

**CARIBBEAN CEMENT COMPANY LIMITED
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Jamaican Dollars)

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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Year ended 31 December 2014

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

We have audited the accompanying financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") and Caribbean Cement Company Limited (the "Company") which comprise the consolidated and company statements of financial position as at 31 December 2014, and the related consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2014, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.



INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(iii) in the financial statements which indicates, among other matters, that on 29 September 2014 the TCL Group suspended principal debt repayments due under its restructured loan agreement (the "Override Agreement"), which had the effect of creating a condition of default at year end, rendering all outstanding debt covered by this agreement to become due immediately resulting in the reclassification of all long-term debt, amounting to TT\$1.8 billion, to current liabilities. Resulting from this reclassification the net working capital deficit of the TCL Group was TT\$1.5 billion as at 31 December 2014.

As a consequence of the action taken by the TCL Group as described above, The Group and Company have \$779.60 million in debt obligations reflected within current liabilities in their statements of financial position as at 31 December 2014.

The TCL Group has commenced negotiations with the lenders who have not sought to enforce their security and legal rights. The rights of the lenders remain unchanged whilst formal agreement on new terms is being pursued. Pending completion of this approval process and legal execution of a new agreement, the lenders could enforce their security and legal rights to demand immediate repayment of all outstanding obligations which the TCL Group would be unable to meet. Should the lenders execute their legal rights to enforce their security there may be a significant risk that the TCL Group, the Group and Company would be unable to continue as a going concern. The Group's and Company's assets are pledged as security for the TCL Group's loans.

The financial statements have been prepared on the going concern basis because, as described in Note 2 (iii), the directors have a reasonable expectation that the TCL Group will be successful in rescheduling the debt service obligations with its lenders and implement the overall restructuring plan. On this basis, the directors have a reasonable expectation that the TCL Group, the Group and Company will generate adequate cash flows and profitability which would allow the Group and Company to continue in operational existence in the foreseeable future and have therefore maintained the going concern assumption in the preparation of the financial statements. This basis of preparation assumes that the Group and Company will be able to realize 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 and Company's ability to continue as a going concern and therefore, that they may be unable to realize their assets and discharge their liabilities in the ordinary course of business.

Report on Additional Requirements of the Jamaican Companies Act

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

Chartered Accountants
Kingston, Jamaica

19 February 2015

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

As at 31 December 2014

(Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
NET ASSETS			
Non-current assets			
Property, plant and equipment	6	4,927,455	4,710,119
Intangible assets	7	37,004	21,146
Deferred tax asset	9	-	117,000
		4,964,459	4,848,265
Current assets			
Inventories	10	2,549,840	2,863,145
Taxation recoverable		33,247	32,943
Due from related companies	11	301,993	230,540
Receivables and prepayments	12	1,547,142	944,856
Cash and cash equivalents	13	177,917	202,107
		4,610,139	4,273,591
Current liabilities			
Due to parent and related companies	14	962,253	775,780
Payables and accruals	15	2,074,658	2,182,557
Current portion of long-term loans	17	779,600	69,334
		3,816,511	3,027,671
Working capital surplus		793,628	1,245,920
Non-current liabilities			
Due to parent and related companies	14	720,717	456,324
Long-term loans	17	-	739,476
Other long-term liability	18	146,336	146,336
		867,053	1,342,136
TOTAL NET ASSETS		4,891,034	4,752,049

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position


As at 31 December 2014

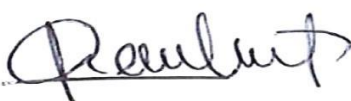
(Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	19	1,808,837	1,808,837
Preference	19	5,077,760	5,077,760
Capital contribution	19	3,839,090	3,839,090
Reserves:			
Realized capital gain	19	1,413,661	1,413,661
Accumulated losses		<u>(7,248,314)</u>	<u>(7,387,299)</u>
GROUP EQUITY		<u>4,891,034</u>	<u>4,752,049</u>

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

On 19 February 2015, the Board of Directors authorized these financial statements for issue.

..... Director.....
Christopher Dehring

..... Director.....
Alejandro Ramirez

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income
 Year ended 31 December 2014
 (Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
Revenue	20	<u>14,356,017</u>	<u>12,089,484</u>
Earnings before interest, depreciation, amortisation and tax	20	961,070	1,470,090
Depreciation and amortisation	20	<u>(364,828)</u>	<u>(319,207)</u>
Operating profit		596,242	1,150,883
Interest income		1,294	9,982
Finance costs	22	<u>(341,551)</u>	<u>(1,163,944)</u>
Profit (Loss) before taxation		255,985	(3,079)
Taxation (charge) credit	9	<u>(117,000)</u>	<u>117,000</u>
Profit for the year	23	<u><u>138,985</u></u>	<u><u>113,921</u></u>
Total comprehensive income attributable to equity holders		<u>138,985</u>	<u>113,921</u>
Profit per ordinary stock unit (expressed in \$ per share)	24	<u><u>\$0.16</u></u>	<u><u>\$0.13</u></u>

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement Of Changes In Equity
 Year ended 31 December 2014
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference share capital \$'000	Capital Contribution \$'000	Realized capital gain \$'000	Reserves		Total capital & reserves \$'000
					Accumulated Losses \$'000	Total reserves \$'000	
Balance as at 1 January 2013	1,808,837	1,339,650	-	1,413,661	(7,501,220)	(6,087,559)	(2,939,072)
Preference share issue	19	3,738,110	-	-	-	-	3,738,110
Capital contribution	19	-	3,839,090	-	-	-	3,839,090
Total comprehensive income for the year	-	-	-	-	113,921	113,921	113,921
Balance as at 31 December 2013	1,808,837	5,077,760	3,839,090	1,413,661	(7,387,299)	(5,973,638)	4,752,049
Total comprehensive income for the year	-	-	-	-	138,985	138,985	138,985
Balance as at 31 December 2014	1,808,837	5,077,760	3,839,090	1,413,661	(7,248,314)	(5,834,653)	4,891,034

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows
 Year ended 31 December 2014
 (Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit (Loss) before taxation		255,985	(3,079)
Adjustments for:			
Depreciation and amortization	6,7	364,828	319,207
Loss (Gain) on disposal of property, plant and equipment	20	92	(6,229)
Impairment of receivables	12	(11,746)	(13,155)
Interest income		(1,294)	(9,982)
Interest expense	22	252,663	443,722
Unrealized foreign exchange losses		88,890	527,049
		<u>949,418</u>	<u>1,257,533</u>
Decrease (Increase) in inventories		313,305	(98,064)
Increase in receivables and prepayments		(565,011)	(35,432)
Increase in due from related companies		(71,453)	(221,074)
Decrease in payables and accruals		(114,340)	(58,906)
Increase (Decrease) in due to parent and related companies		9,425	(228,260)
		<u>521,344</u>	<u>615,887</u>
Cash provided by operations		521,344	615,887
Interest received		883	2,231
Interest paid		(178,223)	(372,979)
Tax paid		(304)	(178)
		<u>343,700</u>	<u>244,961</u>
Net cash provided by operating activities			
Cash flows from investing activities			
Additions to property, plant and equipment	6	(577,945)	(578,530)
Additions of intangible assets	7	(20,169)	-
Proceeds from disposal of property, plant and equipment		-	6,500
		<u>(598,114)</u>	<u>(572,030)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of loans		(34,169)	(33,480)
Repayment of amounts due to related companies		264,393	318,353
		<u>230,224</u>	<u>284,873</u>
Net cash provided by financing activities			
Decrease in cash and cash equivalents		(24,190)	(42,196)
Net cash and cash equivalents - beginning of year		202,107	244,303
		<u>177,917</u>	<u>202,107</u>
Net cash and cash equivalents - end of year			
Represented by:			
Cash at bank and short term deposits	13	<u>177,917</u>	<u>202,107</u>

