compared to $68 million and $77.9 million for such items respectively, in 2012. During much of 2012, the TCL Group benefited from a moratorium on debt service, which restarted in December of that year, after completion of the debt restructuring agreement. After accounting for other items, net cash increased for the year by 15.7 million.

## 3.0 GROUP MARKETING

### Cement Sales ('000 MT)




The Group's total domestic cement sales volumes increased by 13% to 1.3 million metric tonnes in 2013 while total export sales volumes increased by 26% to 574k metric tonnes. The respective plants' comparative sales volumes for 2012 and 2013 are illustrated above.

In Jamaica, while domestic cement demand was relatively flat in 2013, CCCL improved its market share to 86%, recording an 11% increase in volume, largely on account of winning over one of the major importers of foreign cement. Additionally, in April 2013 the Ministry of Industry, Investment and Commerce agreed to manage imports at 3,000 metric tonnes per month per importer. CCCL's export increased by 10% in 2013, and maintained its 2012 position as the largest exporter within the Group, contributing 39% of total Group exports compared to 34% for TCL and 27% for ACCL.

**The drive to conscientiously conserve energy continued in 2013, achieving improved Specific Heat Consumption Rates at TCL and Specific Power Consumption Rates at CCCL.**

In Trinidad and Tobago, domestic demand surged in 2013 after the supply challenges in 2012 due to the 92-day strike at TCL. Local demand was driven by increased homeowner projects and Government infrastructure spending, a trend that is expected to continue in 2014. TCL's export increased by a modest 9% as some of its traditional customers had to be serviced from the Group's Jamaica and Barbados plants and CEMEX due to the increased demand in its domestic market, coupled with some production equipment challenges at various times during the year.

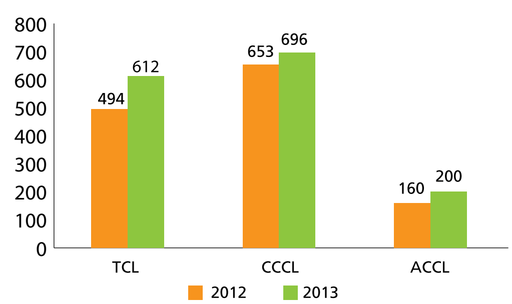
In Barbados, domestic sales decreased by 15% as prolonged economic challenges from the global financial crisis in 2008 continued. According to the Governor of the Central Bank, the economy contracted by 0.2% in 2013 and there was a 12% fall in construction. By contrast, ACCL's export potential improved significantly in 2013, but after a period of healthy cement silo stocks during the first one-third of the year, exports were constrained by several production challenges during the remainder of the year as equipment maintenance was negatively impacted by the company's still tight cash position.

In the premixed concrete sector, the Readymix (W.I.) Limited Group (RML) sold 127k cubic metres of concrete in 2013, representing a 14% increase over the 2012 volume. The parent company in Trinidad accounted for 94% of the RML Group's volume. RML remained the market leader in this highly competitive industry in Trinidad, which similarly experienced the construction surge in 2013 and is poised to further capitalise on the anticipated increase in activity in 2014.

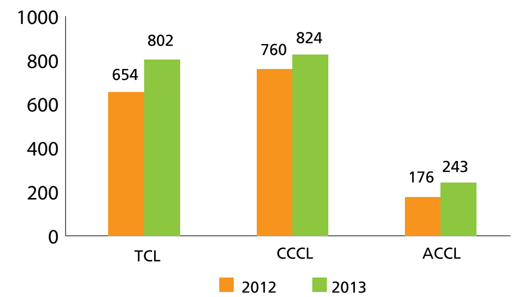
The Packaging Group recorded a 15% increase in sack volume sales for a total 31 million sacks. This favourable result bears a direct correlation to the industrial action of March to May 2012 when fewer sacks were needed by TCL.

## 4.0 GROUP OPERATIONS

### Clinker Production ('000 MT)




### Cement Production ('000 MT)




### Cement / Clinker Operations

There was significant improvement in both clinker and cement production for the Group compared to 2012. Clinker production of 1.5 million tonnes in 2013 was an improvement of 15%, while cement production recorded an 18% increase to 1.9 million tonnes. All three (3) plants recorded improved production of both clinker and cement as illustrated above. The need to honour all debt servicing requirements and abide with the covenant limiting capital expenditure to US$15 million resulted in some major planned works at all three (3) sites being deferred. This has had an adverse impact on plant uptime and efficiency.

The drive to conscientiously conserve energy continued in 2013, achieving improved Specific Heat Consumption Rates at TCL and Specific Power Consumption Rates at CCCL.

### Concrete Operations

Operating in an extremely competitive industry, RML continued its market leadership largely through its reputation for quality and after-sales service. During the year, the company continued to maintain high availability of its batching plants in Trinidad & Tobago. A new state-of-the-art wash plant was commissioned in the first quarter of 2013 and performed well during the year.

### Packaging Operations

During 2013, Management suspended the production of slings and jumbo bags in an effort to reduce inventory levels, which had increased significantly due to poor sales in the prior year. Sling production was suspended in June and production was resumed in the latter part of November 2013.

**In Trinidad, TCL ramped up its promotion of soil/slope stabilisation with cement and concrete roads. The Ministry of Agriculture has committed to such implementation in 2014.**

### Gypsum and Lime Operations

The Group's gypsum mining operation in Jamaica continued to be scaled back, with the remaining acceptable quality gypsum in the Bito area being extracted for consumption at the plant.

Developmental work continued in 2013 with respect to the Halberstadt Quarry in terms of obtaining the required statutory approvals to commence mining, and to improve the infrastructure, so that product could be efficiently mined.

In 2013, there was no production at ACCL's Lime Division in Barbados. The plant was kept off line and will be moth balled.

## 5.0 GROUP DEVELOPMENTAL ACTIVITIES

Group developmental activities continued to be restricted in 2013 due to cash constraints and specific loan covenants:

### Haiti

While the Cement Warehouse and Terminal Project in Haiti had been put 'on hold', the Group continued to sell several thousand tonnes of cement on a monthly basis through two (2) major players in the market.

### Housing

RML expects to imminently receive final approvals from the relevant state agencies to construct a housing development (a gated community) on approximately two hundred acres of pristine land in Arima.

### Concrete Roads and Soil Stabilisation

In Jamaica, CCCL continued to engage and sensitise the public and key stakeholders on concrete roads. Technical presentations were made to a wide group of stakeholders including the Institute of Engineers, the Planning Institute of Jamaica, central government agencies and local councils. The National Works Agency will be embarking on a road rehabilitation programme in 2014, designated as 'The Major Infrastructure Development Programme'.

In Trinidad, TCL ramped up its promotion of soil/slope stabilisation with cement and concrete roads. The Ministry of Agriculture has committed to such implementation in 2014.

### French West Indies Market Entry

After a protracted and frustrating process, ACCL attained the 'AFNOR NF Certification' in February 2013. During 2013, ACCL exported 2,300 metric tonnes to the French West Indies, most of it to French Guiana.

## 6.0 HUMAN CAPITAL/INDUSTRIAL RELATIONS

Industrial peace was generally maintained at all Group operations.

At Trinidad, the slow process of healing and re-alignment by some staff continued, with direct interventions by Management and deliberate morale-building programmes. TCL is awaiting the judgment from the Industrial Court on wages and is going through the process of defending Management's decision to dismiss several employees who misconducted themselves during the 2012 strike.

At Jamaica, negotiations for new Collective Agreements, which expired during 2013, were successfully concluded with minimal disruptions to the operations.

At Barbados, the Management continued to keep its staff abreast of ACCL's current position and the strategies being pursued for its successful turnaround.

The Group continues to focus on and strengthen its main organisational resource, its employees, through deliberately executed programmes towards enhancing the Group's resilience in overcoming the challenges of our time.

## 7.0 PUBLIC RELATIONS

Communication throughout the Group focused on the company's turnaround following the 2012 industrial impasse. New, as well as existing initiatives and technologies were also given prominence throughout the year. These included the re-designed multimedia communication platforms: the TCL website and the Group's internal magazine, the Conveyor Xpress. Technologies, including the Soil Cement Stabilisation technique and Concrete Roads were also heavily promoted. The TCL Learning Academy, which imparts a holistic construction technology curriculum to students and industry professionals throughout the Caribbean region was adequately profiled.

**Market improvements are expected to continue in the region for 2014 and the TCL Group is keenly poised to sustain this growth path and regain its rightful place as one of the premier Pan Caribbean organisations.**

The TCL Group keeps its subsidiary and Group websites relevant and informative and has also launched its social media presence. This includes a TCL Learning Academy Facebook page, an active Blog, which 'lives' on the TCL website, a monthly e-Newsletter that is shared via email with customers and a regularly updated Linked-In page.

The TCL Group continues to demonstrate its Corporate Social Responsibility and has recently partnered with the Ministry of Works and Infrastructure (Trinidad and Tobago) to maintain and beautify the north-western and south-western Claxton Bay flyover embankments.

## 8.0 EXECUTIVE CHANGES

During the year 2013, there was only one change to the executive management team. Pursuant to the Override Agreement, Mr. Andres Peña was appointed as the Group Strategy Implementation Manager, effective November 1, 2013.

## 9.0 LOOKING AHEAD

The Group will continue to move forward with optimism in 2014 and beyond. The Group's resilience and Management's focus on its mandate resulted in the clear turnaround in performance in 2013. Market improvements are expected to continue in the region for 2014 and the TCL Group is keenly poised to sustain this growth path and regain its rightful place as one of the premier Pan Caribbean organisations.

## 10.0 ACKNOWLEDGEMENTS

My sincerest appreciation is extended to our valued shareholders and other stakeholders for their understanding, confidence and support. My gratitude also, to the committed, hardworking and loyal employees of the TCL Group who have embraced the Group's philosophy and vision and continue to press on in spite of the many challenges. Finally, I wish to thank the Group Chairman and Members of the Board of Directors for their wise counsel and on-going support.

**Dr. Rollin Bertrand**
Group Chief Executive Officer

TRINIDAD CEMENT LIMITED

## TRINIDAD CEMENT LIMITED


Trinidad Cement Limited was incorporated in Trinidad in 1951 and commenced production in 1954. The company celebrates its 60th anniversary in 2014. Its primary activity is the manufacture and sale of Portland Pozzolan Cement, Ordinary Portland Cement, and Class G High Sulphate Resistant (HSR) Oilwell Cement. The distribution of its shareholding is detailed in the pie chart on page 7.

### Company Secretary

Ms. Kathryna Baptiste

### Principal Officers

1. Mr. Satnarine Bachew - General Manager
2. Mr. Rodney Cowan - Marketing Manager
3. Ms. Lisel Cozier - Materials Manager
4. Mr. Harrinarine Dipnarine - Operations Manager
5. Mr. Parasram Heerah - Finance Manager
6. Mrs. Gloria Jacobs - Planning & Development Manager
7. Ms. Susan Tom Wing Bailey - Human Resource Manager
8. Lt. Col. (ret'd) Richardo Garcia - Health, Safety, Security & Environment Manager
9. Mr. Raymond Hackett - Asset Manager
10. Mr. Taradath Ramdhanie - Engineering Services Manager
11. Mr. Ronald Ramnarine - Quarry Manager (Ag.)
12. Mr. Keith Ramjitsingh - Production Manager

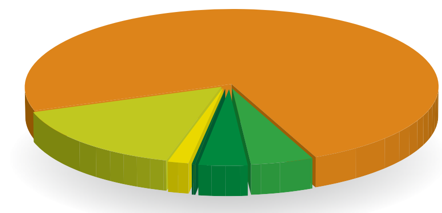
**Registered Office:**

Southern Main Road,
Claxton Bay,
Trinidad & Tobago, W.I.
Tel: (868) 659-2381/2383-8
Fax: (868) 659 2540
Website: www.tcl.co.tt

# CARIBBEAN CEMENT COMPANY LIMITED

Caribbean Cement Company Limited was incorporated in Jamaica in 1947 and commenced production in 1952. Its primary activity is the manufacture and sale of Portland Pozzolan Cement and Ordinary Portland Cement. CCCL has three subsidiaries, namely Jamaica Gypsum & Quarries Limited, which is involved in the mining and sale of gypsum and anhydrite, Caribbean Gypsum Company Limited, which has major assets of gypsum/anhydrite quarry lands to enhance the reserve of raw material available to the Company and Rockfort Mineral Bath Complex Limited, a national heritage site and mineral spa. Work has also commenced to open the new Halberstadt Quarry.

**Distribution of shareholding:**



TCL Group - 74.08
Cemex - Scancem International (St. Lucia) Ltd - 4.96
Financial Institutions - 3.77
Pension Plans - 0.37
Government - 1.81
Other - 15.01

## Board of Directors

Mr. Brian Young - **Chairman**
Dr. Rollin Bertrand
Mr. Bevon Francis
Mr. Hollis N. Hosein
Mr. Parris A. Lyew-Ayee
Mr. Lincoln Parmasar
Dr. Judith Robinson


## Company Secretary

Mrs. Bernadene Crooks

## Principal Officers

1. Mr. F.L. Anthony Haynes - General Manager
2. Mrs. Jascinth Buchanan-Wint - Finance Manager
3. Mr. Marchel Burrell - Quarries Manager
4. Mr. Melvin Howell - Health, Safety, Security & Environmental Manager
5. Ms. Alice Hyde - Marketing Manager
6. Mr. Brett Johnson - Manufacturing Manager
7. Mr. Dalmain Small - Human Resource Manager
8. Mr. Adrian Spencer - Materials Manager
9. Mr. Andrew Stephenson - Chief Chemist
10. Mr. Godfrey Stultz - Engineering Services Manager
11. Mr. Ken Wiltshire - Operations Manager

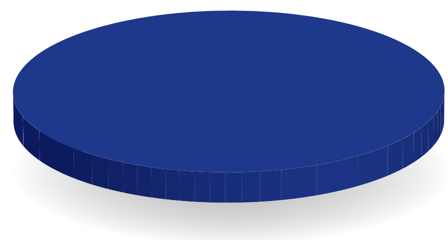
**Registered Office:**

Rockfort, Kingston,
Jamaica, W.I.
Tel: (876) 928-6232-5
Fax: (876) 928-7381
Website: www.caribcement.com

# ARAWAK CEMENT COMPANY LIMITED

Arawak Cement Company Limited was incorporated in Barbados in 1981 and was wholly acquired by TCL in 1994. Its primary activity is the manufacture and sale of Portland Pozzolan Cement.

**Distribution of shareholding:**




## Board of Directors

Mr. Carlos Hee Houng - **Chairman**
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Hayden Ferreira
Dr. Leonard Nurse
Mr. Lincoln Parmasar

## Company Secretary

Mrs. Dawn Jemmott-Lowe


## Principal Officers

1. Mr. Derrick Isaac - General Manager
2. Mr. Phillip Yeung - Marketing Manager
3. Mrs. Dawn Jemmott-Lowe - Human Resource Manager
4. Ms. Leslie Maxwell - Engineering Services Manager
5. Ms. Ayanna Garnes - Finance Manager
6. Mr. Chester Adams - Operations Manager
7. Mr. Matthew Thornhill - Optimisation Manager
8. Mr. Shane Matthews - Production Manager
9. Mrs. Sheryllyn Welch-Payne - Materials Manager

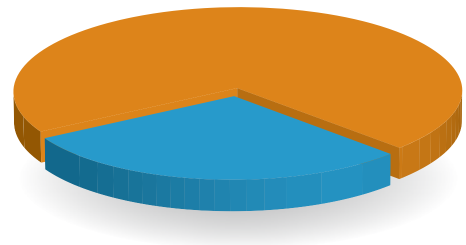
**Registered Office:**

Checker Hall, St. Lucy,
Barbados, W.I.
BB27178
Tel: (246) 439-9880
Fax: (246) 439-7976
Website: www.arawakcement.com.bb

# READYMIX (W.I.) LIMITED

Readymix (West Indies) Limited (RML) was incorporated in Trinidad in 1961. Its primary activities are the manufacture and sale of pre-mixed concrete and the mining and sale of sand and gravel. In 1995, Trinidad Cement Limited (TCL) acquired majority ownership of the Company. RML acquired a 60% shareholding in Premix and Precast Concrete Inc. (PPCI) in Barbados in 2002.

**Distribution of shareholding:**



TCL - 71.1%
Other Shareholders - 28.9%

## Board of Directors

Ms. Eutrice Carrington – **Chairman**
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar
Mr. Anton Ramcharan
Mr. C.H. Wayne Manning

## Company Secretary

Mrs. Diane Warwick


## Principal Officers

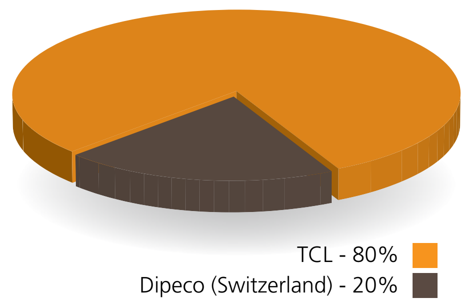
| | | | |
|---|---|---|---|
| 1. | Mr. Manan Deo | - | General Manager |
| 2. | Mrs. Diane Warwick | - | Finance Manager/Company Secretary |
| 3. | Mrs. Reshma Gooljar-Singh | - | Marketing Manager |
| 4. | Mr. Avinash Omadath | - | Quarry Manager |
| 5. | Mr. Austin Rodriguez | - | Technical Services Manager |
| 6. | Ms. Adele Pereira | - | Human Resource Manager |
| 7. | Mr. Horace Boodoo | - | Senior Materials Officer |
| 8. | Mr. Nigel Quinton | - | Chief Security Officer |
| 9. | Mr. Malcolm Smith | - | Plant Manager (PPCI) |

Registered Office:
Tumpuna Road,
Guanapo, Arima,
Trinidad & Tobago, W.I.
Tel: (868) 643-2429/2430
Fax: (868) 643-3209
Website: www.readymix.co.tt

# TCL PACKAGING LIMITED

TCL Packaging Limited was incorporated in Trinidad in 1989 and commenced operations in 1991. Its primary activity is the manufacture and sale of papersacks.

**Distribution of shareholding:**

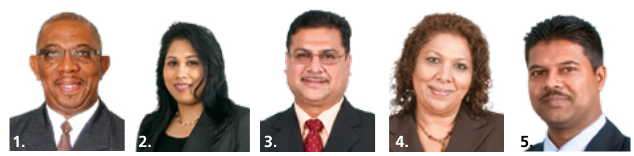



## Board of Directors

Mr. Arun K. Goyal - **Chairman**
Mr. Joerg Schuschnig **(Mondi Group – Parent Company of Dipeco Switzerland)**
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar

## Company Secretary

Mrs. Cheryl Gransaull




## Principal Officers

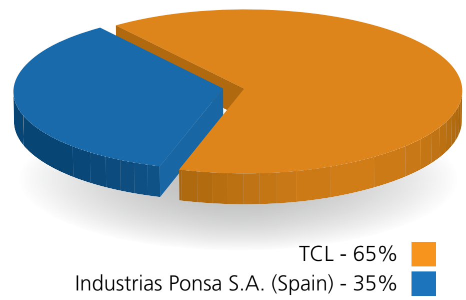
| | | | |
|---|---|---|---|
| 1. | Mr. Rupert Greene | - | General Manager |
| 2. | Ms. Sursatee Heeralal | - | Marketing & Logistics Officer |
| 3. | Mr. Hilary Lakhiram | - | Operations Manager |
| 4. | Ms. Betty Ann Noreiga | - | Marketing Manager |
| 5. | Mr. Kaveer Seepersad | - | Senior Plant Coordinator |

**Registered Office:**
Southern Main Road,
Claxton Bay,
Trinidad & Tobago, W.I.
Tel: (868) 659-2381/2383-8
Fax: (868) 659-0950

# TCL PONSA MANUFACTURING LIMITED

TCL Ponsa Manufacturing Limited was incorporated in Trinidad in 1995. Its primary activity is the manufacture and sale of single use slings. It is also involved in the sale of jumbo bags, reusable slings, safety harnesses and polypropylene sacks, as well as webbing for use in the furniture industry.

**Distribution of shareholding:**




## Board of Directors

Mr. Arun K. Goyal - **Chairman**
Dr. Rollin Bertrand
Mr. Juan Ponsa (Industrias Ponsa - Spain)
Ms. Laura Ponsa (Industrias Ponsa - Spain)
Mr. Satnarine Bachew
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar


## Company Secretary

Mrs. Cheryl Gransaull

## Principal Officers

1. Mr. Rupert Greene - General Manager
2. Ms. Sursatee Heeralal - Marketing & Logistics Officer
3. Ms. Betty Ann Noreiga - Marketing Manager
4. Mr. Stephen Ramcharan - Technical Coordinator

**Registered Office:**

Pacific Avenue, Point Lisas Industrial Estate,
Point Lisas, Trinidad, W.I.
Tel: (868) 636-9627
Fax: (868) 679-4120

TCL Group — One Caribbean... One Company

TCL Trading Limited

## TCL TRADING LIMITED

TCL Trading was incorporated in Anguilla, W.I. on December 12, 1997 and commenced business in April 1998. Its primary activity is trading in cement and related products and it functions as a marketing support unit for the two cement companies, Trinidad Cement Limited and Arawak Cement Company Limited. The company is wholly owned by TCL.

### Board of Directors

Mr. Carlos Hee Houng - **Chairman**
Dr. Rollin Bertrand

### Company Secretary

Mr. Egwin Daniel

### Principal Officer

Mr. Jaris Liburd - General Manager

**Registered Office:**

Box 885
Fair Play Complex,
The Valley,
Anguilla, W.I.
Tel: (264)-497-3593
Fax: (264)-497-8501

## TCL GUYANA INCORPORATED

TCL Guyana Inc. was incorporated in the Republic of Guyana, on March 17, 2004. Its primary activity is the packaging of bulk cement for sale on the Guyanese market (cement terminal facility).

**Board of Directors**

Mr. Hollis N. Hosein - **Chairman**
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Vinode Persaud

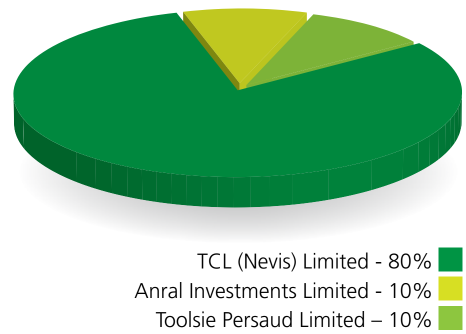
**Company Secretary**

Ms. Kathryna Baptiste

**Principal Officer**

Mr. Mark Bender - Plant Manager

**Distribution of shareholding:**




Registered Office:

2-9 Lombard Street,
GNIC Compound,
Georgetown, Guyana,
South America.
Tel: 011 (592) 225 - 7520
Fax: 011 (592) 225 - 7347

# DIRECTORS' REPORT



The directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended December 31, 2013.

| Financial Results | TT$'000 |
|---|---|
| Turnover | 1,941,049 |
| Net Earnings for the Year | 58,199 |
| Dividends Paid | NIL |

**Trinidad Cement Limited Board of Directors**

Directors' Interest (Ordinary Shares of TCL)

| Name | Position | Holdings at 31-12-13 |
|---|---|---|
| A.J. Bhajan | Chairman | Nil |
| R. Bertrand | Group CEO | 659,756 |
| B. Francis | Director | Nil |
| C. Hee Houng | Director | 1,500 |
| L. Nurse | Director | Nil |
| A. Ramirez Cantu | Director | Nil |
| J.M. Allard | Director | Nil |
| B. Young | Director | Nil |
| W. Yip Choy | Director | Nil |

**Trinidad Cement Limited Senior Officers**

Senior Officers' Interest (Ordinary Shares of TCL)

| Name | Position | Holdings at 31-12-13 |
|---|---|---|
| R. Bertrand | Group CEO | 659,756 |
| S. Bachew | General Manager – TCL | 338,247 |
| D. Caesar | Group Human Resource Manager | Nil |
| E. Daniel | General Manager – International Business & Marketing | 57,149 |
| A. Peña | Group Strategy Implementation Manager | Nil |
| M. Deo | General Manager – Readymix (West Indies) Limited | 133,352 |
| R. Greene | General Manager – TCL Packaging Ltd / TCL Ponsa Manufacturing Ltd | 8,090 |
| F.L.A. Haynes | General Manager – Caribbean Cement Company Limited | 33,797 |
| D. Isaac | General Manager – Arawak Cement Company Limited | 23,371 |
| J. Maharaj | Group Manufacturing Development Manager | 894,411 |
| K. Baptiste | Group Manager Legal / Company Secretary | Nil |
| L. Parmasar | Group Finance Manager | 23,456 |

**Dividends**

No dividends have been declared for the year ended December 31, 2013.

**Substantial Interests**

| | No. of Ordinary Shares Held at 31-12-13 | % of Issued Share Capital |
|---|---|---|
| Sierra Trading (Cemex S.A. de C.V.) | 49,953,027 | 20.00 |
| Republic Bank Limited | 27,629,386 | 11.06 |
| The National Insurance Board | 25,367,032 | 10.16 |
| Baleno Holding Inc | 20,500,000 | 8.21 |

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

**Service Contracts & Directors**

No service contracts exist nor have been entered into by the Company and any of its Directors.

**BY ORDER OF THE BOARD**

**Kathryna Baptiste**
**Secretary**

**To the Shareholders of Trinidad Cement Limited**

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

**Management's responsibility for the financial statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**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 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.

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

**Emphasis of Matter**

*Going Concern*

Without qualifying our opinion, we draw attention to Note 2 (iii) to the consolidated financial statements which indicate that the Group has $2.0 billion in outstanding debt obligations as presented in its consolidated statement of financial position as at 31 December 2013. Debt service (inclusive of principal and interest) is forecast to be $368 million for 2014.

Note 2 (iii) also indicates that 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 materialise such that the Group is unable to service its debt obligations when due, this will present a going concern risk to the Group.

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

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

*Restatements*

Without qualifying our opinion, we draw attention to Note 2 (ii) to the consolidated financial statements which indicate that the financial statements have been restated in respect of a change in accounting policy and for the correction of prior period errors.

Ernst & Young

Port of Spain
TRINIDAD:
2 May 2014

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | | 31 December | | 1 January |
|---|---|---|---|---|
| **Assets** | **Notes** | **2013 Restated $** | **2012 Restated $** | **2012 Restated $** |
| **Non-current assets** | | | | |
| Property, Plant and Equipment | 8 | 1,983,111 | 2,088,542 | 2,202,002 |
| Goodwill | 9 | – | 1,764 | 1,764 |
| Pension plan asset | 10 | 134,452 | 93,170 | 105,355 |
| Receivables | 12 | 7,437 | 7,800 | 10,913 |
| Deferred tax assets | 6 (d) | 437,371 | 405,143 | 377,787 |
| | | 2,562,371 | 2,596,419 | 2,697,821 |
| **Current assets** | | | | |
| Inventories | 11 | 599,155 | 614,525 | 557,019 |
| Receivables and prepayments | 12 | 179,810 | 198,759 | 193,888 |
| Cash at bank and on hand | 13 | 57,804 | 43,061 | 57,755 |
| | | 836,769 | 856,345 | 808,662 |
| **Total assets** | | 3,399,140 | 3,452,764 | 3,506,483 |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd.)

As at 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | Notes | 31 December 2013 Restated $ | 31 December 2012 Restated $ | 1 January 2012 Restated $ |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Stated capital | 17 (a) | 466,206 | 466,206 | 466,206 |
| Unallocated ESOP shares | 19 | (25,299) | (25,299) | (25,299) |
| Other reserves | 17 (b) | (205,704) | (177,926) | (179,810) |
| Retained earnings | | 326,330 | 222,739 | 520,891 |
| **Equity attributable to the parent** | | 561,533 | 485,720 | 781,988 |
| **Non-controlling interests** | | (25,236) | (24,654) | 28,276 |
| **Total equity** | | 536,297 | 461,066 | 810,264 |
| **Non-current liabilities** | | | | |
| Long term portion of borrowings | 16 | 1,772,504 | 1,945,569 | 2,923 |
| Pension plan liabilities | 10 | 7,246 | 7,692 | 5,127 |
| Other post-retirement benefits | 10 | 41,738 | 42,999 | 40,593 |
| Deferred tax liabilities | 6 (d) | 342,623 | 317,978 | 314,060 |
| | | 2,164,111 | 2,314,238 | 362,703 |
| **Current liabilities** | | | | |
| Short-term advances | 14 | 18,758 | 40,665 | 447 |
| Payables and accruals | 15 | 500,695 | 536,238 | 657,629 |
| Current portion of borrowings | 16 | 179,279 | 100,557 | 1,675,440 |
| | | 698,732 | 677,460 | 2,333,516 |
| **Total equity and liabilities** | | 3,399,140 | 3,452,764 | 3,506,483 |

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

These financial statements were approved by the Board of Directors on 2 May 2014 and signed on its behalf by:

Andy J. Bhajan Director                    Director

## CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **Revenue** | 26 | 1,941,049 | 1,615,888 | 1,560,860 |
| **Earnings before interest, tax, depreciation, impairment, loss on disposal of assets and restructuring expenses** | 3 | 404,337 | 169,423 | 98,884 |
| Depreciation | 8 | (127,863) | (145,414) | (151,814) |
| Impairment (charges)/reversals and (write-offs) | 3 | (2,427) | (17,963) | 118,885 |
| Loss on disposal of Property, Plant and Equipment | 3 | (2,484) | (6,806) | (3,429) |
| **Operating profit/(loss)** | 3 | 271,563 | (760) | 62,526 |
| Restructuring expenses | 4 | – | (112,163) | (67,901) |
| Finance costs | 5 | (237,772) | (238,813) | (166,082) |
| **Profit/(loss) before taxation from continuing operations** | | 33,791 | (351,736) | (171,457) |
| Taxation credit/(charge) | 6 | 33,490 | 7,209 | (50,343) |
| **Profit/(loss) for the year from continuing operations** | | 67,281 | (344,527) | (221,800) |
| **Discontinued operations** | | | | |
| Operating loss for the year from discontinued operations | 28 | – | – | (1,681) |
| Gain on disposal of discontinued operations | 28 | – | – | 11,092 |
| **Net income for the year from discontinued operations** | | – | – | 9,411 |
| **Profit/(loss) for the year** | | 67,281 | (344,527) | (212,389) |
| **Attributable to:** | | | | |
| Shareholders of the parent | | 58,199 | (292,913) | (167,169) |
| Non-controlling interests | | 9,082 | (51,614) | (45,220) |
| | | 67,281 | (344,527) | (212,389) |
| **Basic and diluted earnings/(loss) per share (expressed in $ per share)** | 7 | 0.24 | (1.19) | (0.68) |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| **Profit/(loss) for the year** | | 67,281 | (344,527) | (212,389) |
| **Other comprehensive income** | | | | |
| *Other comprehensive income to be reclassified to profit and loss in subsequent periods:* | | | | |
| Net movement on cash flow hedge (interest rate swap) | 17 (b) | – | – | 30,645 |
| Income tax effect | 17 (b) | – | – | (7,661) |
| | | – | – | 22,984 |
| Exchange differences on translation of foreign operations | | (37,583) | 2,456 | (416) |
| **Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods** | | (37,583) | 2,456 | 22,568 |
| *Other comprehensive income not to be reclassified to profit and loss in subsequent periods:* | | | | |
| Re-measurement gains/(losses) on pension plans and other post-retirement benefits | 10 | 59,678 | (6,341) | (48,230) |
| Income tax effect | | (13,685) | 727 | 12,937 |
| | | 45,993 | (5,614) | (35,293) |
| **Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods** | | 45,993 | (5,614) | (35,293) |
| **Other comprehensive income/(loss) for the year, net of tax** | | 8,410 | (3,158) | (12,725) |
| **Total comprehensive income/(loss) for the year, net of tax** | | 75,691 | (347,685) | (225,114) |
| **Attributable to:** | | | | |
| Shareholders of the parent | | 75,813 | (296,268) | (178,492) |
| Non-controlling interests | | (122) | (51,417) | (46,622) |
| | | 75,691 | (347,685) | (225,114) |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | Notes | Equity attributable to the Parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Stated capital $ | Unallocated ESOP shares $ | Other reserves $ | Retained earnings $ | Total $ | Non-controlling interests $ | Total equity $ |
| **Year ended 31 December 2013** | | | | | | | | |
| Balance at 1 January 2013 as previously stated | | 466,206 | (25,299) | (178,679) | 437,558 | 699,786 | (24,653) | 675,133 |
| Restatement – correction of prior period errors (Note 2 (ii)) | | – | – | 753 | (214,819) | (214,066) | (1) | (214,067) |
| Balance at 1 January 2013 (restated) | | 466,206 | (25,299) | (177,926) | 222,739 | 485,720 | (24,654) | 461,066 |
| Other comprehensive (loss)/income | 17 (b) | – | – | (27,778) | 45,392 | 17,614 | (9,204) | 8,410 |
| Profit for the year | | – | – | – | 58,199 | 58,199 | 9,082 | 67,281 |
| Total comprehensive (loss)/income | | – | – | (27,778) | 103,591 | 75,813 | (122) | 75,691 |
| Dividends | 18 | – | – | – | – | – | (460) | (460) |
| Balance at 31 December 2013 (restated) | | 466,206 | (25,299) | (205,704) | 326,330 | 561,533 | (25,236) | 536,297 |
| **Year ended 31 December 2012** | | | | | | | | |
| Balance at 1 January 2012 as previously stated | | 466,206 | (25,299) | (180,069) | 864,882 | 1,125,720 | 42,411 | 1,168,131 |
| Restatement – change in accounting policy (Note 2 (ii)) | | – | – | – | (97,745) | (97,745) | (1,750) | (99,495) |
| Restatement – correction of prior period errors (Note 2 (ii)) | | – | – | 259 | (246,246) | (245,987) | (12,385) | (258,372) |
| Balance at 1 January 2012 (restated) | | 466,206 | (25,299) | (179,810) | 520,891 | 781,988 | 28,276 | 810,264 |
| Other comprehensive income/(loss) (restated) | 17 (b) | – | – | 1,884 | (5,239) | (3,355) | 197 | (3,158) |
| Loss for the year (restated) | | – | – | – | (292,913) | (292,913) | (51,614) | (344,527) |
| Total comprehensive income/(loss) (restated) | | – | – | 1,884 | (298,152) | (296,268) | (51,417) | (347,685) |
| Dividends | 18 | – | – | – | – | – | (1,513) | (1,513) |
| Balance at 31 December 2012 (restated) | | 466,206 | (25,299) | (177,926) | 222,739 | 485,720 | (24,654) | 461,066 |
| **Year ended 31 December 2011** | | | | | | | | |
| Balance at 1 January 2011 as previously stated | | 466,206 | (28,658) | (202,579) | 1,189,938 | 1,424,907 | 92,405 | 1,517,312 |
| Restatement – change in accounting policy (Note 2 (ii)) | | – | – | – | (59,479) | (59,479) | (477) | (59,956) |
| Restatement – correction of prior period errors (Note 2 (ii)) | | – | – | – | (408,566) | (408,566) | (17,030) | (425,596) |
| Balance at 1 January 2011 (restated) | | 466,206 | (28,658) | (202,579) | 721,893 | 956,862 | 74,898 | 1,031,760 |
| Other comprehensive income/(loss) (restated) | 17 (b) | – | – | 22,769 | (34,092) | (11,323) | (1,402) | (12,725) |
| Loss for the year (restated) | | – | – | – | (167,169) | (167,169) | (45,220) | (212,389) |
| Total comprehensive income/(loss) (restated) | | – | – | 22,769 | (201,261) | (178,492) | (46,622) | (225,114) |
| Allocation to employees of ESOP shares net of dividends | | – | 3,359 | – | 26 | 3,385 | – | 3,385 |
| Dividends forfeited | 18 | – | – | – | 233 | 233 | – | 233 |
| Balance at 31 December 2011 (restated) | | 466,206 | (25,299) | (179,810) | 520,891 | 781,988 | 28,276 | 810,264 |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| **Cash from operations** | 21 | 418,642 | 198,380 | 160,440 |
| Pension contributions paid | 10 (a) | (9,039) | (6,856) | (8,414) |
| Post-retirement benefits paid | 10 (b) | (1,322) | (1,112) | (993) |
| Taxation paid | | (20,893) | (6,088) | (6,812) |
| Restructuring expenses paid | | – | (49,143) | (33,125) |
| Net interest paid | | (204,682) | (59,497) | (10,282) |
| **Net cash generated by operating activities** | | 182,706 | 75,684 | 100,814 |
| **Investing activities** | | | | |
| Additions to Property, Plant and Equipment | 8 | (73,957) | (77,913) | (40,721) |
| Proceeds from disposal of Property, Plant and Equipment | | 959 | 35 | 9,546 |
| **Net cash used in investing activities** | | (72,998) | (77,878) | (31,175) |
| **Financing activities** | | | | |
| Repayment of borrowings | | (92,961) | (8,507) | (32,565) |
| Dividends paid to non-controlling interests | | (1,010) | (1,513) | – |
| **Net cash used in financing activities** | | (93,971) | (10,020) | (32,565) |
| Net increase/(decrease) in cash | | 15,737 | (12,214) | 37,074 |
| Net foreign exchange differences | | (994) | (2,033) | (59) |
| Net cash – beginning of year | | 43,061 | 57,308 | 20,293 |
| **Net cash – end of year** | | 57,804 | 43,061 | 57,308 |
| **Represented by:** | | | | |
| Cash at bank and on hand | 13 | 57,804 | 43,061 | 57,755 |
| Bank overdraft | | – | – | (447) |
| | | 57,804 | 43,061 | 57,308 |

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

## 1. Incorporation and activities

Trinidad Cement Limited (the "Parent Company") is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago and its shares are publicly traded on the Trinidad and Tobago Stock Exchange (TTSE), Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE), Eastern Caribbean Securities Exchange (ECSE) and the Guyana Association of Securities Companies and Intermediaries Inc. (GASCI). Trinidad Cement Limited is the ultimate parent of the Group. The Group (Trinidad Cement Limited and its Subsidiaries) is involved in the manufacture and sale of cement, lime, premixed concrete, packaging materials and the winning and sale of sand, gravel and gypsum. The registered office of the Parent Company is Southern Main Road, Claxton Bay, Trinidad.

A listing of the Group's subsidiary companies is detailed in Note 23.

## 2. Significant accounting policies

### (i) Basis of preparation

The consolidated financial statements of the Group are prepared under the historical cost convention.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements. An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective application of a change in accounting policy relative to IAS 19 "Employee Benefits" (Revised 2011).

In addition, the consolidated financial statements have been updated to include an additional statement of income, comprehensive income, changes in equity and cash flows for the year ended 31 December 2011, together with related notes.

*Statement of compliance*

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*Changes in accounting policy and disclosures*

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the years ended 31 December 2012 and 2011 except for the standards and interpretations noted below:

*New and amended standards and interpretations*

The Group applied, for the first time, certain standards and amendments that became applicable for the 2013 financial year. The financial statements have been restated as the Group applied IAS 19 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard.

The nature and the impact of each new standard and amendment are described below:

**IFRS 10, 'Consolidated Financial Statements'**

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this standard did not impact the consolidated financial statements.

**IFRS 11, 'Joint Arrangements'**

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The Group does not have any joint arrangements.

## 2. Significant accounting policies (continued)

(i) **Basis of preparation** (continued)

*New and amended standards and interpretations (continued)*

**IFRS 12, 'Disclosures of Interests in Other Entities'**

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. IFRS 12 disclosures are provided in Note 24.

**IFRS 13, 'Fair Value Measurement'**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price.

**Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income (OCI)**

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., foreign currency translation adjustments) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance. The required disclosure is included in the statement of comprehensive income.

**Amendment to IAS 1 – Clarification of the requirement for comparative information**

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments also clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance. However as described in Note 2 (i) above, the Group has elected to include an additional statement of income, comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 together with the related notes.

**IAS 19, 'Employee Benefits' (Revised 2011)**

The Group applied IAS 19 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (1 January 2012) and the comparative figures have been accordingly restated. IAS 19 (Revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

## 2. Significant accounting policies (continued)

### (i) Basis of preparation (continued)

*New and amended standards and interpretations (continued)*

**IAS 19, 'Employee Benefits' (Revised 2011) (continued)**

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (Revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (Revised 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see Note 2 (ii) for details).

**IFRIC 20, 'Stripping Costs in the Production Phase of a Surface Mine**

IFRIC 20 applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine.

If the benefit from the stripping activity will be realised in the current period, an entity is required to account for that stripping activity costs as part of the costs of inventory. When the benefit is the improved access to ore, the entity recognises these costs as a non-current asset, only if certain criteria are met. This is referred to as the 'stripping activity asset'. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset.

If the costs of the stripping activity asset and inventory produced are not separately identifiable, the entity allocates the cost between the two assets using an allocation method based on a relevant production measure.

The adoption of this IFRIC did not impact the consolidated financial statements.

**Improvements to IFRS – 2009-2011 cycle**

- IFRS 1 – Borrowing costs
- IAS 16 – Classification of servicing equipment

The adoption of these improvements did not impact the consolidated financial statements.

*Standards issued but not effective*

The standards and interpretations that have been issued, but not effective, at the reporting date are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRIC Interpretation 21 Levies (IFRIC 21)
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 9 – Financial Instruments
- IFRS 14 – Interim standard on regulatory deferral accounts

These standards, interpretations and amendments are not expected to impact the Group.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

(ii) **Restatements**

*Change in accounting policy – IAS 19, 'Employee Benefits' (Revised 2011)*

The impact of the adoption of IAS 19 (Revised) on the previously reported years ended 31 December 2012 and 2011 and the current year ended 31 December 2013 is illustrated below:

| | 2013<br>$ | 2012<br>$ | 2011<br>$ |
|---|---|---|---|
| Impact on profit or loss for the year: | | | |
| Increase in personnel expenses | (25,321) | (5,424) | (5,388) |
| Decrease in income tax expenses | 6,261 | 968 | 1,142 |
| Decrease in profit for the year | (19,060) | (4,456) | (4,246) |
| Impact on other comprehensive income for the year: | | | |
| Decrease/(increase) in re-measurement of defined benefit obligation | 59,678 | (6,341) | (48,230) |
| (Increase)/decrease in income tax relating to other comprehensive income | (13,685) | 727 | 12,937 |
| Increase/(decrease) in other comprehensive income for the year | 45,993 | (5,614) | (35,293) |
| Increase/(decrease) in total comprehensive income for the year | 26,933 | (10,070) | (39,539) |
| Impact on net assets/equity for the year | | | |
| Increase/(decrease) in pension plan asset | 29,694 | (13,233) | (42,454) |
| Total non-current assets | 29,694 | (13,233) | (42,454) |
| (Increase)/decrease in deferred tax liabilities | (7,424) | 1,695 | 14,079 |
| Decrease/(increase) in post-retirement obligations | 4,663 | 1,468 | (11,164) |
| Total non-current liabilities | (2,761) | 3,163 | 2,915 |
| Net impact on equity | 26,933 | (10,070) | (39,539) |

The restatement resulted in a net reduction of total equity of $60.0 million as at 31 December 2010.

*Correction of prior period errors*

**(a) Impairment of Goodwill and Property, Plant and Equipment (PPE)**

The financial statements have been restated for the impact of impairment charges arising on the previously recorded goodwill which arose on the acquisition of Caribbean Cement Company Limited (Jamaica Subsidiary) and Property, Plant and Equipment also related to the Jamaica subsidiary as at 31 December 2010. An impairment charge of $506.9 million has been recorded as at 31 December 2010, of which $214.1 million relates to the full impairment of the previously recorded goodwill and $292.8 million relates to a partial impairment of Property, Plant and Equipment. The impact of this restatement is to reduce the previously reported equity by $425.6 million (net of deferred tax of $81.3 million) with a corresponding reduction in total assets as that date. This restatement arose, as the Group concluded that the historical approach to assessing assets for impairment was not in accordance with IAS 36: "Impairment of Assets".

The Group adjusted depreciation expense related to the impairment of Property, Plant and Equipment assets, which resulted in a decrease in depreciation expense of $19.2 million and $4.1 million in 2011 and 2012, respectively.

## 2. Significant accounting policies (continued)

### (ii) Restatements (continued)

*Correction of prior period errors (continued)*

**(a) Impairment of Goodwill and Property, Plant and Equipment (PPE) (continued)**

Based on the results of an impairment test as at 31 December, 2011 and 2012, the Group recorded a reversal of the impairment provision of $198.3 million and $70.6 million respectively for the years ended 31 December 2011 and 2012. The reversal relates to the Property, Plant and Equipment asset only, as none of the previously reported goodwill impairment charge can be reversed.

**(b) Accounting for debt restructuring**

As described in Note 27, in May 2012 the Group executed a new debt restructuring agreement with its lenders. The financial statements have been restated to reverse debt restructuring costs in the amount of $57.2 million that were previously recorded in 2011 and recorded them in 2012. In accordance with IAS 39 Financial Instruments: "Recognition and Measurement", these costs should not have been accounted for until the new agreement was signed and executed in May 2012.

The impact of the restatement for the previously reported periods ended 31 December 2011 and 2012 is illustrated below.

**(c) Impairment of deferred tax asset**

The financial statements have been restated for the impact of an impairment charge on the deferred tax asset relating to the Jamaica subsidiary in 2011. The impairment charge is pursuant to IAS 12 "Income Taxes", where sufficient tax profit was not available against which unused tax losses could be utilised. This resulted in an impairment of the deferred tax asset amounting to $34.2 million as at that date.

Previously, this impairment charge was recorded by the Group in the year ended 31 December 2012 and therefore the financial statements are restated to reverse this impairment charge from the 2012 consolidated statement of income and consolidated statement of financial position, to reflect the impairment recorded in 2011 as described above.

**(d) Reclassification of withholding tax expense**

The financial statements have been restated to reflect the reclassification of certain withholding tax payments previously expensed in arriving at profit before tax for the respective years. In accordance with IAS 12, the withholding tax amounts should have been recorded in the income tax expense line in the consolidated statement of income.

This reclassification had no impact on the previously reported net assets, profit after tax and Basic and Diluted earnings per share of the Group for the year ended 31 December 2011 and 2012. The impact of the reclassification is illustrated below.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

### (ii) Restatements (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below:

| | For the year ended 31 Dec 2011 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | For the year ended 31 Dec 2011 – as restated $ |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2011** | | | | | | |
| *Impact on the income statement* | | | | | | |
| Depreciation | (170,979) | 19,165 | – | – | – | (151,814) |
| Impairment (charges)/reversals and (write-offs) | (79,386) | 198,271 | – | – | – | 118,885 |
| Operating (loss)/profit | (171,479) | 217,436 | – | – | 16,569 | 62,526 |
| Restructuring expenses | (103,201) | – | 35,300 | – | – | (67,901) |
| Finance costs | (187,960) | – | 21,878 | – | – | (166,082) |
| (Loss)/profit before taxation including discontinued operations | (453,229) | 217,436 | 57,178 | – | 16,569 | (162,046) |
| Taxation | 73,965 | (60,678) | (12,880) | (34,181) | (16,569) | (50,343) |
| (Loss)/profit for the year | (379,264) | 156,758 | 44,298 | (34,181) | – | (212,389) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

**(ii) Restatements** (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below (continued):

| | For the year ended 31 Dec 2011 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | For the year ended 31 Dec 2011 – as restated $ |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2011** | | | | | | |
| **Attributable to:** | | | | | | |
| Shareholders of the Parent | (329,489) | 143,668 | 43,980 | (25,328) | – | (167,169) |
| Non-controlling interests | (49,775) | 13,090 | 318 | (8,853) | – | (45,220) |
| | (379,264) | 156,758 | 44,298 | (34,181) | – | (212,389) |
| Basic and diluted (loss)/earnings per share (expressed in $ per share) | (1.34) | 0.58 | 0.18 | (0.10) | – | (0.68) |
| **Year ended 31 December 2011** | | | | | | |
| Impact on other comprehensive income for the year | | | | | | |
| Exchange differences on translation of foreign operations | (765) | 180 | (1) | 170 | – | (416) |
| Total effect on comprehensive income/(loss) for the year, net of tax | | 156,938 | 44,297 | (34,011) | – | |
| **Attributable to:** | | | | | | |
| Shareholders of the Parent | (341,071) | 143,802 | 43,979 | (25,202) | – | (178,492) |
| Non-controlling interests | (51,267) | 13,136 | 318 | (8,809) | – | (46,622) |
| | (392,338) | 156,938 | 44,297 | (34,011) | – | (225,114) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

### (ii) Restatements (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below (continued):

| | As at 1 Jan 2012 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Impact of impairment of Goodwill and PPE at 1 Jan 2011 $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | As at 1 Jan 2012 – as restated $ |
|---|---|---|---|---|---|---|---|
| **Impact on assets/(liabilities) and equity as at 1 January 2012** | | | | | | | |
| Property, plant and equipment | 2,277,294 | (292,783) | 217,491 | – | – | – | 2,202,002 |
| Goodwill | 215,831 | (214,067) | – | – | – | – | 1,764 |
| Deferred tax asset | 424,674 | – | – | (12,876) | (34,011) | – | 377,787 |
| Deferred tax liability | (334,761) | 81,254 | (60,553) | – | – | – | (314,060) |
| Payables and accruals | (714,802) | – | – | 57,173 | – | – | (657,629) |
| Total effect on net assets | | (425,596) | 156,938 | 44,297 | (34,011) | – | |
| Other reserves | (180,069) | – | 134 | (1) | 126 | – | (179,810) |
| Non-controlling interests | 40,661 | (17,030) | 13,136 | 318 | (8,809) | – | 28,276 |
| Retained earnings | 767,137 | (408,566) | 143,668 | 43,980 | (25,328) | – | 520,891 |
| Total effect on equity | | (425,596) | 156,938 | 44,297 | (34,011) | – | |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