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position

As at 31 December 2014

(Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,773,013	4,585,118
Investment in subsidiaries	8	83,000	85,938
Deferred tax asset	9	-	117,000
		4,856,013	4,788,056
Current assets			
Inventories	10	2,438,438	2,808,813
Taxation recoverable		33,247	32,943
Due from subsidiary	16	101,997	6,418
Due from related companies	11	298,892	224,918
Receivables and prepayments	12	1,441,391	884,618
Cash and cash equivalents	13	163,271	185,425
		4,477,236	4,143,135
Current liabilities			
Due to parent and related companies	14	962,253	775,780
Payables and accruals	15	1,973,810	2,141,777
Current portion of long-term loans	17	779,600	69,334
		3,715,663	2,986,891
Working capital surplus		761,573	1,156,244
Non-current liabilities			
Due to parent and related companies	14	720,717	456,324
Long-term loans	17	-	739,476
Other long-term liability	18	146,336	146,336
		867,053	1,342,136
TOTAL NET ASSETS		4,750,533	4,602,164

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

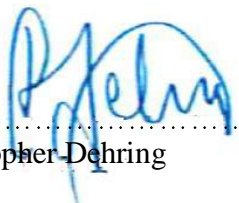
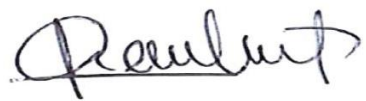
CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position
 As at 31 December 2014
 (Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	19	1,808,837	1,808,837
Preference	19	5,077,760	5,077,760
Capital contribution	19	3,839,090	3,839,090
Reserves:			
Realized capital gain	19	1,413,656	1,413,656
Accumulated losses		<u>(7,388,810)</u>	<u>(7,537,179)</u>
COMPANY EQUITY		<u>4,750,533</u>	<u>4,602,164</u>

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

On 19 February 2015, the Board of Directors authorized these financial statements for issue.

Director..... Christopher Dehring	Director..... Alejandro Ramirez
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CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Comprehensive Income

Year ended 31 December 2014

(Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
Revenue	20	<u>14,324,231</u>	<u>12,051,827</u>
Earnings before interest, depreciation and tax	20	960,985	1,463,087
Depreciation	6, 20	(352,577)	(311,271)
Impairment of investment in subsidiary	8	<u>(2,938)</u>	<u>-</u>
Operating profit		605,470	1,151,816
Interest income		1,286	7,233
Finance costs	22	<u>(341,387)</u>	<u>(1,170,194)</u>
Profit (Loss) before taxation		265,369	(11,145)
Taxation (charge) credit	9	<u>(117,000)</u>	<u>117,000</u>
Net profit for the year	23	<u><u>148,369</u></u>	<u><u>105,855</u></u>
Total comprehensive income attributable to equity holders		<u><u>148,369</u></u>	<u><u>105,855</u></u>

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Changes In Equity
 Year ended 31 December 2014
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference share capital \$'000	Capital Contribution \$'000	Realized capital gain \$'000	Reserves			Total capital & reserves \$'000
					Accumulated losses \$'000	Total reserves \$'000	Total capital & reserves \$'000	
Balance as at 1 January 2013	1,808,837	1,339,650	-	1,413,656	(7,643,034)	(6,229,378)	(3,080,891)	
Preference share issue	19	3,738,110	-	-	-	-	3,738,110	
Capital contribution	19	-	3,839,090	-	-	-	3,839,090	
Total comprehensive profit for the year	-	-	-	-	105,855	105,855	105,855	
Balance as at 31 December 2013	1,808,837	5,077,760	3,839,090	1,413,656	(7,537,179)	(6,123,523)	4,602,164	
Total comprehensive profit for the year	-	-	-	-	148,369	148,369	148,369	
Balance as at 31 December 2014	1,808,837	5,077,760	3,839,090	1,413,656	(7,388,810)	(5,975,154)	4,750,533	

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Cash Flows
Year ended 31 December 2014
(Expressed in Jamaican Dollars)

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit (Loss) before taxation		265,369	(11,145)
Adjustments for:			
Depreciation	6	352,577	311,271
Impairment of investment in subsidiary	8	2,938	-
Impairment of receivables	12	1,332	(14,772)
Gain on disposal of property, plant and equipment	20	-	(6,230)
Interest income		(1,286)	(7,233)
Interest expense	22	252,663	443,722
Unrealized foreign exchange gains		89,116	533,156
		<u>962,709</u>	<u>1,248,769</u>
Decrease (Increase) in inventories		370,375	(146,455)
(Increase) Decrease in due from subsidiary		(95,579)	25,629
Increase in receivables and prepayments		(532,576)	(37,251)
Increase in due from related companies		(155,116)	(218,079)
Decrease in payables and accruals		(164,417)	(24,375)
Increase (Decrease) in due to parent and related companies		90,159	(227,196)
Cash provided by operations		475,555	621,042
Interest received		874	2,231
Interest paid		(188,031)	(372,979)
Tax paid		(304)	(178)
Net cash provided by operating activities		<u>288,094</u>	<u>250,116</u>
Cash flows from investing activities			
Additions to property, plant and equipment	6	(540,472)	(560,961)
Proceeds from disposal of property, plant and equipment		-	6,500
Net cash used in investing activities		<u>(540,472)</u>	<u>(554,461)</u>
Cash flows from financing activities			
Repayment of loans		(34,169)	(33,480)
Repayment of amounts due to related companies		264,393	287,954
Net cash provided by financing activities		<u>230,224</u>	<u>254,474</u>
Decrease in cash and cash equivalents		(22,154)	(49,871)
Net cash and cash equivalents - beginning of year		<u>185,425</u>	<u>235,296</u>
Net cash and cash equivalents – end of year		<u><u>163,271</u></u>	<u><u>185,425</u></u>
Represented by:			
Cash at bank and short term deposits	13	<u>163,271</u>	<u>185,425</u>

The accompanying notes form an integral part of these financial statements

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

1. Corporate information

Caribbean Cement Company Limited (the “Company”) and its Subsidiaries (Note 3) are incorporated under the laws of Jamaica. The Company is a limited liability public company listed on the Jamaica Stock Exchange and is domiciled in Jamaica.

The Company is a 65.65% owned subsidiary of TCL (Nevis) Limited. TCL (Nevis) Limited is a wholly owned subsidiary of Trinidad Cement Limited (the “Ultimate Parent Company”) which also owns 8.45% of the ordinary shares of the Company. The principal activities of Caribbean Cement Company Limited and its Subsidiaries (the “Group”) are the manufacture and sale of cement and the mining and sale of gypsum, shale and pozzolan. The Group operates in Jamaica.