**(ii) Restatements** (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below (continued):

| | For the year ended 31 Dec 2012 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | For the year ended 31 Dec 2012 – as restated $ |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2012** | | | | | | |
| *Impact on the income statement* | | | | | | |
| Depreciation | (149,486) | 4,072 | – | – | – | (145,414) |
| Impairment (charges)/reversals and (write-offs) | (88,552) | 70,589 | – | – | – | (17,963) |
| Operating (loss)/profit | (90,295) | 74,661 | – | – | 14,874 | (760) |
| Restructuring expenses | (49,143) | – | (63,020) | – | – | (112,163) |
| Finance costs | (244,655) | – | 5,842 | – | – | (238,813) |
| (Loss)/profit before taxation including discontinued operations | (384,093) | 74,661 | (57,178) | – | 14,874 | (351,736) |
| Taxation | (4,073) | (20,945) | 12,880 | 34,181 | (14,874) | 7,209 |
| (Loss)/profit for the year | (388,166) | 53,756 | (44,298) | 34,181 | – | (344,527) |
| **Attributable to:** | | | | | | |
| Shareholders of the Parent | (324,340) | 50,079 | (43,980) | 25,328 | – | (292,913) |
| Non-controlling interests | (63,826) | 3,677 | (318) | 8,853 | – | (51,614) |
| | (388,166) | 53,756 | (44,298) | (34,181) | – | (344,527) |
| Basic and diluted (loss)/earnings per share (expressed in $ per share) | (1.32) | 0.20 | (0.18) | 0.10 | – | (1.19) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

### (ii) Restatements (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below (continued):

| | For the year ended 31 Dec 2012 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | For the year ended 31 Dec 2012 – as restated $ |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2012** | | | | | | |
| Impact on other comprehensive income for the year | | | | | | |
| Exchange differences on translation of foreign operations | 1,790 | 856 | (20) | (170) | – | 2,456 |
| Total effect on comprehensive income /(loss) for the year, net of tax | | 54,612 | (44,318) | 34,011 | – | |
| **Attributable to:** | | | | | | |
| Shareholders of the Parent | (328,189) | 50,714 | (43,995) | 25,202 | – | (296,268) |
| Non-controlling interests | (63,801) | 3,898 | (323) | 8,809 | – | (51,417) |
| | (391,990) | 54,612 | (44,318) | 34,011 | – | (347,685) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

**(ii) Restatements** (continued)

*Correction of prior period errors (continued)*

The impact of the above restatements in relation to Note 2 (ii) (a) to (d) for the previously reported periods ended 31 December 2011 and 2012 is illustrated below: (continued)

| | As at 1 Jan 2011 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Cumulative impact of restatements on 1 Jan 2012 brought forward $ | Impact of impairment of Goodwill and PPE restatement $ | Impact of accounting for debt restructuring restatement $ | Impact of deferred tax asset impairment restatement $ | Impact of reclassification of withholding tax expense restatement $ | As at 31 Dec 2012 – as restated $ |
|---|---|---|---|---|---|---|---|
| **Impact on assets/ (liabilities) and equity as at 31 December 2012** | | | | | | | |
| Property, plant and equipment | 2,088,542 | (75,292) | 75,292 | – | – | – | 2,088,542 |
| Goodwill | 215,831 | (214,067) | – | – | – | – | 1,764 |
| Deferred tax asset | 405,143 | (46,887) | 21 | 12,855 | 34,011 | – | 405,143 |
| Deferred tax liability | (317,978) | 20,701 | (20,701) | – | – | – | (317,978) |
| Payables and accruals | (536,238) | 57,173 | – | (57,173) | – | – | (536,238) |
| Total effect on net assets | | (258,372) | 54,612 | (44,318) | 34,011 | – | |
| Other reserves | (178,679) | 259 | 632 | (12) | (126) | – | (177,926) |
| Non-controlling interests | (24,653) | (12,385) | 3,901 | (326) | 8,809 | – | (24,654) |
| Retained earnings | 437,558 | (246,246) | 50,079 | (43,980) | 25,328 | – | 222,739 |
| Total effect on equity | | (258,372) | 54,612 | (44,318) | 34,011 | – | |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 2. Significant accounting policies (continued)

**(ii) Restatements** (continued)

*Correction of prior period errors (continued)*

The correction of accounting errors as described above has impacted the 2013 balances and amounts as presented in the consolidated financial statements for the year ended 31 December 2013 as approved by the directors on 27 February 2014. The 2013 balances and amounts have been corrected and restated in these financial statements, and the impact of these restatements is presented below:

| Year ended 31 December 2013 | 31 December 2013 – as previously reported (adjusted for the adoption of IAS 19 (Revised)) $ | Cumulative impact of restatements on 1 Jan 2013 brought forward $ | Impact of reclassification of withholding tax expense restatement $ | 31 Dec 2013 – as restated $ |
|---|---|---|---|---|
| *Impact on the statement of income* | | | | |
| Earnings before interest, tax, depreciation, impairment, loss on disposal of assets and restructuring expenses | 423,423 | – | (19,086) | 404,337 |
| Taxation | 14,404 | – | 19,086 | 33,490 |
| *Impact on statement of financial position* | | | | |
| Goodwill | 214,067 | (214,067) | – | – |
| Other reserves | (206,457) | 753 | – | (205,704) |
| Retained earnings | 541,149 | (214,819) | – | 326,330 |

## 2. Significant accounting policies (continued)

### (iii) Going concern

The Group has reported a profit before taxation of $33.8 million for the year ended 31 December 2013 (loss of $351.8 million in 2012) and there is $2.0 billion in outstanding debt obligations as presented in the consolidated statement of financial position as at 31 December 2013.

For the Group, debt service (inclusive of principal and interest) is forecast to be $368 million for 2014 (2013: $293 million). The key risks to the Group's sustainability are declining domestic markets and unexpected plant stoppages due to technical problems with plant assets. Debt service as a percentage of budgeted Group EBITDA ranges from 67% in 2014 to 55% in 2018. The Group's operating results in recent years have been below the budgeted targets given the declining market demand and plant challenges arising from constrained working capital.

Based on the forecast cash-flows for 2014, management has performed a sensitivity analysis under different scenarios. Should the 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 can manage its capital expenditure and working capital, to a limited extent over a few quarters, to recover certain levels of the shortfall and therefore not compromise its 2014 debt service obligations. A major cash flow risk for the Group is the potential settlement of substantial retroactive wages and salaries consequent upon the determination of the industrial dispute in Trinidad.

The 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 in the budget 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 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. The 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.

The Group's cash generation and performance are especially sensitive to the level of economic activity and government spending in the Caribbean countries which are the Group's key markets. Particularly important, are the markets of Trinidad and Tobago, Jamaica, Barbados and Guyana and where there are declining or low levels of GDP (Gross Domestic Product) growth, high unemployment, unsustainable government debt or adverse government policies, there will be a risk to the performance and financial position of the 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 materialise such that the Group is unable to service its debt obligations when due, this will present a going concern risk to the 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 the Group 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 consolidated financial statements. This basis of preparation assumes that the Group will be able to realise its assets and discharge its liabilities in the ordinary course of business. The factors described above indicate the existence of material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

## 2. Significant accounting policies (continued)

### (iv) Basis of consolidation

These consolidated financial statements comprise the financial statements of Trinidad Cement Limited (the Parent) and its subsidiaries (collectively 'the Group') as at 31 December and for the year then ended. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent 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.

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

- Derecognises the carrying amount of assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Reclassifies to profit or loss or to retained earnings, as appropriate, the amounts recognised in OCI as would be required if the Group had directly disposed of the related assets or liabilities
- Recognises any resulting difference as a gain or loss in profit or loss attributable to the Parent

Non-controlling interests represent the interests not held by the Group, in Readymix (West Indies) Limited, Caribbean Cement Company Limited, TCL Ponsa Manufacturing Limited, TCL Packaging Limited and TCL Guyana Inc.

## 2. Significant accounting policies (continued)

### (v) Significant accounting judgements, estimates and assumptions

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

*Going concern*

The Group's management has made an assessment of the Group's ability to continue as a going concern and has concluded that the Group has the resources to continue in business for the foreseeable future. Therefore the financial statements are prepared on the going concern basis. Note 2 (iii) describes the material uncertainties which may impact the Group's ability to continue as a going concern.

*Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is determined using an approach that includes the use of market observable data for similar type cash generating units. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

*Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the existence of international business relationships and 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, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

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

*Pension and post-retirement benefits*

The cost of defined benefit pension plans and other post-retirement benefits is determined using actuarial valuations. The actuarial valuation involves making judgements and assumptions in determining discount rates, expected rates of return on assets, future salary increases and future pension increases. Due to the long term nature of these plans, such assumptions are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

## 2. Significant accounting policies (continued)

### (v) Significant accounting judgements, estimates and assumptions (continued)

*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 of all categories of Property, Plant and Equipment and the resulting depreciation determined thereon.

Additionally, management exercises judgement in the determination of the key assumptions utilised in the impairment tests performed on the Property, Plant and Equipment. These assumptions include the use of a suitable discount rate and applicable cash flow forecasts to be used in the analysis. These variables significantly impact the results and conclusions derived from the impairment tests performed.

*Provision for doubtful debts*

Management exercises judgement in determining the adequacy of provisions established for accounts receivable balances for which collections are considered doubtful. Judgement is used in the assessment of the extent of the recoverability of certain balances. Actual outcomes may be materially different from the provision established by management.

### (vi) 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 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.

Any contingent consideration to be transferred by the acquirer will be recognised 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 liability, will be recognised 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 should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised 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 recognised 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 forms part of 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.

## 2. Significant accounting policies (continued)

### (vii) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, Plant and Equipment and borrowing costs for long term construction projects if the recognition criteria are met. All other repairs and maintenance are recognised in the statement of income.

Depreciation is provided on the straight line or reducing balance basis at rates estimated to write-off the assets over their estimated useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Current rates of depreciation are:

| | | | | |
|---|---|---|---|---|
| Buildings | - | 2% | - | 4% |
| Plant, machinery and equipment | - | 3% | - | 25% |
| Motor vehicles | - | 10% | - | 25% |
| Office furniture and equipment | - | 10% | - | 33% |

Leasehold land and improvements are amortised over the shorter of the remaining term of the lease and the useful life of the asset. Freehold land and capital work-in-progress are not depreciated. The limestone reserves contained in the leasehold land at a subsidiary is valued at fair market value determined at the date of acquisition of the subsidiary. A depletion charge is recognised based on units of production from those reserves.

All other limestone reserves which are contained in lands owned by the Group are not carried at fair value but the related land is stated at historical cost.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

### (viii) Inventories

Plant spares, raw materials and consumables are valued at the lower of weighted average cost and net realisable value.

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

### (ix) Foreign currency translation

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

*Foreign currency transactions*

Transactions in foreign currencies are initially recorded by Group entities in their functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency spot rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences on foreign currency transactions are recognised in the consolidated statement of income.

*Foreign entities*

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the financial reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on re-translation are recognised in other comprehensive income. On disposal of the foreign operation, the deferred cumulative amount recognised in other comprehensive income is recognised in the consolidated statement of income.

## 2. Significant accounting policies (continued)

### (x) Deferred expenditure

The cost of installed refractories, chains and grinding media is amortised over a period of six to twelve months to match the estimated period of their economic usefulness.

### (xi) Segment information

The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributable to geographic areas based on the location of the assets producing the revenues.

### (xii) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances including advances/overdrafts, accounts receivables, accounts payables, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### (xiii) Leases

*Operating leases*

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

*Finance leases*

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

### (xiv) Taxation

*Current income tax*

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

*Deferred income tax*

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these deductible temporary differences and unused tax losses can be utilised. 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 profit will be available to allow all or part of the deferred tax assets to be utilised.

## 2. Significant accounting policies (continued)

### (xv) Pension plans and post-retirement medical benefits

Defined benefit pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account of the rules of the pension plans and the recommendations of independent professional actuaries.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is calculated based on the advice of independent actuaries who also carry out a full funding valuation of the plans every three years. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of long term government securities.

Defined contribution plans are accounted for on the accrual basis, as the Group's liabilities are limited to its contributions.

Certain subsidiaries also provide post-retirement healthcare benefits to their retirees. The expected costs of these benefits are measured and recognised in a manner similar to that for defined benefit plans. Valuation of these obligations is carried out by independent professional actuaries using an accounting methodology similar to that for the defined benefit pension plans.

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

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

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

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

### (xvi) Revenue recognition

Revenue is recognised 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, taking into account discounts, rebates and sales taxes. The following specific recognition criteria must be met before revenue is recognised:

*Sales of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

*Interest and investment income*

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

### (xvii) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Provision is made for specific doubtful receivables based on a review of all outstanding amounts at the year-end.

### (xviii) Trade and other payables

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

### (xix) Interest bearing loans and borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

## 2. Significant accounting policies (continued)

### (xx) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (xxi) Provisions

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

### (xxii) Earnings per share

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

### (xxiii) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all cash and bank balances and overdraft balances with maturities of less than three months from the date of establishment.

### (xxiv) Equity compensation benefits

The Group accounts for profit sharing entitlements which are settled in the shares of the Parent Company through an Employee Share Ownership Plan (ESOP) as an expense determined at market value. The cost incurred in administering the Plan is recorded in the statement of income of the Parent Company. The cost of the unallocated shares of the Parent Company, which are treated as treasury shares, is recognised as a separate component within equity.

### (xxv) Equity movements

*Stated capital*

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Company. As equity is repurchased, the amount of consideration paid is recognised as a charge to equity and reported in the consolidated statement of financial position as treasury shares.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the statement of financial position date are dealt with as an event after the end of reporting date.

*Treasury shares*

Own equity instruments which are re-acquired ("treasury shares") are deducted from equity. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves. Such treasury shares are presented separately within equity and are stated at cost.

## 2. Significant accounting policies (continued)

### (xxvi) Impairment of assets

*Non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are separately disclosed in the consolidated statement of income.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

*Financial assets*

The carrying value of all financial assets not carried at fair value through the income statement is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

### (xxvii) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its consolidated statement of financial position. The fair values of financial instruments measured at amortised cost are disclosed in Note 22. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

## 2. Significant accounting policies (continued)

### (xxviii) Comparative information

The financial statements have been restated as a result of the impact of the matters described in Note 2 (ii).

Certain other minor changes in presentation relating to comparative information have been made in these consolidated financial statements. However, these changes had no effect on operating results, net loss or net assets for the Group in the previous year. These are as follows:

- Unsecured insurance premium financing facilities in the amount of $8.8 million have been reclassified from payables and accruals to short-term advances. This comparative change is presented in Note 15 – Payables and accruals and Note 14 – Short-term advances.
- US$25 million commercial paper in the amount of $192.6 million has been reclassified and presented under the "Promissory notes" classification within borrowings (previously recorded within "Term loans"). This comparative change is presented in Note 16 – Borrowings.
- $17.8 million has been reclassified from plant, machinery and equipment and motor vehicles to capital work in progress. This comparative change is presented in Note 8 – Property, Plant and Equipment.
- Interest and finance charges of $953.9 million have been presented within the Liquidity risk maturity profile. This comparative change is presented in Note 25 – Financial risk management.
- Short-term advances of $40.7 million (2011: Nil) which was previously included in arriving at cash and cash equivalents for the year in the consolidated statement of cash flows, is now reclassified and presented within changes in net current assets within payables and accruals in arriving at net cash generated by operating activities. This change is reflected in Note 21 – Cash from operations and in the consolidated statement of cash flows.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 3. Operating profit/(loss)

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| Revenue | | 1,941,049 | 1,615,888 | 1,560,860 |
| Less expenses: | | | | |
| Personnel remuneration and benefits (see below) | | 443,972 | 441,053 | 439,086 |
| Fuel and electricity | | 399,116 | 390,210 | 412,712 |
| Raw materials and consumables | | 214,031 | 234,592 | 172,989 |
| Operating expenses | | 227,626 | 236,515 | 197,210 |
| Equipment hire and haulage | | 144,997 | 142,262 | 155,400 |
| Repairs and maintenance | | 96,601 | 95,136 | 95,933 |
| Changes in finished goods and work in progress | | 18,630 | (78,919) | 2,332 |
| Other income (see below) | | (8,261) | (14,384) | (13,686) |
| **Earnings before interest, tax, depreciation, impairment, loss on disposal of assets and restructuring expenses** | | 404,337 | 169,423 | 98,884 |
| Depreciation | | (127,863) | (145,414) | (151,814) |
| Impairment (charges)/reversals and (write-offs) (see below) | | (2,427) | (17,963) | 118,885 |
| Loss on disposal of Property, Plant and Equipment | | (2,484) | (6,806) | (3,429) |
| **Operating profit/(loss)** | | 271,563 | (760) | 62,526 |
| *Impairment (charges)/reversals and (write-offs)* | | | | |
| Property, Plant and Equipment | 8 | (663) | – | – |
| Property, Plant and Equipment Kiln 4 assets | 8 | – | (80,752) | (79,386) |
| Other Property, Plant and Equipment in Jamaica | 8 | – | 70,589 | 198,271 |
| Goodwill impairment | 9 | (1,764) | – | – |
| Inventories | | – | (7,800) | – |
| | | (2,427) | (17,963) | 118,885 |

Included under plant and machinery is the Kiln 4 assets in Jamaica which is currently not operating. In accordance with IAS 36: "Impairment of assets", management assessed the Kiln 4 assets for impairment and recorded an impairment provision of $77.9 million in 2012 (2011: $79.4 million) to effectively write down the asset to its recoverable amount. Additionally, part of the asset was considered obsolete resulting in the write off of $2.9 million.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

In accordance with IAS 36: "Impairment of assets", management assessed other Property, Plant and Equipment in Jamaica and recorded a reversal of impairment provision of $70.6 million in 2012 (2011: $198.3 million) due to changes in the recoverable amount based on fair value less cost of disposal.