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

2. Basis of preparation

(i) *Statement of compliance*

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

(ii) *Basis of measurement*

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

(iii) *Going concern*

The TCL Group has reported a loss before taxation of TT\$96.7 million for the year ended 31 December 2014 (profit before taxation of TT\$38.9 million in 2013) and there is TT\$1.8 billion in outstanding debt obligations presented within current liabilities on its separate statement of financial position as at 31 December 2014.

On 29 September 2014 the TCL Group suspended principal debt repayments due under the restructured loan agreement (the “Override Agreement”), which had the effect of creating a condition of default, rendering all outstanding debt covered by this agreement to become due immediately resulting in the reclassification of all long-term debt principal outstanding to current liabilities (in accordance with International Financial reporting Standards). As a consequence of this reclassification the TCL Group’s net working capital deficit is TT\$1.5 billion as at 31 December 2014.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

2. Basis of preparation (continued)

(iii) *Going concern (continued)*

The TCL Group has commenced negotiations with the lenders who have not sought to enforce their security and legal rights, which remain unchanged whilst formal agreement on new terms is being pursued. At the date of approval of the financial statements by the Board of Directors of the Company, the TCL Group and the majority of the lenders had reached agreement in principle on features of the loan restructuring and its key terms. Notwithstanding the agreement in principle on terms with the majority of lenders, the new agreements have not been given legal force and are still subject to the approvals by the full book of lenders. Pending completion of this approval process and legal execution of a new agreement, the lenders could enforce their security and legal rights to demand immediate repayment of all outstanding obligations which the Group is not in a position to meet. Should the lenders execute their legal rights to enforce their security there may be a significant risk that the TCL Group, the Group and Company would be unable to continue as a going concern. The assets of the Group and the Company are pledged as collateral for the TCL Group's loans.

In addition to negotiation of new terms with the lenders, the TCL Group has embarked upon a comprehensive financial and operational review which is in progress, and an overall restructuring plan for the TCL Group which seeks to secure the long-term viability of the Group is being implemented. This plan includes the completion of the loan restructuring with the lenders, settlement of all back-pay payments to employees in Trinidad and Tobago and the injection of equity capital from the shareholders. This overall restructuring is expected to be completed by the second quarter of 2015.

The key risks to the TCL Group's sustainability are declining domestic markets and unexpected plant stoppages due to technical problems with plant assets. The TCL 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. The TCL Group's strategies to achieve sustainability include aggressively pursuing new markets or additional market share in existing markets and adjusting its selling prices where required in response to rising input costs.

The ability of the TCL Group to generate the sustained incremental cash flows to meet its debt service and other obligations is sensitive to the successful implementation of the overall restructuring plan and the strategies and the key assumptions around market size growth, new markets, cost reductions, plant performance and price adjustments. Should these assumptions not materialize such that the TCL Group or the Group is unable to remedy the current loan default condition and subsequently service its debt service and other obligations in the future, this will present a significant going concern risk to the TCL Group, the Group and the Company.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

2. Basis of preparation (continued)

(iii) *Going concern (continued)*

Based on the loan restructuring being undertaken with the lenders and current plans and strategies being pursued and implemented, the directors have a reasonable expectation that the TCL Group, the Group and the Company will be successful in rescheduling of the debt service obligations. Further to this, the implementation of the overall restructuring plan is expected to result in the of additional equity by the shareholders, and to generate adequate cash flows and profitability which would allow the TCL Group, the Group and the Company to continue in operational existence for the foreseeable future.

The factors described above indicate the existence of material uncertainties related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, based on the strategies being pursued, the Directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation assumes that the Group and Company will be able to realize their assets and discharge their liabilities in the ordinary course of business.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. 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

The consolidated financial statements of the Group includes:

Name	Principal activities	Country of incorporation	% equity interest	
			2014	2013
Jamaica Gypsum & Quarries Limited	Mining and the management of port facilities	Jamaica	100	100
Rockfort Mineral Bath Complex Limited	Spa facility	Jamaica	100	100
Caribbean Gypsum Company Limited	Mining	Jamaica	100	100

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

3. Basis of consolidation (continued)

In August 2014, Caribbean Gypsum Company Limited entered into a lease agreement with Jamaica Gypsum & Quarries Limited for the mining of gypsum. All subsidiaries have a 31 December year end for financial reporting purposes.

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

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

a) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amendments to IFRS effective as of 1 January 2014:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group's financial position or performance.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group's financial position or performance.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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

a) Changes in accounting policies and disclosures (continued)

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus is effective for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus is effective for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. Management has not completed its assessment of the impact of adopting this standard.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. The adoption of this amendment will have no impact on the Group.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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

b) Standards issued but not yet effective (continued)

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

b) Standards issued but not yet effective (continued)

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

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

b) Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Management is currently assessing the impact of this standard on the Group's financial reporting.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The adoption of these amendments are not expected to have any impact in the Group.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

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

b) Standards issued but not yet effective (continued)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies

a) Business combinations and goodwill

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

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

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

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

Goodwill is initially measured as being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

a) Business combinations and goodwill (continued)

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

b) Foreign currency translation

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

c) Current assets versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is when it is (i) expected to be realized or intended to be sold or consumed in the normal operating cycle; (ii) held primarily for the purpose of trading; (iii) expected to be realized within twelve months after the reporting period or (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when (i) it is expected to be settled in the normal operating cycle (ii) it is primarily held for the purpose of trading (iii) it is due to be settled within twelve months after the reporting period or (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

d) Property, plant and equipment

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

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

Interest on loans specific to capital projects is capitalized during the period of construction. (see Borrowing cost at Note 5 (r))

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

Buildings	2.5% to 5.0%
Plant, machinery and equipment	3.0% to 33.3%
Office furniture and equipment	25.0% to 33.3%
Motor vehicles	20.0% to 33.3%

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

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

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

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

e) Intangible assets

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

Intangible assets are amortized on the straight line method over the economic useful life of the asset. The residual values, useful lives and amortization method are reviewed and adjusted, if appropriate at each financial year end.

Current annual amortization rates are:

Exploration costs	20%
Dredging costs	33.3%

f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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5. Significant accounting policies (continued)

f) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

g) Taxation

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

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

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

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

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

h) Deferred expenditure

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

i) Inventories

Plant spares and raw materials are valued at the lower of weighted average cost and net realizable value. Work in progress and finished goods are valued at the lower of cost, including attributable production overheads, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale.

j) Investments

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

k) Receivables and payables

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

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

l) Net cash and cash equivalents

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

m) Interest bearing loans and borrowings

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

n) Provisions

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

o) Revenue recognition

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

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

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

p) Pension benefits

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

q) Operating leases

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

r) Borrowing costs

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

s) Earnings per stock unit

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2014

(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other segments. The Group bases its segment reporting on business segments whose results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available and, from which it earns income and incurs expenses.

u) Financial instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability to, or equity to, another entity.