In accordance with IAS 2: "Inventories" a write-down of $7.8 million was recognised in 2012 as an expense for spares relating to the idle Kiln 4 asset. The write downs arose from the delay in the projected reactivation of the assets.

| | 2013<br>$ | 2012<br>Restated<br>$ | 2011<br>Restated<br>$ |
|---|---|---|---|
| **Personnel remuneration and benefits include:** | | | |
| Salaries and wages | 352,168 | 349,049 | 356,063 |
| Other benefits | 42,260 | 46,640 | 38,624 |
| Statutory contributions | 20,027 | 18,927 | 18,698 |
| Pension costs – defined contribution plan | 3,944 | 4,029 | 3,999 |
| Termination benefits | 3,331 | 7,623 | 7,151 |
| Net pension expense – defined benefit plans (Note 10 (a)) | 22,242 | 14,785 | 14,551 |
| | 443,972 | 441,053 | 439,086 |
| **Operating profit is stated after deducting directors' fees of:** | | | |
| Directors' fees | 701 | 792 | 790 |
| **Other income includes:** | | | |
| Delivery and trucking services | 4,624 | 2,209 | 4,650 |
| Miscellaneous income | 3,637 | 12,175 | 9,036 |
| | 8,261 | 14,384 | 13,686 |

## 4. Restructuring expenses

There were no debt restructuring expenses in 2013. In 2012, the debt restructuring expenses included stamp duty of $11.6 million, legal and advisory fees of $24.9 million and a loss of $75.6 million relating to the difference between the carrying amount of the original borrowings and the fair value of the new loans (see Note 27). In 2011, debt restructuring expenses included legal and advisory fees of $40.4 million which related to the eventual debt restructuring and a SWAP termination cost of $27.5 million.

## 5. Finance costs

| | 2013<br>$ | 2012<br>Restated<br>$ | 2011<br>Restated<br>$ |
|---|---|---|---|
| Interest expense | 217,850 | 205,372 | 162,908 |
| Interest income | (1,210) | (251) | (83) |
| | 216,640 | 205,121 | 162,825 |
| Foreign currency exchange loss | 21,132 | 33,692 | 3,257 |
| | 237,772 | 238,813 | 166,082 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 6. Taxation

| | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|
| **a) Taxation credit/(charge)** | | | |
| Deferred taxation (Note 6 (c)) | 21,353 | 24,080 | (24,020) |
| Current taxation | 12,137 | (16,871) | (26,323) |
| | 33,490 | 7,209 | (50,343) |

The Company records withholding taxes within income tax expense. Effective 29 June 2013 an intra-group obligation of US$75 million owed to the Parent Company, Trinidad Cement Limited (TCL), by the Jamaican subsidiary, CCCL, was restructured to strengthen the equity position of the subsidiary and significantly reduce its earnings statement exposure to foreign exchange rate fluctuations. Pursuant to CCCL shareholders' approval, US$37 million was converted to redeemable preference shares and further obligations of US$38 million were converted into an additional capital contribution to CCCL. As a consequence of the capital restructuring, accrued withholding tax of TT$38.8 million associated with the obligations was no longer payable by CCCL and accordingly was reversed in June 2013 and therefore this credit of $38.8 million has been included in current income tax for the year 2013.

| | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|
| **b) Reconciliation of applicable tax (charge)/ credit to effective tax credit/(charge)** | | | |
| Profit/(loss) before taxation from continuing operations | 33,791 | (351,736) | (171,457) |
| Gain before taxation from discontinued operations | – | – | 9,411 |
| Profit/(loss) before taxation | 33,791 | (351,736) | (162,046) |
| Tax (charge)/credit calculated at 25% | (8,448) | 87,934 | 40,511 |
| Net effect of other charges and disallowances | 15,851 | (19,750) | (54,535) |
| Tax losses for which deferred tax income were not recognised/(recognised) | 7,455 | (97,662) | (80,181) |
| Impact of income not subject to tax | 26,595 | 33,537 | 32,358 |
| Business and green fund levies | (2,925) | (2,449) | (2,315) |
| Effect of different tax rates outside Trinidad and Tobago | (5,038) | 5,599 | 13,819 |
| Taxation credit/(charge) reported in the consolidated statement of income | 33,490 | 7,209 | (50,343) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 6. Taxation (continued)

### b) Reconciliation of applicable tax (charge)/credit to effective tax credit/(charge) (continued)

As at 31 December 2013, a deferred tax asset of $113.5 million in relation to tax losses and capital allowances available for reducing future tax payments was not recognised in the statement of financial position given a level of uncertainty regarding their utilisation within a reasonable time.

At 31 December 2013, tax losses which were previously impaired by Caribbean Cement Company Limited were recognised as a deferred tax asset of $7.5 million as the Group believes that it is probable that taxable profit will be available due to the improvement in the trading performance and outlook for the subsidiary such that these losses can be utilised.

Trinidad Cement Limited has tax losses of $1,036 million (2012: $945 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of $301.1 million (2012: $527.2 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of $7.5 million (2012: $15.2 million) available for set off against future taxable profits.

These losses are subject to agreement with the respective tax authorities.

| | 2013<br>$ | 2012 Restated<br>$ |
|---|---|---|
| **c) Movement in deferred tax net balance:** | | |
| Net balance at 1 January | 87,165 | 63,727 |
| Exchange rate and other adjustments | (85) | (1,369) |
| Credit to earnings | 21,353 | 24,080 |
| (Charge)/credit to other comprehensive income | (13,685) | 727 |
| Net balance at 31 December (Note 6 (d)) | 94,748 | 87,165 |
| **d) Components of the deferred tax (liabilities)/assets are as follows:** | | |
| **Deferred tax assets:** | | |
| Tax losses carry forward | 293,858 | 274,333 |
| Capital allowances carry forward | 40,328 | 40,111 |
| Interest accrual | 62,992 | 71,690 |
| Others | 40,193 | 19,009 |
| Balance at 31 December | 437,371 | 405,143 |
| **Deferred tax liabilities:** | | |
| Property, Plant and Equipment | (306,213) | (294,850) |
| Pension plan assets | (30,830) | (20,834) |
| Others | (5,580) | (2,294) |
| Balance at 31 December | (342,623) | (317,978) |
| Net deferred tax asset | 94,748 | 87,165 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 7. Earnings per share

| | 2013<br>$ | 2012<br>Restated<br>$ | 2011<br>Restated<br>$ |
|---|---|---|---|
| The following reflects the income and share data used in the earnings per share computation: | | | |
| Net profit/(loss) for the year attributable to equity holders of the Parent - continuing operations | 58,199 | (292,913) | (173,851) |
| Net profit/(loss) for the year attributable to equity holders of the Parent - discontinued operations | – | – | 6,682 |
| Net profit/(loss) for the year attributable to equity holders of the Parent | 58,199 | (292,913) | (167,169) |
| Weighted average number of ordinary shares issued (net of treasury shares) (thousands of units) | 246,013 | 245,869 | 245,869 |
| Basic earnings/(loss) per share – continuing operations (expressed in $ per share) | $0.24 | ($1.19) | ($0.71) |
| Basic earnings per share – discontinued operations (expressed in $ per share) | $0.00 | $0.00 | $0.03 |
| Basic and diluted earnings/(loss) per share (expressed in $ per share) | $0.24 | ($1.19) | ($0.68) |
| Basic and diluted loss per share as previously reported (expressed in $ per share) | | ($1.32) | ($1.34) |

The balance of the TCL Employee Share Ownership Plan relating to the cost of unallocated shares held by the Plan is presented as a separate component in equity. The weighted average number of unallocated shares of 3.752 million (2012: 3.896 million; 2011: 3.896 million) held by the Plan during the year is deducted in computing the weighted average number of ordinary shares in issue. The Group has no dilutive potential ordinary shares in issue.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 8. Property, Plant and Equipment

| | Land and buildings $ | Plant, machinery and equipment and motor vehicles $ | Office furniture and equipment $ | Capital work in progress $ | Total $ |
|---|---|---|---|---|---|
| **At 31 December 2013** | | | | | |
| Cost | 439,477 | 3,254,791 | 102,068 | 64,182 | 3,860,518 |
| Accumulated depreciation and impairment | (176,698) | (1,619,637) | (81,072) | – | (1,877,407) |
| Net book amount | 262,779 | 1,635,154 | 20,996 | 64,182 | 1,983,111 |
| **Net book amount** | | | | | |
| 1 January 2013 (Restated) | 289,992 | 1,716,041 | 20,105 | 62,404 | 2,088,542 |
| Exchange rate adjustments | (15,479) | (28,759) | (576) | (2,177) | (46,991) |
| Additions and transfers | 2,548 | 41,651 | 4,675 | 25,083 | 73,957 |
| Disposals and adjustments | 585 | 15,927 | 745 | (21,128) | (3,871) |
| Depreciation charge | (14,867) | (109,043) | (3,953) | – | (127,863) |
| Impairment charge and write off | – | (663) | – | – | (663) |
| 31 December 2013 | 262,779 | 1,635,154 | 20,996 | 64,182 | 1,983,111 |
| **At 31 December 2012** | | | | | |
| Cost | 460,920 | 3,289,276 | 96,095 | 62,404 | 3,908,695 |
| Accumulated depreciation and impairment | (170,928) | (1,573,235) | (75,990) | – | (1,820,153) |
| Net book amount (Restated) | 289,992 | 1,716,041 | 20,105 | 62,404 | 2,088,542 |
| **Net book amount** | | | | | |
| 1 January 2012 (Restated) | 287,749 | 1,842,578 | 24,925 | 46,750 | 2,202,002 |
| Exchange rate adjustments | (9,449) | (18,131) | (351) | (1,353) | (29,284) |
| Additions and transfers | 6,711 | 21,795 | 1,070 | 48,337 | 77,913 |
| Disposals and adjustments | 9,129 | 16,773 | 540 | (32,954) | (6,512) |
| Depreciation charge | (10,535) | (128,587) | (6,292) | – | (145,414) |
| Impairment reversal | 6,387 | 62,365 | 213 | 1,624 | 70,589 |
| Impairment charge and write off | – | (80,752) | – | – | (80,752) |
| 31 December 2012 (Restated) | 289,992 | 1,716,041 | 20,105 | 62,404 | 2,088,542 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 8. Property, Plant and Equipment (continued)

The net carrying value of assets held under finance leases within Property, Plant and Equipment amounted to $1.3 million (2012: $2.3 million) as at 31 December 2013. It is the Group's policy to capitalise interest on borrowings specific to capital projects during the period of construction. No borrowing costs were capitalised in 2013 (2012: Nil).

In accordance with IAS 36: "Impairment of Assets", management tested and as a consequence impaired the Kiln 4 asset in Jamaica and recorded in 2012 an impairment loss of $77.9 million. Additionally, part of the asset was considered obsolete which was written off in 2012 by an amount of $2.9 million.

In accordance with IAS 36, management assessed other Property, Plant and Equipment in Jamaica and recorded a reversal of impairment of $70.6 million in 2012 due to changes in the recoverable amount based on fair value less cost of disposal.

The reversal represents the improved trading conditions in Jamaica and the impact on the future outlook and the resulting future cash flow projections.

## 9. Goodwill

| | 2013 Restated $ | 2012 Restated $ |
|---|---|---|
| Cost | 269,147 | 269,147 |
| Accumulated impairment | (269,147) | (267,383) |
| Net book amount | – | 1,764 |
| **Net book amount** | | |
| 1 January | 1,764 | 1,764 |
| Impairment charge for the year | (1,764) | – |
| 31 December | – | 1,764 |

Based on the results of impairment tests, an impairment charge of $1.8 million was recorded in 2013 to fully write off the goodwill attributable to the subsidiary of Readymix (West Indies) Limited.

### Impairment testing of goodwill

Goodwill was acquired through business combinations with Caribbean Cement Company Limited (CCCL) and a subsidiary of Readymix (West Indies) Limited (RML). As stated above the goodwill of the Readymix (West Indies) Limited subsidiary was fully impaired in 2013. The recoverable amount of the RML cash generating unit was determined using value in use with pre-tax cash flow projections that were approved by the Board of Directors and applying sensitivity analysis to the data. The calculation of value in use is most sensitive to assumptions regarding market share, gross margins and discount rates.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 9. Goodwill (continued)

The following highlights the goodwill and impairment information for the RML cash-generating unit:

| | Subsidiary of Readymix (West Indies) Limited |
|---|---|
| Carrying amount of goodwill | $1.8 million |
| Basis for recoverable amount | Value in use |
| Discount rate | 12.54% |
| Discount rate (extrapolation period) | 12.54% |
| Cash flow projection term | 5 years |
| Growth rate (extrapolation period) | 1% |

As described in Note 2 (ii) (a), the Group restated the financial statements to reflect the impact of the full impairment of the goodwill arising on the acquisition of CCCL.

## 10. Pension plans and other post-retirement benefits

The Trinidad Cement Limited Employees' Pension Fund Plan, a defined benefit plan, is sectionalised for funding purposes into three segments to provide retirement pensions to the retirees of Trinidad Cement Limited (TCL), TCL Packaging Limited (TPL) and Readymix (West Indies) Limited (RML). Another pension plan, resident in Barbados, covers the employees of Arawak Cement Company Limited and Premix and Precast Concrete Incorporated. Employees of TCL Ponsa Manufacturing Limited are paid directly by the company, an end of service lump sum payment.

The Parent Company's employees and employees of TCL Packaging Limited and Readymix (West Indies) Limited are members of the Trinidad Cement Limited Employees' Pension Fund Plan. This is a defined benefit Pension Plan which provides pensions related to employees' length of service and basic earnings at retirement. The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent professional actuary. The preliminary Actuarial Valuation report as at 31 December 2012 revealed that the Trinidad Cement Limited section was in surplus by $53.5 million but the Readymix (West Indies) Limited and TCL Packaging Limited sections were in deficit by $3.1 million and $8.1 million respectively. The next triennial actuarial valuation is due as at 31 December 2015.

The report recommended service contribution rates for TCL, RML and TPL as a percentage of salaries at 6%, 21% and 32.7% respectively.

A roll-forward valuation in accordance with IAS 19 "Employee Benefits", using assumptions indicated below, was done as at 31 December 2013 for the sole purpose of preparing these consolidated financial statements.