A financial asset is any asset that is:

- (a) Cash
- (b) An equity instrument of another entity
- (c) A contractual right (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

Equity and financial liabilities issued by the Group are classified according to the substance of the contractual arrangement entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group recognizes financial assets or financial liabilities on its statement of financial position only when the company becomes a party to the contractual provisions of the instruments.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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5. Significant accounting policies (continued)

u) Financial instruments (continued)

Financial assets

The Group's financial assets are classified as 'loan and receivables' with the classification being based on the purpose of the financial assets and is determined at the time of initial recognition.

The financial assets of the company include cash and cash equivalents, receivables, and related party balances.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income, where applicable, is recognized by applying the effective interest rate except for short term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition of the financial assets; the estimated future cash flows of the asset have been impacted.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards to the ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and the associated liability for the amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises the collateralized borrowing for the proceeds received.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

u) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as other liabilities. Other financial liabilities of the Group are related party loans and balances, long term loans and payables.

Other financial liabilities are measured initially at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis except for short-term payables when recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition of the financial liability.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

v) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the financial statements are:

(i) Allowance for impairment losses on trade receivables:

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

(ii) Net realisable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amounts the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events after the period end to the extent that such events confirm conditions existing at the end of the period.

(iii) Residual value and expected useful life of property, plant and equipment

The residual value and expected useful life of an asset are reviewed at least annually. If expectations differ from previous estimates, the change is accounted for. The useful life of an asset is determined in terms of the assets expected utility to the Group.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

5. Significant accounting policies (continued)

v) Use of estimates and judgements (continued)

(iv) Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. To this extent, as at the statement of financial position date a net deferred tax asset was not recognized due to the significant uncertainty of the availability of future taxable profits to allow all or part of this asset (relating to tax losses) to be utilized.

w) Comparative balances

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year in relation to the intangible assets and construction work in progress.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

6. Property, plant and equipment

Property, plant and equipment consist of the following:
Group:

	2014				
	Land and Buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in Progress \$'000	Total \$'000
At cost					
1 January 2014	1,301,357	7,484,850	324,784	554,935	9,665,926
Additions	-	159	-	577,786	577,945
Disposals	-	(185)	(212)	-	(397)
Transfers	101,498	561,604	6,136	(669,238)	-
31 December 2014	1,402,855	8,046,428	330,708	463,483	10,243,474
Accumulated depreciation					
1 January 2014	650,683	4,046,935	258,189	-	4,955,807
Charges during the year	39,784	306,420	14,313	-	360,517
Disposals	-	(93)	(212)	-	(305)
31 December 2014	690,467	4,353,262	272,290	-	5,316,019
Net book value					
31 December 2014	712,388	3,693,166	58,418	463,483	4,927,455

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
31 December 2014
(Expressed in Jamaican Dollars)

6. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:
Group:

	2013				
	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000	Total \$'000
At cost					
1 January 2013	1,292,180	7,365,185	313,204	165,772	9,136,341
Additions	-	555	26	577,949	578,530
Disposals and adjustments	-	(27,482)	(317)	-	(27,799)
Transfers	9,177	146,592	11,871	(167,640)	-
Reclassification	-	-	-	(21,146)	(21,146)
31 December 2013	1,301,357	7,484,850	324,784	554,935	9,665,926
Accumulated depreciation					
1 January 2013	551,824	3,869,066	243,238	-	4,664,128
Charges during the year	98,859	205,177	15,171	-	319,207
Disposals	-	(27,308)	(220)	-	(27,528)
31 December 2013	650,683	4,046,935	258,189	-	4,955,807
Net book value					
31 December 2013	650,674	3,437,915	66,595	554,935	4,710,119

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
31 December 2014
(Expressed in Jamaican Dollars)

6. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2014				
	Land and buildings \$'000	Plant machinery, equipment and motor vehicles \$'000	Office furniture and equipment \$'000	Capital work in progress \$'000	Total \$'000
At Cost					
1 January 2014	1,159,068	7,377,432	323,440	522,434	9,382,374
Additions	-	-	-	540,472	540,472
Disposals and adjustments	-	-	(212)	-	(212)
Transfers	60,170	561,604	6,136	(627,910)	-
31 December 2014	1,219,238	7,939,036	329,364	434,996	9,922,634
Accumulated depreciation					
1 January 2014	590,653	3,951,243	255,360	-	4,797,256
Charges during the year	35,063	303,201	14,313	-	352,577
Disposals and adjustments	-	-	(212)	-	(212)
31 December 2014	625,716	4,254,444	269,461	-	5,149,621
Net book value					
31 December 2014	593,522	3,684,592	59,903	434,996	4,773,013

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements
31 December 2014
(Expressed in Jamaican Dollars)

6. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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31 December 2014

(Expressed in Jamaican Dollars)

6. Property, plant and equipment (continued)

- a) In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln are owned by TCL and the rest is owned by the Company. On 1 December 2008, the Company entered into a lease arrangement with TCL which ends in 2028, in respect of the units that TCL owns (Note 28).

Cement Mill 5 assets are partly owned by TCL and the rest is owned by the Company. On commissioning of the Mill in January 2010, the Company entered into a lease arrangement with TCL in respect of the units that TCL owns (Note 28).

- b) TCL obtained loans in the amount of US\$105,000,000 in order to finance the construction of Kiln 5 and Cement Mill 5. The loans are secured by a first charge on Kiln 5 and Cement Mill 5, owned by TCL but leased to the Company. The Company's fixed and floating assets are pledged to secure TCL's loans. The pledged assets include the ownership interest in subsidiaries. The Group is also a guarantor of loans that are taken by the parent or fellow subsidiaries of the parent. The leasehold interest in the quarry held by Jamaica Gypsum & Quarries Limited is pledged in this regard.

7. Intangible assets

	The Group		
	Exploration cost \$'000	Dredging cost \$'000	Total \$'000
At cost			
1 January 2013	2,521	13,570	16,091
Reclassification	21,146	-	21,146
31 December 2013	23,667	13,570	37,237
Additions	3,048	17,121	20,169
31 December 2014	26,715	30,691	57,406
Accumulated amortization			
1 January 2013 and 31 December 2013	2,521	13,570	16,091
Amortization	3,360	951	4,311
31 December 2014	5,881	14,521	20,402
Net book value			
31 December 2014	20,834	16,170	37,004
31 December 2013	21,146	-	21,146

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

8. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	<u>Company</u>	
	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>
At cost:		
Jamaica Gypsum and Quarries Limited		
375,000,000 ordinary shares	<u>79,000</u>	<u>79,000</u>
Rockfort Mineral Bath Complex Limited		
21,000,000 ordinary shares	2,938	2,938
Impairment loss provision	<u>(2,938)</u>	<u>-</u>
	<u>-</u>	<u>2,938</u>
Caribbean Gypsum Company Limited		
1,000 ordinary shares	<u>4,000</u>	<u>4,000</u>
	<u>83,000</u>	<u>85,938</u>

During the year, an impairment charge was recognized against the Company's investment in Rockfort Mineral Bath Complex Limited, due to the recurring losses from operations.

9. Taxation

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Statement of comprehensive income				
Taxation consists of:				
Deferred tax (charge) credit	<u>(117,000)</u>	<u>117,000</u>	<u>(117,000)</u>	<u>117,000</u>

There is no current tax charge for the year.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

9. Taxation (continued)

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Profit (Loss) before taxation	255,985	(3,079)	265,369	(11,145)
Taxed at 25% (2013: 28.75%)	(63,996)	885	(66,342)	3,204
Effect of different tax rate applicable to subsidiary	-	(284)	-	-
Effect of change in tax rate	-	143,025	-	143,025
Tax on non-assessable income	7,455	8,040	-	10,387
Tax on non-allowable expenses	(16,675)	(4,664)	(15,796)	(4,629)
Tax effect of debt forgiven by Parent	-	(1,103,738)	-	(1,103,738)
Other	(3,941)	(1,074)	(1,652)	(1,751)
(Increase) Decrease in tax benefits not recognised	(39,843)	1,074,810	(33,210)	1,070,502
Tax (charge) credit	(117,000)	117,000	(117,000)	117,000

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax asset				
Balance at beginning of year	117,000	-	117,000	-
Deferred tax (charge) credit for the year	(117,000)	117,000	(117,000)	117,000
Balance at end of year, net	-	117,000	-	117,000

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

9. Taxation (continued)

The significant components of deferred tax asset are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax liability:				
Property, plant and equipment	(848,518)	(817,836)	(848,221)	(816,976)
Unrealized exchange gains	(27,270)	(69,292)	(27,270)	(69,292)
	(875,788)	(887,128)	(875,491)	(886,268)
Deferred tax asset:				
Tax losses	1,323,228	1,181,886	1,290,409	1,153,136
Accrued vacation	33,908	33,908	33,908	33,908
Interest payable	44,061	32,010	44,061	32,010
Unrealized exchange losses	34,231	278,019	34,231	278,019
Other	4,958	3,060	5,582	5,685
	1,440,386	1,528,883	1,408,191	1,502,758
	564,598	641,755	532,700	616,490
Tax benefits in respect of tax losses not recognised	(564,598)	(524,755)	(532,700)	(499,490)
	-	117,000	-	117,000

IAS 12, *Income Taxes*, requires the Company to reassess at each statement of financial position date unrecognized deferred tax assets. Pursuant to this requirement, the tax losses of \$4,612,543,000 available to the Company as at 31 December 2013 were assessed and based upon a conservative estimate of utilization, given the improvement in the financial performance of the Company in 2013 and over a projection period of two years at the time, a net deferred tax asset of \$117,000,000 was recognized, with a corresponding deferred tax credit to the earnings statement. However, due to tax losses as at 31 December 2014, changes in circumstances and the significant uncertainty of the availability of future taxable profits to allow all or part of this asset to be utilized, a full impairment charge on the net deferred tax asset, was recognised. A deferred tax asset in respect of tax losses has therefore only been recognised to the extent of available temporary differences.

Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for indefinite carry forward and offset against future profits amount to approximately \$5,292,912,000 (2013: \$4,727,545,000) for the Group and: \$5,161,638,000 (2013: \$4,612,543,000) for the Company.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

10. Inventories

Inventories consist of the following:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Plant spares	874,689	749,988	874,689	749,988
Consumables	365,048	395,899	365,048	395,899
Raw materials and work in progress	1,011,089	1,357,064	974,449	1,339,235
Finished goods	431,140	452,105	356,378	415,602
Goods in transit	8,837	36,030	8,837	36,030
	2,690,803	2,991,086	2,579,401	2,936,754
Provision for obsolescence and impairment	(140,963)	(127,941)	(140,963)	(127,941)
	2,549,840	2,863,145	2,438,438	2,808,813

Included in the provision for obsolescence and impairment is \$112,420,000 (2013: \$112,420,000) for spares relating to the idle Kiln #4 asset which have been fully impaired since 31 December 2012. Finished goods and work in progress in the amount of Nil (2013: \$452,105,000) and \$92,505,000 (2013: \$1,240,514,000), respectively, are presented at net realizable value.

11. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Readymix (West Indies) Limited	65	61	65	61
Arawak Cement Company Limited	42,802	7,184	39,701	4,309
TCL (Nevis) Limited	47,732	-	47,732	-
TCL Guyana Limited	-	33,916	-	33,916
Trinidad Cement Limited	211,394	189,379	211,394	186,632
	301,993	230,540	298,892	224,918

These balances are unsecured and carry no fixed repayment terms.

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

12. Receivables and prepayments

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,037,824	652,979	1,033,445	623,239
Sundry receivables and prepayments	595,345	389,650	493,973	346,074
	1,633,169	1,042,629	1,527,418	969,313
Less: Impairment provision	(86,027)	(97,773)	(86,027)	(84,695)
	<u>1,547,142</u>	<u>944,856</u>	<u>1,441,391</u>	<u>884,618</u>

Changes in impairment provision

	Group		Company	
	Individually impaired		Individually impaired	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	97,773	110,928	84,695	99,467
Net charges (recoveries)	(11,746)	(13,155)	1,332	(14,772)
Balance as at 31 December	<u>86,027</u>	<u>97,773</u>	<u>86,027</u>	<u>84,695</u>

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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12. Receivables and prepayments (continued)

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

	Total \$'000	Neither past due nor impaired \$'000	The Group Past due but not impaired			
			< 30 days \$'000	30-60 days \$'000	61-90 days \$'000	> 90 days \$'000
			2014	951,797	831,146	100,534
2013	555,206	491,935	14,896	4,351	2,469	41,555

	Total \$'000	Neither past due nor impaired \$'000	The Company Past due but not impaired			
			< 30 days \$'000	30-60 days \$'000	61-90 days \$'000	>90 days \$'000
			2014	947,418	829,889	98,504
2013	538,544	490,433	11,335	4,345	1,194	31,237

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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13. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	177,757	202,097	163,111	185,415
Short-term deposits	<u>160</u>	<u>10</u>	<u>160</u>	<u>10</u>
	<u>177,917</u>	<u>202,107</u>	<u>163,271</u>	<u>185,425</u>

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

14. Due to parent and related companies

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

	<u>Group and Company</u>	
	2014	2013
	\$'000	\$'000
TCL Ponsa Manufacturing Limited	10,854	3,040
TCL Guyana Limited	181	-
Trinidad Cement Limited	735,330	181,635
TCL (Nevis) Limited	335,802	267,058
TCL Packaging Limited	584,552	531,778
TCL Trading Limited	<u>16,251</u>	<u>248,593</u>
	<u>1,682,970</u>	<u>1,232,104</u>
Long-term	720,717	456,324
Short-term	<u>962,253</u>	<u>775,780</u>
	<u>1,682,970</u>	<u>1,232,104</u>

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14. Due to parent and related companies (continued)

	<u>Group and Company</u>	
	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>
The long-term amount comprises the following:		
Trinidad Cement Limited	195,925	181,635
TCL Packaging Limited	<u>524,792</u>	<u>414,782</u>
	720,717	596,417
Less current portion included in short-term	<u>-</u>	<u>(140,093)</u>
	<u>720,717</u>	<u>456,324</u>
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	10,854	3,040
TCL Guyana Limited	181	-
Trinidad Cement Limited	539,405	-
TCL (Nevis) Limited	335,802	267,058
TCL Packaging Limited	59,760	257,089
TCL Trading Limited	<u>16,251</u>	<u>248,593</u>
	<u>962,253</u>	<u>775,780</u>

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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14. Due to parent and related companies (continued)

Trinidad Cement Limited:

Loan #	Interest rate per annum %	2014	2013	2014	2013
		US\$'000	US\$'000	\$'000	\$'000
1	4.58	1,713	1,713	195,925	181,635

Loan # 1 represents residual balances due to Trinidad Cement Limited that remained outstanding after the June 2013 debts of US\$75,000,000 were converted and forgiven. These balances have been consolidated into a medium term loan payable on 31 December 2017.