Employees of Arawak Cement Company Limited are members of a defined benefit pension plan, which became effective in September 1994. The Plan is established under an irrevocable trust and its assets are invested through an independently administered segregated fund policy. The triennial actuarial valuation was last carried out as at January 2013 and showed a funding surplus of $4.3 million. The actuary has recommended that the company contributes at the rate of 1% of members' earnings.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 10. Pension plans and other post-retirement benefits (continued)

The numbers below are extracted from information supplied by independent actuaries.

| | 2013<br>$ | 2012<br>Restated<br>$ | 2011<br>Restated<br>$ |
|---|---|---|---|
| **Pension plan assets/(liabilities) and other post-retirement obligations:** | | | |
| Net pension plan assets | 134,452 | 93,170 | 105,355 |
| Net pension plan liabilities | (7,246) | (7,692) | (5,127) |
| Net pension plan asset | 127,206 | 85,478 | 100,228 |
| Other post-retirement obligations: | | | |
| Retiree's medical benefit obligations | (39,647) | (40,909) | (38,790) |
| Service benefit obligations | (2,091) | (2,090) | (1,803) |
| Total other post-retirement obligations | (41,738) | (42,999) | (40,593) |

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

| | Defined benefit obligation<br>$ | Fair value of plan assets<br>$ | Net benefit asset<br>$ |
|---|---|---|---|
| **Balance at 1 January 2013 – restated** | **(816,890)** | **902,368** | **85,478** |
| *Pension cost charged to profit or loss* | | | |
| Current service cost | (24,859) | (1,769) | (26,628) |
| Past service cost | (5) | – | (5) |
| Net interest | (41,559) | 45,950 | 4,391 |
| **Sub-total included in profit or loss** | **(66,423)** | **44,181** | (22,242) |
| *Re-measurement gains/(losses) in OCI* | | | |
| Return on plan assets | – | 59,592 | 59,592 |
| Actuarial changes arising from changes in financial assumptions | 1,717 | (1,702) | 15 |
| Experience adjustments | (3,717) | – | (3,717) |
| **Sub-total included in OCI** | **(2,000)** | **57,890** | **55,890** |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 10. Pension plans and other post-retirement benefits (continued)

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

| | Defined benefit obligation $ | Fair value of plan assets $ | Net benefit asset $ |
|---|---|---|---|
| *Other movements* | | | |
| Contributions by employee | (6,727) | 6,727 | – |
| Contributions by employer | – | 9,039 | 9,039 |
| Benefits paid | 36,024 | (36,024) | – |
| Other movements | (986) | 27 | (959) |
| **Sub-total – other movements** | **28,311** | **(20,231)** | **8,080** |
| **Balance at 31 December 2013** | **(857,002)** | **984,208** | **127,206** |

The Group expects to contribute $9.6 million to its defined benefit plan in 2014.

The weighted average duration of the defined benefit obligations at 31 December 2013 ranges from 14.1 to 20.5 years.

| | Defined benefit obligation $ | Fair value of plan assets $ | Net benefit asset $ |
|---|---|---|---|
| **Balance at 1 January 2012 – restated** | **(729,588)** | **829,816** | **100,228** |
| *Pension cost charged to profit or loss* | | | |
| Current service cost | (18,834) | (1,684) | (20,518) |
| Net interest | (40,191) | 45,924 | 5,733 |
| **Sub-total included in profit or loss** | **(59,025)** | **44,240** | **(14,785)** |
| *Re-measurement gains/(losses) in OCI* | | | |
| Return on plan assets | – | 55,556 | 55,556 |
| Actuarial changes arising from changes in financial assumptions | (58,756) | – | (58,756) |
| Experience adjustments | (3,614) | – | (3,614) |
| **Sub-total included in OCI** | **(62,370)** | **55,556** | **(6,814)** |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 10. Pension plans and other post-retirement benefits (continued)

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

| | Defined benefit obligation $ | Fair value of plan assets $ | Net benefit asset $ |
|---|---|---|---|
| *Other movements* | | | |
| Contributions by employee | (6,081) | 6,081 | – |
| Contributions by employer | – | 6,856 | 6,856 |
| Benefits paid | 40,021 | (40,021) | – |
| Other movements | 153 | (160) | (7) |
| **Sub-total – other movements** | **34,093** | **(27,244)** | **6,849** |
| **Balance at 31 December 2012 – restated** | **(816,890)** | **902,368** | **85,478** |
| **Balance at 1 January 2011 – restated** | **(619,777)** | **762,687** | **142,910** |
| *Pension cost charged to profit or loss* | | | |
| Current service cost | (19,888) | (1,924) | (21,812) |
| Past service cost | (1,964) | – | (1,964) |
| Net interest | (38,687) | 47,912 | 9,225 |
| **Sub-total included in profit or loss** | **(60,539)** | **45,988** | **(14,551)** |
| *Re-measurement gains/(losses) in OCI* | | | |
| Return on plan assets | – | 37,614 | 37,614 |
| Actuarial changes arising from changes in demographic assumptions | – | – | – |
| Actuarial changes arising from changes in financial assumptions | (42,000) | (3,228) | (45,228) |
| Experience adjustments | (29,111) | – | (29,111) |
| **Sub-total included in OCI** | **(71,111)** | **34,386** | **(36,725)** |
| *Other movements* | | | |
| Contributions by employee | (6,837) | 6,837 | – |
| Contributions by employer | – | 8,414 | 8,414 |
| Benefits paid | 28,344 | (28,344) | – |
| Other movements | 332 | (152) | 180 |
| **Sub-total – other movements** | **21,839** | **(13,245)** | **8,594** |
| **Balance at 31 December 2011 – restated** | **(729,588)** | **829,816** | **100,228** |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 10. Pension plans and other post-retirement benefits (continued)

### (b) Changes in the other post-retirement benefits

| | 2013 $ | 2012 $ | 2011 $ |
|---|---|---|---|
| **Balance at 1 January - restated** | (42,999) | (40,593) | (27,148) |
| *Pension cost charged to profit or loss* | | | |
| Current service cost | (1,733) | (1,789) | (1,271) |
| Past service cost | – | – | – |
| Net interest | (2,117) | (2,202) | (1,665) |
| **Sub-total included in profit or loss** | **(3,850)** | **(3,991)** | **(2,936)** |
| *Re-measurement gains/(losses) in other comprehensive income* | | | |
| Actuarial changes arising from changes in demographic assumptions | (1,352) | 132 | – |
| Actuarial changes arising from changes in financial assumptions | – | (3,108) | (4,277) |
| Experience adjustments | 5,141 | 3,449 | (7,228) |
| **Sub-total included in OCI** | **3,789** | **473** | **(11,505)** |
| *Other movements* | | | |
| Benefits paid | 1,322 | 1,112 | 993 |
| Other movements | – | – | 3 |
| **Sub-total – other movements** | **1,322** | **1,112** | **996** |
| **Balance at 31 December – restated** | **(41,738)** | **(42,999)** | **(40,593)** |

### (c) The major categories of plan assets of the fair value of the total plan assets are, as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Cash and cash equivalents | 5% | 6% | 10% |
| Equities | 41% | 42% | 40% |
| Bonds | 51% | 48% | 46% |
| Mortgages | 1% | 2% | 2% |
| Real estate | 1% | 1% | 1% |
| Other | 1% | 1% | 1% |

Equities are quoted on actively traded markets.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 10. Pension plans and other post-retirement benefits (continued)

### (d) Principal actuarial assumptions used in determining pension plans and other post-retirement benefits for the Group:

**Pension plans**

The actual return on plan assets for 2013 amounted to $103,840 (2012: $101,479; 2011: $82,293).

| | | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| Discount rate at 31 December: | | | | |
| Trinidad Cement Limited Employees' Pension Fund Plan | | 5.00% | 5.00% | 5.50% |
| Arawak Cement Company Limited Pension Fund Plan | | 7.75% | 7.75% | 7.75% |
| Future salary increases: | | | | |
| Trinidad Cement Limited Employees' Pension Fund Plan | | 5.00% | 5.00% | 5.00% |
| Arawak Cement Company Limited Pension Fund Plan | | 6.75% | 6.75% | 6.75% |
| Post-retirement mortality for pensioners at 60: | Male | 21.0 | 21.0 | 21.0 |
| | Female | 25.4 | 25.4 | 25.4 |

A quantitative sensitivity analysis for significant assumptions as at 31 December 2013 is as shown below:

| **Assumptions** | **Discount rate** | | **Future salary increases** | | **Life expectancy of pensioners** |
|---|---|---|---|---|---|
| **Sensitivity level** | **1% increase** | **1% decrease** | **1% increase** | **1% decrease** | **increase by 1 year** |
| Impact on the defined benefit obligation | (61,071) | 69,149 | 138,986 | (120,421) | 58,607 |

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

Other post-retirement obligations:

| | | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| Discount rate at 31 December | | 5% | 5% | 5.5% |
| Future medical claims inflation | | 5% | 5% | 5% |
| Post-retirement mortality for pensioners at 65: | Male | 21.0 | 21.0 | 21.0 |
| | Female | 25.1 | 25.1 | 25.1 |

A quantitative sensitivity analysis for significant assumptions as at 31 December 2013 is as shown below:

| **Assumptions** | **Discount rate** | | **Future medical claims inflation** | | **Life expectancy** |
|---|---|---|---|---|---|
| **Sensitivity level** | **1% increase** | **1% decrease** | **1% increase** | **1% decrease** | **increase by 1 year** |
| Impact on the defined benefit obligation | (6,055) | 7,781 | 7,699 | (6,107) | 1,485 |

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

The Group expects to contribute $1.2 million to its other post-retirement benefits in 2014.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 11. Inventories

| | 2013 $ | 2012 $ |
|---|---|---|
| Plant spares | 152,922 | 154,565 |
| Raw materials and work in progress | 246,332 | 253,434 |
| Consumables | 132,132 | 126,917 |
| Finished goods | 67,769 | 79,609 |
| | 599,155 | 614,525 |

Inventories are shown as net of obsolescence provision of $17.0 million (2012: $20.3 million).

## 12. Receivables and prepayments

| | 2013 $ | 2012 $ |
|---|---|---|
| Trade receivables | 156,433 | 154,445 |
| Less: provision for doubtful debts | (34,449) | (33,129) |
| Trade receivables (net) | 121,984 | 121,316 |
| Sundry receivables and prepayments | 56,777 | 67,622 |
| Deferred expenditure | 3,453 | 9,586 |
| Taxation recoverable | 5,033 | 8,035 |
| | 187,247 | 206,559 |

Presented in the consolidated statement of financial position as follows:

| | 2013 $ | 2012 $ |
|---|---|---|
| Non-current | 7,437 | 7,800 |
| Current | 179,810 | 198,759 |
| | 187,247 | 206,559 |

Included within trade receivables are balances due from three (3) customers with agreed repayment terms over one year and therefore $7.4 million (2012: $7.8 million) is presented as a non-current asset.

| | | | Past due but not impaired | | |
|---|---|---|---|---|---|
| | Total $ | Neither past due nor impaired $ | 1-90 days $ | 91-180 days $ | Over 180 days $ |
| **2013** | 121,984 | 57,559 | 27,501 | 10,479 | 26,445 |
| **2012** | 121,316 | 57,667 | 36,521 | 5,335 | 21,793 |

As at 31 December, the impairment provision for trade receivables assessed to be doubtful was $34.4 million (2012: $33.1 million). Movements in the provision for impaired receivables were as follows:

| | 2013 $ | 2012 $ |
|---|---|---|
| At 1 January | 33,129 | 25,922 |
| Charge for the year | 2,201 | 8,067 |
| Unused amounts reversed/written off | (881) | (860) |
| At 31 December | 34,449 | 33,129 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 13. Cash at bank and on hand

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

## 14. Short-term advances

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Short-term advances | 18,758 | 40,665 |

Short-term advances are comprised of an unsecured deposit advanced from a customer with a balance of $14.9 million (2012: $31.3 million) and unsecured insurance premium financing with an outstanding balance of $3.8 million (2012: $9.4 million).

## 15. Payables and accruals

| | 2013<br>$ | 2012<br>Restated<br>$ |
|---|---|---|
| Sundry payables and accruals | 315,622 | 345,297 |
| Trade payables | 169,276 | 180,146 |
| Statutory obligations | 8,580 | 7,795 |
| Interest and other finance charges | 6,610 | 1,779 |
| Taxation payable | 607 | 1,221 |
| | 500,695 | 536,238 |

## 16. Borrowings

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Maturity of borrowings: | | |
| One year | 179,279 | 100,557 |
| Two years | 190,805 | 171,766 |
| Three years | 218,445 | 190,236 |
| Four years | 242,715 | 217,325 |
| Five years and over | 1,120,539 | 1,366,242 |
| Gross borrowings | 1,951,783 | 2,046,126 |
| Current portion of total borrowings | (179,279) | (100,557) |
| Borrowings non-current portion | 1,772,504 | 1,945,569 |

In May 2012, the Group concluded a restructuring of the debt portfolio. As a consequence of the restructuring of the debt, an Override Agreement and Intercreditor Agreements were executed between the company and its Lenders, which synchronised debt service payments and among other conditions established the maintenance of financial ratio covenants. Individual loan agreements continue to be in force to the extent not varied by the Override Agreement and Intercreditor Agreements. Interest and principal payable will be paid quarterly through to December 2018 with the last principal payment being 43% of the restructured debt of $2.027 billion. Under the Override Agreement, there are cross guarantee undertakings and pledging of Group company assets to secure the restructured debt.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 16. Borrowings (continued)

| | 2013 $ | 2012 $ |
|---|---|---|
| **Type of borrowings:** | | |
| Bonds | 945,238 | 983,903 |
| Term loans | 819,325 | 867,274 |
| Promissory notes | 185,909 | 192,607 |
| Finance lease obligations | 1,311 | 2,342 |
| | 1,951,783 | 2,046,126 |
| **Currency denomination of borrowings** | | |
| US dollar | 718,682 | 746,188 |
| Local currencies | 1,233,101 | 1,299,938 |
| | 1,951,783 | 2,046,126 |
| **Interest rate profile** | | |
| Fixed rates | 1,581,966 | 1,661,084 |
| Floating rates | 369,817 | 385,042 |
| | 1,951,783 | 2,046,126 |

| | 2013 | 2012 |
|---|---|---|
| The weighted average effective interest rate for borrowings is: | 9.9% | 9.9% |

### a) Bonds

#### (i) Barbados $50 million Bond

This bond, with current book value of TT$128.8 million (2012: TT$133.5 million), is secured by a charge on the fixed and floating assets of Arawak Cement Company Limited and carries rates of interest in the range 9.4% to 11.45% for the four tranches (2012: 9.4% to 11.45%).

#### (ii) TT$346.5 million Bond

This bond, with current book value of TT$161.2 million (2012: TT$167.9 million), is secured by a charge on the assets of the TCL Group and carries a fixed rate of interest of 6.87% per annum plus 200 basis points.

#### (iii) TT$187 million Bond

This bond, with current book value of TT$202.1 million (2012: TT$210.4 million), is secured by a charge on the assets of the TCL Group and carries a fixed rate of interest of 8.95% per annum plus 200 basis points.

#### (iv) TT$100 million Bond

This bond, with current book value of TT$89.9 million (2012: TT$93.7 million), is secured by a charge on the assets of the TCL Group and carries a fixed interest rate of 8.5% per annum plus 200 basis points.

#### (v) TT$315 million Bond

This bond, with current book value of TT$363.2 million (2012: TT$378.4 million), is secured by a charge on the assets of the TCL Group and carries a fixed rate of interest of 9.1% per annum plus 200 basis points.

## 16. Borrowings (continued)

### b) Term loans

#### (i) US$25 million 'A' Loan

This loan, with current book value of TT$132 million (2012: TT$136.8 million), is secured by a charge on the assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 425 basis points with Floor on Libor of 4% (currently 8.25%) (2012: 8.25%).

#### (ii) US$10 million 'C' Loan

This loan, with current book value of TT$71.5 million (2012: TT$74.0 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 300 basis points (currently 8.25%) (2012: 8.25%).

In addition to interest, the lender is entitled to an additional annual margin capped at 1000 basis points above Libor calculated on the excess Earnings before Interest, Taxes, Depreciation and Amortisation ('Ebitda') of Caribbean Cement Company Limited over US$20.0 million.

#### (iii) US$20 million 'Parallel' Loan

This loan, with current book value of TT$127.8 million (2012: TT$132.4 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 475 basis points with a Floor on Libor of 4% (currently 8.25%) (2012: 8.25%).

#### (iv) US$5.92 million Loan

This loan, with current book value of TT$37.5 million (2012: TT$38.9 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 425 basis points (currently 8.25%) (2012: 8.25%). This represents the termination of the interest rate swap in 2011 which was converted into a loan.

#### (v) TT$18.5 million loan

This loan with a current book value of $1.0 million (2012: $2.9 million), is secured by a charge on the fixed and floating assets of Readymix (West Indies) Limited and carries a floating rate of interest of 5.5% (2012: 5.5%).

### c) Other Bank Term loans $450.4 million (2012: $484.9 million)

These loans with current book value of $441.9 million (2012: $465.6 million) represent former overdraft and short-term loans converted into medium term loans as part of the debt restructuring. The loans are denominated in Trinidad and Tobago, Barbados, Jamaican and United States dollars and carry interest with rates ranging from 6.25% to 24.5% (2012: 6.25% to 24.5%), and are secured by the assets of the Group.

Loans on the books of Readymix (West Indies) Limited with a current book value of $7.6 million (2012: TT$16.6 million) is unsecured TT Dollar loans with rates ranging from 5.5% to 9.75% (2012: 5.5% to 9.75%).

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 16. Borrowings (continued)

### d) Promissory notes

US$25 million commercial paper

This loan with current book value of TT$185.9 million (2012: TT$192.6 million) is secured by a charge on assets of the TCL Group and carries a fixed rate of interest of 7.25% per annum plus 200 basis points with 4% Floor on Libor (currently 9.25%) (2012: 9.25%).