TCL Packaging Limited:

Loan #	Interest rate per annum %	2014	2013	2014	2013
		TT \$'000	TTS'000	\$'000	\$'000
1	9.50	-	10,960	-	179,738
2	8.50	-	2,082	-	34,150
3	8.50	15,478	-	276,975	-
		15,478	13,042	276,975	213,888
		US\$'000	US\$'000		
4	8.50	-	1,894	-	200,894
5	8.50	2,166	-	247,817	-
		2,166	1,894	247,817	200,894
				524,792	414,782

Loan # 1 was received in 2008 and was repayable in four semi-annual installments which should have commenced June 2009 but was restructured in 2014 as described in Loan#3 below.

Loan # 2 represented the conversion of short term advances to a long term loan. It was repayable in twelve equal quarterly installments which should have commenced March 2009 but was restructured in 2014 as described in Loan#3 below.

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14. Due to parent and related companies (continued)

Loan # 3 represents the consolidation of Loans 1 & 2 and accumulated interest charges of TT\$2,436,407. The loan is repayable in nineteen quarterly installments of TT\$773,940 commencing 31 March 2019.

Loan # 4 represented the conversion of a portion (US\$1.894m) of outstanding trade payable balance to TPL at 31 December 2012. The loan was restructured in 2014 as described in Loan#5.

Loan # 5 represents the consolidation of Loan # 4 and accumulated interest charges over the period of US\$272,045. The loan is repayable in nineteen quarterly installments of US\$108,321 commencing 31 March 2019.

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

15. Payables and accruals

Payables and accruals consist of the following:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,151,366	1,427,822	1,104,417	1,405,237
Sundry payables and accruals	776,530	613,950	723,013	596,737
Statutory obligations	146,762	140,785	146,380	139,803
	<u>2,074,658</u>	<u>2,182,557</u>	<u>1,973,810</u>	<u>2,141,777</u>

16. Due from subsidiary

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

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17. Long-term loans

Long-term loans are repayable as follows:

	<u>Group and Company</u>	
	2014	2013
	\$'000	\$'000
Amounts repayable within:		
One year	779,600	69,334
Two years	-	70,006
Three years	-	72,303
Four years	-	71,660
Five years	-	525,507
	<u>779,600</u>	<u>808,810</u>
Current portion	<u>(779,600)</u>	<u>(69,334)</u>
Non-current portion	<u>-</u>	<u>739,476</u>

Sagicor Bank Jamaica Limited (formerly RBC Bank Jamaica Limited)

These loans are:

Loan #	Interest rate per annum %	<u>Group and Company</u>			
		2014	2013	2014	2013
		US\$'000	US\$'000	\$'000	\$'000
1	11.50	792	820	90,630	86,917
2	17.75	-	-	167,218	174,869
3	20.25	-	-	463,849	485,070
4	24.50	-	-	57,217	59,835
		<u>-</u>	<u>-</u>	<u>688,284</u>	<u>719,774</u>
		<u>-</u>	<u>-</u>	<u>778,914</u>	<u>806,691</u>
Other	20.76	<u>-</u>	<u>-</u>	<u>686</u>	<u>2,119</u>
		<u>-</u>	<u>-</u>	<u>779,600</u>	<u>808,810</u>

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17. Long-term loans (continued)

At year end, the Company is in default of all its loan agreements with Sagicor Bank Jamaica Limited (formerly RBC Bank Jamaica Limited). Therefore as required by IAS 1: “*Presentation of financial statements*”, all loan balances have been classified as current liabilities, to reflect the fact that the loans are callable on demand as a result of the breach. The Company is currently negotiating the restructuring of debt service payments (Note 32).

The Group’s assets are pledged to secure its debt and that of fellow companies in the TCL Group for which Group is also a guarantor. The loans of the TCL Group are also in default as at 31 December 2014 (Note 2(iii)).

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

18. Other long-term liability

This represents withholding tax payable of \$146,336,000 on conversion of US\$37,000,000 of the Company’s debt to preference shares (Note 19). On 28 June 2013 the Company was granted a period of six years to pay the withholding taxes, with an assessment to be completed at the end of three years to determine the Company’s ability to commence payment. The outstanding amount must be paid in full at the expiration of either three or six years.

19. Share capital and reserves

Share capital consists of the following:

	Number of units 2014 (000)	Number of units 2013 (000)
Authorized:		
Ordinary shares of no par value	1,350,000	1,350,000
Preference shares		
1 January	115,000	15,000
Increase during the year	-	100,000
31 December	115,000	115,000

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19. Share capital and reserves (continued)

	Number of Units 2014 (000)	Number of Units 2013 (000)	<u>Group and Company</u>	
			2014 \$'000	2013 \$'000
Issued and fully paid:				
Ordinary stock units of no par value 1 January and 31 December	851,138	851,138	1,808,837	1,808,837
Preference shares				
1 January	52,000	15,000	5,077,760	1,339,650
Issued during the year	-	37,000	-	3,738,110
31 December	52,000	52,000	5,077,760	5,077,760
	<u>903,138</u>	<u>903,138</u>	<u>6,886,597</u>	<u>6,886,597</u>
Capital contribution	-	-	<u>3,839,090</u>	<u>3,839,090</u>

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

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

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

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

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

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19. Share capital and reserves (continued)

- (b) The Group and the Company realized capital gains of \$1,413,661,000 and \$1,413,656,000, respectively, represents the profit from the sale of certain machinery and equipment in August 1999 which was credited to the statement of comprehensive income over the 10 year period of the original operating lease.

20. Operating profit

Operating profit consists of the following:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	14,356,017	12,089,484	14,324,231	12,051,827
Expenses:				
Raw materials and consumables	1,077,179	1,162,170	1,461,948	1,402,181
Fuels and electricity	3,948,506	3,503,921	3,942,504	3,496,526
Personnel remuneration and benefits (Note 21)	2,311,832	2,162,860	2,280,632	2,116,758
Repairs and maintenance	559,502	505,366	536,158	491,669
Operating lease	2,422,309	1,367,528	2,422,309	1,367,528
Marketing and selling expenses	196,807	172,172	140,104	154,477
Cement transportation	562,831	483,783	472,033	440,025
Insurance	205,925	231,208	196,972	220,684
Training and staff development	118,312	92,985	118,313	92,985
Technical assistance fees and related charges	273,653	159,781	266,338	156,983
Security	112,444	108,360	90,468	82,375
Equipment hire	764,411	514,643	637,960	464,431
Other operating expenses	406,057	281,663	384,072	334,798
Changes in inventories of finished goods and work in progress	435,179	(127,046)	473,435	(172,680)
Total expenses	13,394,947	10,619,394	13,423,246	10,648,740
Profit before other income	961,070	1,470,090	900,985	1,403,087
Other income	-	-	60,000	60,000
Earnings before interest, tax and depreciation	961,070	1,470,090	960,985	1,463,087
Depreciation and amortization	(364,828)	(319,207)	(352,577)	(311,271)
Impairment losses	-	-	(2,938)	-
Operating profit	596,242	1,150,883	605,470	1,151,816

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20. Operating profit (continued)

Depreciation and amortization includes \$5,689,000 (2013: Nil) representing amounts for accelerated depreciation for certain assets.