### e) Finance leases

Finance leases consist of the obligations for a number of motor vehicles acquired under finance lease agreements with monthly installments over a period of four to five years. The agreements are secured by the related motor vehicles and inherent finance charges are in the range of 10% to 11.6% per annum (2012: 10% to 11.6%).

Included in total borrowings are finance leases amounting to $1.3 million (2012: $2.3 million). The minimum lease payments under these finance leases are as follows:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Due not more than one year | 764 | 1,097 |
| Due in years two to five | 658 | 1,617 |
| Total minimum lease payments | 1,422 | 2,714 |
| Less: Finance charges | (111) | (372) |
| Total net present value | 1,311 | 2,342 |

## 17. Stated capital and other reserves

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **(a) Stated capital** | | |
| **Authorised** | | |
| An unlimited number of ordinary and preference shares of no par value | | |
| **Issued and fully paid** | | |
| 249,765,136 (2012: 249,765,136) ordinary shares of no par value | 466,206 | 466,206 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 17. Stated capital and other reserves (continued)

### (b) Other reserves

| | Foreign currency translation account $ | Hedging reserve $ | Total other reserves $ |
|---|---|---|---|
| **Year ended 31 December 2013** | | | |
| Balance at 1 January 2013 | (177,926) | – | (177,926) |
| **Other comprehensive income:** | | | |
| Currency translation | (27,778) | – | (27,778) |
| Total other comprehensive income | (27,778) | – | (27,778) |
| Balance at 31 December 2013 | (205,704) | – | (205,704) |
| **Year ended 31 December 2012** | | | |
| Balance at 1 January 2012 | (179,810) | – | (179,810) |
| **Other comprehensive income:** | | | |
| Currency translation | 1,884 | – | 1,884 |
| Total other comprehensive income | 1,884 | – | 1,884 |
| Balance at 31 December 2012 | (177,926) | – | (177,926) |
| **Year ended 31 December 2011** | | | |
| Balance at 1 January 2011 | (179,595) | (22,984) | (202,579) |
| **Other comprehensive income:** | | | |
| Currency translation and other adjustments | (215) | – | (215) |
| Net charge on swap transferred to statement of income (interest) | – | 4,195 | 4,195 |
| Net charge on swap transferred to statement of income (restructuring) | – | 26,450 | 26,450 |
| Deferred taxation on swap obligation | – | (7,661) | (7,661) |
| Total other comprehensive income | (215) | 22,984 | 22,769 |
| Balance at 31 December 2011 | (179,810) | – | (179,810) |

**Nature and purpose of reserves**

*Foreign currency translation account*
This reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Hedging reserve*
This account records the effective portion of the cashflow hedge relating to future periods. The Hedge arrangement was terminated in 2011.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 17. Stated capital and other reserves (continued)

### (c) Other comprehensive income net of tax

The disaggregation of changes of other comprehensive income by type of reserve is shown below:

| | Foreign currency translation account $ | Retained earnings $ | Total other reserves $ |
|---|---|---|---|
| **Year ended 31 December 2013** | | | |
| **Other comprehensive income:** | | | |
| Currency translation | (27,778) | – | (27,778) |
| Re-measurement gains/(losses) on pension plans and other post-retirement benefits | – | 45,392 | 45,392 |
| | (27,778) | 45,392 | 17,614 |
| **Year ended 31 December 2012** | | | |
| **Other comprehensive income:** | | | |
| Currency translation | 1,884 | – | 1,884 |
| Re-measurement gains/(losses) on pension plans and other post-retirement benefits | – | (5,239) | (5,239) |
| | 1,884 | (5,239) | (3,355) |

| | Foreign currency translation account $ | Hedging reserve $ | Retained earnings $ | Total $ |
|---|---|---|---|---|
| **Year ended 31 December 2011** | | | | |
| **Other comprehensive income:** | | | | |
| Currency translation and other adjustments | (215) | – | – | (215) |
| Net charge on swap transferred to statement of income (interest) | – | 3,146 | – | 3,146 |
| Net charge on swap transferred to statement of income (restructuring) | – | 19,838 | – | 19,838 |
| Re-measurement gains/(losses) on pension plans and other post retirement benefits | – | – | (34,092) | (34,092) |
| | (215) | 22,984 | (34,092) | (11,323) |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 18. Dividends

The Parent Company has not declared nor paid any dividends during the year 2013 or in respect of 2012. During the year 2011 the Parent company wrote back $0.2 million to retained earnings representing dividend cheques which were not presented for payment for more than six years.

Dividends represents the dividends of subsidiaries in respect of non-controlling interests during the year of $0.46 million (2012: $1.513 million).

## 19. Employee share ownership plan (ESOP)

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| *Employee share ownership plan* | | |
| Number of shares held - unallocated (thousands) | 3,752 | 3,752 |
| Number of shares held - allocated (thousands) | 4,216 | 3,953 |
| | 7,968 | 7,705 |
| Fair value of shares held - unallocated | 8,254 | 5,590 |
| Fair value of shares held - allocated | 9,275 | 5,890 |
| | 17,529 | 11,480 |
| **Cost of unallocated ESOP shares** | 25,299 | 25,299 |
| Charge to earnings for shares allocated to employees | 400 | 500 |

The Parent Company operates an Employee Share Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Parent Company based on a set formula. Employees may acquire additional company shares to be held in trust by the Trustees but the costs of such purchases are for the employee's account. All permanent employees of the Parent Company and certain subsidiaries are eligible to participate in the Plan that is directed, including the voting of shares, by a Management Committee comprising management of the Parent Company and the general employee membership. Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions.

Shares acquired by the ESOP are funded by the Parent Company's contributions. The cost of the shares so acquired and which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 20. Capital commitments and contingent liabilities

### Capital commitments

The Group has contractual capital commitments of $7.8 million as at December 2013 (2012: $7.6 million).

### Contingent liabilities

There are contingent liabilities amounting to $20.7 million (2012: $10 million) for various claims, assessments, bank guarantees, and bonds against the Group. Included therein, are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Group's attorneys at law, that owing to the uncertainty of these possible liabilities no provision has been made in these consolidated financial statements in respect of these matters.

The Board of Inland Revenue in Trinidad and Tobago has disallowed expenditure amounting to $102.1 million claimed by the Parent Company in respect of fiscal year 2007. The Parent Company has formally objected to this assessment as it is of the view that the claim is well supported in law and will defend its position in the resolution process. No provision has been made in the consolidated financial statements in respect of this matter as the possible liability is not considered probable.

The subsidiary in Guyana was given a commitment by the Government of Guyana in 2006 to have the corporate tax rate for non-commercial companies of 30 percent made applicable to its operations. Subsequent action by the Guyana Revenue Authority held that the corporate tax rate for commercial companies of 40 percent was applicable. The subsidiary computes its corporation tax liability on the basis of the original commitment received while it contests through court action the failure to honour the original commitment. No provision has been made in these consolidated financial statements for the higher tax rate as the possible liability is not considered probable. This contingent liability amounts to $15.5 million as at year end.

## 21. Cash from operations

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| Profit/(loss) before taxation from continuing operations | | 33,791 | (351,736) | (171,457) |
| Profit before taxation from discontinued operations | | – | – | 9,411 |
| Profit/(loss) before taxation | | 33,791 | (351,736) | (162,046) |
| Adjustments to reconcile profit/(loss) before taxation to net cash generated by operating activities: | | | | |
| Depreciation | 8 | 127,863 | 145,414 | 151,814 |
| Net impairment charges/(reversals) and write-offs | 3 | 2,427 | 17,963 | (118,885) |
| Interest expense net of interest income | 5 | 237,772 | 238,813 | 166,082 |
| Restructuring expenses | 4 | – | 112,163 | 67,901 |
| ESOP share allocation and sale of shares net of dividends | | – | – | 3,385 |
| Pension plan expense | 10 (a) | 22,242 | 14,785 | 14,551 |
| Other post-retirement benefit expense | 10 (b) | 3,850 | 3,991 | 2,936 |
| Loss on disposal of Property, Plant and Equipment | 3 | 2,484 | 6,806 | 3,429 |
| Gain from disposal of subsidiary | | – | – | (11,092) |
| Other non-cash items | | – | – | 3,907 |
| | | 430,429 | 188,199 | 121,982 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 21. Cash from operations (continued)

| | Notes | 2013 Restated $ | 2012 Restated $ | 2011 Restated $ |
|---|---|---|---|---|
| **Changes in net current assets** | | | | |
| (Increase)/decrease in inventories | | (7,290) | (65,642) | 12,053 |
| Decrease/(increase) in receivables and prepayments | | 13,197 | (2,217) | (22,966) |
| (Decrease)/increase in payables and accruals | | (17,694) | 78,040 | 49,371 |
| | | 418,642 | 198,380 | 160,440 |

## 22. Fair values

The fair values of cash at bank and on hand, receivables, payables and current portion of borrowings approximate their carrying amounts due to the short-term nature of these instruments. The fair values of these instruments and long term borrowings are presented below:

| | Carrying amount 2013 $ | Fair value 2013 $ | Carrying amount 2012 $ | Fair value 2012 $ |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash at bank | 57,804 | 57,804 | 43,061 | 43,061 |
| Trade receivables | 121,984 | 121,984 | 121,316 | 121,316 |
| **Financial liabilities:** | | | | |
| Short-term advances | 18,758 | 18,758 | 40,665 | 40,665 |
| Borrowings | 1,951,783 | 1,951,783 | 2,046,126 | 2,046,126 |
| Trade payables | 169,276 | 169,276 | 180,146 | 180,146 |
| Interest and finance charges | 6,610 | 6,610 | 1,779 | 1,779 |

Based on indicative interest rates provided by potential other lenders, the carrying value of borrowings approximate their fair value.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 23. Subsidiary undertakings

The Group's subsidiaries are as follows:

| Company | Country of incorporation | Ownership level 2013 | 2012 |
|---|---|---|---|
| Readymix (West Indies) Limited | Trinidad and Tobago | 71% | 71% |
| TCL Packaging Limited | Trinidad and Tobago | 80% | 80% |
| TCL Ponsa Manufacturing Limited | Trinidad and Tobago | 65% | 65% |
| TCL Leasing Limited | Trinidad and Tobago | 100% | 100% |
| Caribbean Cement Company Limited | Jamaica | 74% | 74% |
| Jamaica Gypsum and Quarries Limited | Jamaica | 74% | 74% |
| Rockfort Mineral Bath Complex Limited | Jamaica | 74% | 74% |
| Caribbean Gypsum Company Limited | Jamaica | 74% | 74% |
| Arawak Cement Company Limited | Barbados | 100% | 100% |
| Premix & Precast Concrete Incorporated | Barbados | 60% | 60% |
| TCL Trading Limited | Anguilla | 100% | 100% |
| TCL Service Limited | Nevis | 100% | 100% |
| TCL (Nevis) Limited | Nevis | 100% | 100% |
| TCL Guyana Inc. | Guyana | 80% | 80% |

TCL Haiti Inc. SA (THI) was incorporated in January 2012 in Haiti, however, due to ongoing discussions with a third party that will affect the shareholding and operations of THI, no shares have been issued to date. At present THI is expected to be a majority owned subsidiary of TCL (Nevis) Limited.

*Key management compensation of the Group*

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

| | 2013 $ | 2012 Restated $ |
|---|---|---|
| Short-term employment benefits | 32,388 | 28,302 |
| Pension plan and post-retirement benefits | 923 | 637 |

## 24. Material partly-owned subsidiaries

The financial information of subsidiaries that have material non-controlling interests are provided below:

**Proportion of equity held by non-controlling interests:**

| Name | Country of incorporation and operation | 2013 | 2012 |
|---|---|---|---|
| Caribbean Cement Company Group | Jamaica | 26% | 26% |
| Readymix (West Indies) Limited | Trinidad & Tobago | 29% | 29% |
| TCL Packaging Limited | Trinidad & Tobago | 20% | 20% |
| TCL Ponsa Manufacturing Limited | Trinidad & Tobago | 35% | 35% |
| TCL Guyana Inc. | Guyana | 20% | 20% |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 24. Material partly-owned subsidiaries (continued)

| | 2013<br>$ | 2012<br>Restated<br>$ |
|---|---|---|
| **Accumulated balances of material non-controlling interests:** | | |
| Caribbean Cement Company Limited | (73,835) | (73,501) |
| Readymix (West Indies) Limited | 25,243 | 26,906 |
| TCL Packaging Limited | 12,669 | 11,402 |
| TCL Ponsa Manufacturing Limited | 3,858 | 4,435 |
| TCL Guyana Inc. | 6,829 | 6,104 |
| | (25,236) | (24,654) |
| **Profit/(loss) allocated to material non-controlling interests:** | | |
| Caribbean Cement Company Limited | 9,428 | (51,029) |
| Readymix (West Indies) Limited | (2,430) | (2,292) |
| TCL Packaging Limited | 1,857 | 742 |
| TCL Ponsa Manufacturing Limited | (526) | 292 |
| TCL Guyana Inc. | 753 | 673 |
| | 9,082 | (51,614) |

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

**Summarised statement of profit or loss for 2013:**

| | Caribbean Cement Company Limited<br>$ | Readymix (West Indies) Limited<br>$ | TCL Packaging Limited<br>$ | TCL Ponsa Manufacturing Limited<br>$ | TCL Guyana Inc.<br>$ |
|---|---|---|---|---|---|
| Revenue | 770,342 | 175,580 | 73,349 | 17,236 | 137,967 |
| Operating expenses | (696,371) | (172,115) | (61,576) | (18,718) | (132,197) |
| Finance costs (net) | (74,167) | (1,889) | (70) | (20) | (1) |
| **(Loss)/profit before tax** | (196) | 1,576 | 11,703 | (1,502) | 5,769 |
| Income tax | 7,455 | (3,162) | (2,416) | – | (2,006) |
| **Profit/(loss) for year** | 7,259 | (1,586) | 9,287 | (1,502) | 3,763 |
| **Total comprehensive income** | 7,259 | 1,103 | 8,151 | (1,373) | 3,663 |
| Attributable to non-controlling interests | 1,880 | (2,239) | 1,630 | (481) | 753 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 24. Material partly-owned subsidiaries (continued)

**Summarised statement of profit or loss for 2012:**

| | Caribbean Cement Company Limited $ | Readymix (West Indies) Limited $ | TCL Packaging Limited $ | TCL Ponsa Manufacturing Limited $ | TCL Guyana Inc. $ |
|---|---|---|---|---|---|
| Revenue | 657,453 | 136,528 | 62,877 | 16,470 | 109,265 |
| Operating expenses | (749,465) | (144,320) | (57,955) | (15,615) | (103,977) |
| Finance costs (net) | (81,296) | (2,156) | (110) | (22) | (184) |
| **(Loss)/profit before tax** | (173,308) | (9,948) | 4,812 | 833 | 5,104 |
| Income tax | (56,038) | 1,396 | (1,105) | – | (1,737) |
| **(Loss)/profit for year** | (229,346) | (8,552) | 3,707 | 833 | 3,367 |
| **Total comprehensive income** | (229,346) | (9,394) | 3,034 | 826 | 3,367 |
| Attributable to non-controlling interests | (59,401) | (524) | 607 | 289 | 673 |

**Summarised statement of financial position as at 31 December 2013:**

| | Caribbean Cement Company Limited $ | Readymix (West Indies) Limited $ | TCL Packaging Limited $ | TCL Ponsa Manufacturing Limited $ | TCL Guyana Inc. $ |
|---|---|---|---|---|---|
| Inventories, cash and bank balances and other current assets | 260,604 | 87,679 | 56,195 | 14,467 | 32,184 |
| Property, Plant and Equipment and other non-current assets | 295,647 | 55,446 | 34,467 | 2,353 | 44,607 |
| Trade and other payables and other current liabilities | (184,627) | (49,209) | (15,356) | (3,706) | (40,754) |
| Interest bearing loans, borrowings and deferred tax and other non-current liabilities | (81,844) | (6,023) | (11,962) | (2,091) | (1,892) |
| **Total equity** | 289,780 | 87,893 | 63,344 | 11,023 | 34,145 |
| Attributable to: | | | | | |
| Equity holders of parent | 364,673 | 90,394 | 50,675 | 7,165 | 27,316 |
| Non-controlling interests | (74,893) | (2,501) | 12,669 | 3,858 | 6,829 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 24. Material partly-owned subsidiaries (continued)

**Summarised statement of financial position as at 31 December 2012:**

| | Caribbean Cement Company Limited $ | Readymix (West Indies) Limited $ | TCL Packaging Limited $ | TCL Ponsa Manufacturing Limited $ | TCL Guyana Inc. $ |
|---|---|---|---|---|---|
| Inventories, cash and bank balances and other current assets | 273,640 | 98,300 | 43,998 | 21,261 | 24,783 |
| Property, Plant and Equipment and other non-current assets | 315,448 | 60,227 | 44,289 | 2,469 | 48,132 |
| Trade and other payables and other current liabilities | (260,355) | (63,978) | (21,494) | (8,969) | (40,581) |
| Interest bearing loans, borrowings and deferred tax and other non-current liabilities | (532,705) | (7,759) | (9,781) | (2,090) | (1,816) |
| **Total equity** | (203,972) | 86,790 | 57,012 | 12,671 | 30,518 |
| Attributable to: | | | | | |
| Equity holders of parent | (126,353) | 87,052 | 45,610 | 8,236 | 24,414 |
| Non-controlling interests | (77,619) | (262) | 11,402 | 4,435 | 6,104 |

**Summarised cash flow information for the year ending 31 December 2013:**

| | Caribbean Cement Company Limited $ | Readymix (West Indies) Limited $ | TCL Packaging Limited $ | TCL Ponsa Manufacturing Limited $ | TCL Guyana Inc. $ |
|---|---|---|---|---|---|
| Operating | 15,609 | 16,873 | 7,886 | 836 | 292 |
| Investing | (36,450) | (5,770) | (238) | (69) | (269) |
| Financing | 18,152 | (8,521) | (3,302) | (182) | – |
| **Net (decrease)/increase in cash and cash equivalents** | (2,689) | 2,582 | 4,346 | 585 | 23 |

**Summarised cash flow information for the year ending 31 December 2012:**

| | Caribbean Cement Company Limited $ | Readymix (West Indies) Limited $ | TCL Packaging Limited $ | TCL Ponsa Manufacturing Limited $ | TCL Guyana Inc. $ |
|---|---|---|---|---|---|
| Operating | (67,988) | 17,920 | 6,007 | (1,077) | 8,355 |
| Investing | (10,770) | (12,324) | (815) | (10) | (47) |
| Financing | 87,809 | (4,402) | (1,513) | – | (6,605) |
| **Net increase/(decrease) in cash and cash equivalents** | 9,051 | 1,194 | 3,679 | (1,087) | 1,703 |

## 25. Financial risk management

### Introduction

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

### Risk management structure

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

### Credit risk

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

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

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

Exposure to credit risk is further managed through regular analysis of the ability of debtors and financial institutions to settle outstanding balances, meet capital and interest repayment obligations and by changing these lending limits when appropriate. The Group does not generally hold collateral as security.