Other operating expenses (income) include:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loss (Gain) on disposal of property, plant and equipment	92	(6,229)	-	(6,230)

Operating profit is arrived at after charging:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Audit fees:				
Current year	13,693	13,752	12,048	12,287
Prior year	-	(210)	-	(210)
Directors' emoluments:				
Fees	8,421	8,961	8,421	8,961

21. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	1,776,712	1,643,474	1,750,919	1,613,964
Statutory contributions	169,169	155,496	166,779	151,551
Pension costs (Note 26)	63,072	61,890	62,421	61,015
Redundancy costs	-	7,687	-	-
Other personnel costs	302,879	294,313	300,513	290,228
	<u>2,311,832</u>	<u>2,162,860</u>	<u>2,280,632</u>	<u>2,116,758</u>

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22. Finance costs

Finance costs consist of the following:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Interest expense	252,663	443,722	252,663	443,722
Loss on currency exchange	88,888	720,222	88,724	726,472
	<u>341,551</u>	<u>1,163,944</u>	<u>341,387</u>	<u>1,170,194</u>

23. Profit after taxation and accumulated losses

	2014	2013
	\$'000	\$'000
a) The net profit is dealt with in the financial statements as follows:		
Company	148,369	105,855
Subsidiaries	<u>(9,384)</u>	<u>8,066</u>
Group	<u>138,985</u>	<u>113,921</u>
b) The accumulated losses are reflected in the financial statements as follows:		
Company	(7,388,810)	(7,537,179)
Subsidiaries	<u>140,496</u>	<u>149,880</u>
Group	<u>(7,248,314)</u>	<u>(7,387,299)</u>

24. Earnings per ordinary stock unit

	Group	
	2014	2013
	\$'000	\$'000
Profit attributable to shareholders	<u>138,985</u>	<u>113,921</u>
Number of stock units in issue (thousands)	<u>851,138</u>	<u>851,138</u>
Earnings per ordinary stock unit (expressed in \$ per share)	<u>\$ 0.16</u>	<u>\$0.13</u>

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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25. Related party transactions

Terms and conditions of transactions with related parties:

Parties are considered to be related if they are members of the same group or are jointly controlled by the same entity. Related parties also include those who have the ability to exercise significant influence over the entity or are members of key management. CCCL and its subsidiaries are part of the Trinidad Cement Limited Group. Transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction. For the year ended 31 December 2013 and 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Included in the statement of comprehensive income:				
(Income)/expenses -				
Sale of gypsum	-	(3,563)	-	-
Sale of cement	(1,757,052)	(1,309,343)	(1,757,052)	(1,309,343)
Sale of clinker	(157,486)	(98,748)	(157,486)	(98,748)
Technical fee charges	83,471	75,689	83,471	75,689
Purchase of goods and materials	503,013	540,473	503,013	540,473
Interest charges on advances	47,811	187,593	47,811	187,593
Operating lease (Note 6, 20)	2,422,309	1,367,528	2,422,309	1,367,528

Included in the statement of financial position:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Short-term amounts (repaid) received, net	115,019	(455,899)	112,498	(450,277)
Long-term amounts (repaid) received, net	264,393	(6,421,824)	264,393	(6,421,824)

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25. Related party transactions (continued)

b) Transactions between the Company and its subsidiaries:

	<u>Company</u>	
	2014	2013
	\$'000	\$'000
Included in the Company statement of comprehensive income:		
Purchase of gypsum, shale and pozzolan	470,985	240,013
Port fees paid	53,379	10,604
Management fee received	(60,000)	(60,000)
Subvention	12,025	11,556
	<u>12,025</u>	<u>11,556</u>

c) Compensation of directors and key management personnel

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	170,668	135,640	170,668	135,640
Directors' fees	8,421	8,961	8,421	8,961
	<u>179,089</u>	<u>144,601</u>	<u>179,089</u>	<u>144,601</u>

26. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's and Company's contributions in the year amounted to \$63,072,000 (2013: \$61,890,000) and \$62,421,000 (2013: \$61,015,000) respectively.

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27. Contingencies

There are several pending legal actions and other claims, estimated at \$53,947,800 (2013: \$21,539,000), in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's attorneys, that liability, if any, arising out of these claims is not considered probable. Accordingly, no provision has been made in these financial statements in respect of these matters.

28. Commitments

a) Operating leases

The Company has commitments of \$9,951,930,000 (US\$87,000,000) under the operating leases with Trinidad Cement Limited, which are payable semi-annually in United States dollars (Note 6). The annual lease charges were revised during 2013.

In the year ended 31 December, future minimum lease payments are:

	\$'000
2015	2,344,995
2016	2,573,775
2017	2,516,580
2018	2,516,580
2019	<u>-</u>
	<u>9,951,930</u>

New rates are to be negotiated for the period 1 January 2019 to 31 December 2028.

Other operating leases

Other operating leases represents the lease commitments of the subsidiaries. The accumulated future minimum lease payments are as below:

	2014	2013
	\$'000	\$'000
Within one year	3,125	3,140
After one year, but less than five years	12,300	12,365
More than five years	<u>41,517</u>	<u>44,592</u>
	<u>56,942</u>	<u>60,097</u>

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28. Commitments (continued)

b) Capital commitment

The amount of \$98,339,000 (US\$860,000) (2013:\$110,357,000 (US\$1,040,641)) was approved and contracted for as at 31 December 2014 in respect of capital projects.

29. Limestone reserves

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The lease term has 34 years remaining but exploitable reserves are expected to have a life of 164 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 122 years. These limestone reserves are not recorded in these financial statements.