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

| | Gross maximum exposure | |
|---|---|---|
| | 2013 | 2012 |
| | $ | $ |
| Trade receivables | 121,984 | 121,316 |
| Cash at bank | 57,804 | 43,061 |
| Credit risk exposure | 179,788 | 164,377 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 25. Financial risk management (continued)

**Credit risk** (continued)

*Credit risk related to receivables*

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all credit customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2013, the Group had eighteen (18) customers (2012: thirteen (13) customers) that owed the Group more than $2 million each and which accounted for 63% (2012: 41%) of all trade receivables.

*Credit risk related to cash at bank*

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

**Liquidity risk**

The Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations, from the settlement of financial assets such as accounts receivable and levels of cash sales. The Group's objective is to fund its operations and activities within the framework of the terms of the debt restructuring agreed with lenders. Working credit lines have been withdrawn and access to longer term credit funding has been severely restricted. Accordingly, the Group is dependent on internally generated funds to cover most of its funding needs.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December:

| **2013** | **On demand $** | **1 year $** | **2 to 5 years $** | **> 5 years $** | **Total $** |
|---|---|---|---|---|---|
| Short-term advances | 2,914 | 15,844 | – | – | 18,758 |
| Borrowings | 7,607 | 171,672 | 1,772,504 | – | 1,951,783 |
| Interest and finance charges | 963 | 189,854 | 555,936 | – | 746,753 |
| Trade payables | – | 169,276 | – | – | 169,276 |
| | 11,484 | 546,646 | 2,328,440 | – | 2,886,570 |

| **2012** | **On demand $** | **1 year $** | **2 to 5 years $** | **> 5 years $** | **Total $** |
|---|---|---|---|---|---|
| Short-term advances | 8,763 | 31,902 | – | – | 40,665 |
| Borrowings | 16,675 | 83,882 | 824,308 | 1,121,261 | 2,046,126 |
| Interest and finance charges | – | 203,565 | 646,355 | 103,952 | 953,872 |
| Trade payables | – | 180,146 | – | – | 180,146 |
| | 25,438 | 499,495 | 1,470,663 | 1,225,213 | 3,220,809 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 25. Financial risk management (continued)

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy financial position in order to support its business activities and maximise shareholder value. The Group is required to comply with several financial ratios and other quantitative targets in accordance with loan agreements. The Group is required to achieve Leverage, Debt Service and Net Worth financial ratio targets in accordance with the revised terms of the debt restructuring agreed with lenders. The Group was in compliance with these ratios at year end.

### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. Risk management in this area is active to the extent that hedging strategies are available and cost effective.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity:

| | Increase/decrease in US/Euro rate $ | Effect on profit before tax $ | Effect on equity |
|---|---|---|---|
| **2013** | | | |
| US dollar | +1% | (7,078) | (5,309) |
| | –1% | 7,078 | 5,309 |
| Euro | +1% | (39) | (29) |
| | –1% | 39 | 29 |
| **2012** | | | |
| US dollar | +1% | (7,690) | (5,768) |
| | –1% | 7,690 | 5,768 |
| Euro | +1% | (60) | (45) |
| | –1% | 60 | 45 |

The effect on profit is shown net of US dollar financial assets (2013: $78.6 million, 2012: $67.5 million), and liabilities (2013: $791.9 million, 2012: $845.3 million) and EURO net financial liabilities (2013: $3.8 million, 2012: $6 million).

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 25. Financial risk management (continued)

**Foreign currency risk** (continued)

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

| 2013 | TTD $ | USD $ | JMD $ | BDS $ | Other $ | Total $ |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash at bank | 11,394 | 37,502 | 3,536 | 136 | 5,236 | 57,804 |
| Trade receivables | 45,326 | 41,082 | 21,309 | 2,040 | 12,227 | 121,984 |
| | 56,720 | 78,584 | 24,845 | 2,176 | 17,463 | 179,788 |
| **LIABILITIES** | | | | | | |
| Short-term advances | 2,914 | 15,590 | – | 254 | – | 18,758 |
| Borrowings | 1,015,852 | 719,177 | 47,411 | 169,343 | – | 1,951,783 |
| Interest and finance charges | 530 | 5,933 | 49 | 98 | – | 6,610 |
| Trade payables | 14,613 | 51,205 | 64,583 | 30,099 | 8,776 | 169,276 |
| | 1,033,909 | 791,905 | 112,043 | 199,794 | 8,776 | 2,146,427 |
| **NET (LIABILITIES)/ASSETS** | (977,189) | (713,321) | (87,198) | (197,618) | 8,687 | (1,966,639) |

| 2012 | TTD $ | USD $ | JMD $ | BDS $ | Other $ | Total $ |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash at bank | 11,906 | 18,385 | 6,953 | 555 | 5,262 | 43,061 |
| Trade receivables | 47,785 | 49,145 | 11,869 | 5,652 | 6,865 | 121,316 |
| | 59,691 | 67,530 | 18,822 | 6,207 | 12,127 | 164,377 |
| **LIABILITIES** | | | | | | |
| Short-term advances | – | 40,059 | – | 606 | – | 40,665 |
| Borrowings | 1,072,226 | 746,188 | 52,263 | 175,449 | – | 2,046,126 |
| Interest and finance charges | 837 | 367 | 471 | 104 | – | 1,779 |
| Trade payables | 18,572 | 58,716 | 58,017 | 35,638 | 9,203 | 180,146 |
| | 1,091,635 | 845,330 | 110,751 | 211,797 | 9,203 | 2,268,716 |
| **NET (LIABILITIES)/ASSETS** | (1,031,944) | (777,800) | (91,929) | (205,590) | 2,924 | (2,104,339) |

Other currencies include the Euro.

**Interest rate risk**

Interest rate risk for the Group centers on the risk that debt service cash outflow will increase due to changes in market interest rates. At the statement of financial position date, the Group's exposure to changes in interest rates relates primarily to bank loans which have a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed, variable rate debt and financial derivatives.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 25. Financial risk management (continued)

**Interest rate risk** (continued)

The interest rate exposure of borrowings is as follows:

| | 2013<br>$ | 2012<br>Restated<br>$ |
|---|---|---|
| At fixed rate | 1,581,966 | 1,661,084 |
| At floating rates | 369,817 | 385,042 |

**Interest rate risk table**

The following table shows the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

| | Increase/decrease in basis points | Effect on profit before tax<br>$ |
|---|---|---|
| **2013** | +100 | (3,698) |
| | –100 | 3,698 |
| **2012** | +100 | (3,850) |
| | –100 | 3,850 |

## 26. Financial information by segment

The Group is organised and managed on the basis of the main product lines provided which are cement, concrete and packaging. Management records and monitors the operating results of each of the business units separately for the purpose of making decisions about resource allocations and performance assessment. Transfer pricing between operating segments is on an arm's length basis.

### 26.1 Operating segment information

| 2013 | Cement<br>$ | Concrete<br>$ | Packaging<br>$ | Consolidation adjustments<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| Total revenue | 2,102,515 | 175,580 | 90,585 | – | 2,368,680 |
| Inter-segment revenue | (343,612) | – | (84,019) | – | (427,631) |
| Third party revenue | 1,758,903 | 175,580 | 6,566 | – | 1,941,049 |
| Depreciation and impairment | 124,499 | 8,443 | 1,179 | (3,831) | 130,290 |
| (Loss)/profit before tax (restated) | (404,510) | (185) | 10,201 | 428,285 | 33,791 |
| Segment assets (restated) | 3,787,827 | 147,028 | 98,814 | (634,529) | 3,399,140 |
| Segment liabilities | 3,291,902 | 54,843 | 24,447 | (508,349) | 2,862,843 |
| Capital expenditure | 67,335 | 6,249 | 373 | – | 73,957 |
| Operating cash flows | 104,639 | 16,873 | 8,722 | 52,472 | 182,706 |
| Investing cash flows | (66,870) | (5,770) | (307) | (51) | (72,998) |
| Financing cash flows | (9,725) | (8,521) | (3,484) | (72,241) | (93,971) |
| Net increase in cash and cash equivalents | 28,044 | 2,582 | 4,931 | (19,820) | 15,737 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 26. Financial information by segment (continued)

### 26.1 Operating segment information (continued)

| | Cement $ | Concrete $ | Packaging $ | Consolidation adjustments $ | Total $ |
|---|---|---|---|---|---|
| **2012** | | | | | |
| Total revenue | 1,744,067 | 136,528 | 79,347 | – | 1,959,942 |
| Inter-segment revenue | (271,510) | – | (72,544) | – | (344,054) |
| Third party revenue | 1,472,557 | 136,528 | 6,803 | – | 1,615,888 |
| Depreciation and reversal of impairment (restated) | 161,018 | 6,100 | 1,760 | (5,501) | 163,377 |
| (Loss)/profit before tax (restated) | (582,060) | (8,163) | 5,637 | 232,850 | (351,736) |
| Segment assets (restated) | 4,101,084 | 159,911 | 110,785 | (919,016) | 3,452,764 |
| Segment liabilities (restated) | 3,852,473 | 69,318 | 41,285 | (971,378) | 2,991,698 |
| Capital expenditure | 64,778 | 12,310 | 825 | – | 77,913 |
| Operating cash flows | (24,847) | 17,920 | 4,930 | 77,681 | 75,684 |
| Investing cash flows | (154,630) | (12,324) | (825) | 89,901 | (77,878) |
| Financing cash flows | 137,514 | (4,402) | (1,513) | (141,619) | (10,020) |
| Net (decrease)/increase in cash and cash equivalents | (41,963) | 1,194 | 2,592 | 25,963 | (12,214) |

| | Cement $ | Concrete $ | Packaging $ | Consolidation adjustments $ | Total $ |
|---|---|---|---|---|---|
| **2011** | | | | | |
| Total revenue | 1,691,382 | 116,242 | 91,036 | – | 1,898,660 |
| Inter-segment revenue | (257,287) | – | (80,513) | – | (337,800) |
| Third party revenue | 1,434,095 | 116,242 | 10,523 | – | 1,560,860 |
| Depreciation and reversal of impairment (restated) | 27,931 | 8,543 | 2,159 | (5,704) | 32,929 |
| (Loss)/profit before tax (restated) | (226,205) | (693) | 8,889 | 46,552 | (171,457) |
| Segment assets (restated) | 4,119,549 | 159,796 | 113,339 | (886,201) | 3,506,483 |
| Segment liabilities (restated) | 3,314,166 | 61,080 | 40,051 | (719,078) | 2,696,219 |
| Capital expenditure | 38,484 | 1,856 | 381 | – | 40,721 |
| Operating cash flows | 143,160 | 569 | 18,211 | (61,126) | 100,814 |
| Investing cash flows | (250,838) | 7,554 | (381) | 212,490 | (31,175) |
| Financing cash flows | 196,683 | (915) | – | (228,333) | (32,565) |
| Net increase in cash and cash equivalents | 89,005 | 7,208 | 17,830 | (76,969) | 37,074 |

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 26. Financial information by segment (continued)

### 26.2 Geographical segment information

| | Revenue 2013 | Revenue 2012 | Revenue 2011 | Non-current assets 2013 | Non-current assets 2012 Restated | Additions property plant and equipment 2013 | Additions property plant and equipment 2012 |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Trinidad & Tobago | 718,584 | 562,753 | 527,131 | 1,299,550 | 1,358,258 | 33,859 | 48,060 |
| Jamaica | 648,869 | 482,768 | 499,111 | 359,982 | 393,459 | 36,864 | 10,799 |
| Barbados | 174,359 | 161,221 | 169,107 | 280,780 | 299,911 | 2,966 | 15,706 |
| Other countries | 399,237 | 409,146 | 365,511 | 50,236 | 46,478 | 268 | 3,348 |
| Group total | 1,941,049 | 1,615,888 | 1,560,860 | 1,990,548 | 2,098,106 | 73,957 | 77,913 |

The revenue information above represents third party revenue based on the location of the customers' operations. Other countries include Guyana, Venezuela, the OECS islands and Brazil.

Non-current assets comprise Property, Plant and Equipment, goodwill and receivables.

## 27. Debt restructuring

In 2010, 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 $1,673 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 Group with the lenders and these consolidated financial statements have been prepared in accordance with the restructuring agreements. Under the terms of the new agreement interest payments on the outstanding debt amounting to $51 million were made on 30 December 2012. As described in Note 16 payments of principal and interest on the restructured debt has been synchronised into quarterly installments from March 2013 through December 2018, with the last principal payment being 43% of the restructured debts.

Because the terms of the Override Agreement were substantially different than the terms of its existing debt arrangements, the Group accounted for the Override Agreement as an extinguishment of its existing borrowings. As a result, on 10 May 2012, the Group recorded a total extinguishment loss of $112.2 million of which $75.6 million represented the difference between the carrying amount of the original borrowings and the fair value of the new loans. The extinguishment loss is presented within restructuring expenses in the consolidated statement of income.

For the year ended 31 December 2013 • (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

## 27. Debt restructuring (continued)

The Override Agreement has imposed the following key covenants and restrictions on the TCL Group:

a) Compliance with certain financial covenants for the TCL Group commencing from 31 March 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).

b) The TCL Group's capital expenditure cannot exceed US$15 million (excluding Readymix W.I. Limited and TCL Packaging Limited).

c) Dividends cannot exceed US$3 million per annum and can only be paid when Debt/EBITDA is less than or equal to 3.

d) 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.

At year end, the TCL Group was in compliance with all terms of the Override Agreement including all payments and ratio covenants.

## 28. Assets classified as held for sale

The operations of two of the Group's subsidiaries namely Island Concrete Products N.V. and Island Concrete SARL located in St. Maarten and St. Martin respectively, were suspended effective 1 December 2009 and subsequently disposed in 2011, due to a major decline in the demand for concrete on the island. The Group recognised a gain of $11.092 million in 2011 on disposal of these subsidiaries.

As at 31 December 2010, the subsidiaries were classified as a disposal group held for sale and as a discontinued operation. The results of the subsidiary for the year ended 31 December 2011 are presented below:

| | 2011<br>$ |
|---|---|
| Revenue | – |
| Expenses | (1,681) |
| Operating loss | (1,681) |
| Finance costs | – |
| Loss before tax from discontinued operations | (1,681) |
| Taxation | – |
| Loss for the year from discontinued operations | (1,681) |

## 29. Subsequent events

Subsequent to the year end, the Board of Directors of the Group approved the refinancing of the restructured debt portfolio of the Group by the proposed issuance of new bonds for US$325 million in the United States, Canada and Trinidad markets. The new bond issue is estimated to increase the Group's level of debt by US$30 million.

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ANNUAL REPORT 2013