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30. Operating segment reporting

As at 31 December 2014

	Cement \$'000	Gypsum and pozzolan \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Revenue				
External customers	14,312,206	43,811	-	14,356,017
Inter-segment	12,025	365,958	(377,983)	-
Total revenue	<u>14,324,231</u>	<u>409,769</u>	<u>(377,983)</u>	<u>14,356,017</u>
Segment results				
Depreciation and amortization	352,577	12,251	-	364,828
Segment profit (loss) before tax	<u>265,369</u>	<u>(31,133)</u>	<u>21,749</u>	<u>255,985</u>
Operating assets	<u>9,333,249</u>	<u>389,706</u>	<u>(148,357)</u>	<u>9,574,598</u>
Operating liabilities	<u>4,582,716</u>	<u>202,845</u>	<u>(101,997)</u>	<u>4,683,564</u>
Other disclosure				
Capital expenditure	<u>540,472</u>	<u>57,642</u>	<u>-</u>	<u>598,114</u>

As at 31 December 2013

	Cement \$'000	Gypsum and pozzolan \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
Revenue				
External customers	12,058,718	30,766	-	12,089,484
Inter-segment	11,556	250,617	(262,173)	-
Total revenue	<u>12,070,274</u>	<u>281,383</u>	<u>(262,173)</u>	<u>12,089,484</u>
Segment results				
Depreciation and amortization	311,786	7,421	-	319,207
Segment (loss) profit before tax	<u>(10,659)</u>	<u>7,580</u>	<u>-</u>	<u>(3,079)</u>
Operating assets	<u>8,940,288</u>	<u>256,219</u>	<u>(74,651)</u>	<u>9,121,856</u>
Operating liabilities	<u>4,329,701</u>	<u>46,648</u>	<u>(6,542)</u>	<u>4,369,807</u>
Other disclosure				
Capital expenditure	<u>560,961</u>	<u>17,569</u>	<u>-</u>	<u>578,530</u>

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30. Operating segment reporting (continued)

Geographical information

	2014 \$'000	2013 \$'000
Local	12,293,063	10,691,952
Caribbean countries	905,350	687,725
South American countries	1,157,604	709,807
	<u>14,356,017</u>	<u>12,089,484</u>

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

Revenue from one customer amounted to \$1,989,761,000 (2013: \$1,744,380,000), arising from sales in the cement segment.

31. Financial risk management objectives and policies

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

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

Credit risk

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

a) Trade and other receivables

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

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31. Financial risk management objectives and policies (continued)

Credit risk (continued)

a) Trade and other receivables (continued)

As at 31 December 2014, the Group had 3 customers (2013: 3 customers) that owed the Group more than \$72,000,000 each (2013: \$65,000,000 each), which accounted for 71% (2013: 65%) of all trade receivables owing.

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

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

b) Cash and cash equivalents

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

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

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

	Group		Company	
	Gross maximum exposure 2014 \$'000	Gross maximum exposure 2013 \$'000	Gross maximum exposure 2014 \$'000	Gross maximum exposure 2013 \$'000
Trade receivables	951,797	555,206	947,418	538,544
Cash and cash equivalents	177,917	202,107	163,271	185,425
Due from related companies	301,993	230,540	298,892	224,918
Due from subsidiary	-	-	101,997	6,418
	<u>1,431,707</u>	<u>987,853</u>	<u>1,511,578</u>	<u>955,305</u>

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31. Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2014, the Group had no significant exposure to interest rate risk as all borrowings are at fixed rates. The interest rate exposure of borrowings is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Total borrowings:				
At fixed rates	1,500,317	1,265,134	1,500,317	1,265,134
Weighted average effective interest rates:				
	(%)	(%)	(%)	(%)
Bank borrowings (US\$ loans)	11.5	11.5	11.5	11.5
Other bank borrowings	20.8	20.0	20.0	20.0
Related party loans	7.4	10.0	7.4	10.0

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

	Group & Company	
	Increase/decrease in basis points	Effect on profit before tax \$'000
2014		
JMD	+400	-
JMD	-100	-
2013		
JMD	+400	-
JMD	-100	-

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31. Financial risk management objectives and policies (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from purchases by the Group in currencies other than its functional currency. Approximately sixty percent (60%) of the Group's purchases are denominated in or sensitive to currencies other than its functional currency. The Group has a net foreign currency exposure as at 31 December 2014.

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

		<u>Change in</u>	<u>Group</u>	<u>Company</u>	
		<u>Exchange rate</u>	<u>Effect on profit</u>	<u>Effect on profit</u>	
			<u>before tax</u>	<u>before tax</u>	
			<u>\$'000</u>	<u>\$'000</u>	
2014	US\$	+1	7,190	7,258	
	US\$	-10%	(71,904)	(72,579)	
	TT\$	+1	2,770	2,770	
	TT\$	-10%	(27,698)	(27,698)	
	Euro	+1	-	-	
	Euro	-10%	(4)	(4)	
				<u> </u>	<u> </u>
				<u> </u>	<u> </u>
		<u>Change in</u>	<u>Group</u>	<u>Company</u>	
		<u>Exchange rate</u>	<u>Effect on profit</u>	<u>Effect on profit</u>	
			<u>before tax</u>	<u>before tax</u>	
			<u>\$'000</u>	<u>\$'000</u>	
2013	US\$	+1%	9,072	9,770	
	US\$	-10%	(90,720)	(97,699)	
	TT\$	+1%	2,364	2,364	
	TT\$	-10%	(23,636)	(23,636)	
	Euro	+1%	77	77	
	Euro	-10%	(774)	(774)	
				<u> </u>	<u> </u>
				<u> </u>	<u> </u>

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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31. Financial risk management objectives and policies (continued)

Liquidity risk

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

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

As at 31 December 2014	The Group					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest bearing loans and borrowings	779,600	-	-	-	-	779,600
Due to parent and related companies	-	-	1,005,996	542,400	326,163	1,874,559
Trade and other payables	-	1,441,593	-	-	-	1,441,593
	<u>779,600</u>	<u>1,441,593</u>	<u>1,005,996</u>	<u>542,400</u>	<u>326,163</u>	<u>4,095,751</u>

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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31. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

As at 31 December 2014	The Company					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings	779,600	-	-	-	-	779,600
Due to parent and related companies	-	-	1,005,996	542,400	326,163	1,874,558
Trade and other payables	-	1,352,888	-	-	-	1,352,888
	<u>779,600</u>	<u>1,352,888</u>	<u>1,005,996</u>	<u>542,400</u>	<u>326,163</u>	<u>4,007,046</u>

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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(Expressed in Jamaican Dollars)

31. Financial risk management objectives and policies (continued)

Capital management

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

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

Fair values

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

	The Group			
	Carrying amount		Fair values	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	177,917	202,107	177,917	202,107
Receivables	1,101,962	681,337	1,101,962	681,337
Due from related companies	301,993	230,540	301,993	230,540
Financial liabilities				
Payables	1,441,593	1,871,721	1,441,593	1,871,721
Due to parent and related companies	1,682,970	1,232,104	912,305	619,797
Current portion of long term loans	779,600	808,810	779,600	849,116

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31. Financial risk management objectives and policies (continued)

Fair values (continued)

	The Company			
	Carrying amount		Fair values	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	163,271	185,425	163,271	185,425
Due from subsidiary	101,997	6,418	101,997	6,418
Receivables	1,021,980	626,201	1,021,980	626,201
Due from related companies	298,892	224,918	298,892	224,918
Financial liabilities				
Payables	1,352,888	1,836,675	1,352,888	1,836,675
Due to parent and related companies	1,682,970	1,232,104	912,305	619,797
Current portion of long term loans	779,600	808,810	779,600	849,116

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

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

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31. Financial risk management objectives and policies (continued)

Fair values (continued)

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

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2014

	Date of valuation	Quoted prices in active markets (Level 1) \$'000	Significant observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
As at 31 December 2014					
Liabilities for which fair values are disclosed					
Due to parent and related companies	31 December 2014	-	-	912,305	912,305
Current portion of long term loans	31 December 2014	-	-	779,600	779,600
As at 31 December 2013					
Liabilities for which fair values are disclosed					
Due to parent and related companies	31 December 2013	-	-	619,797	619,797
Long term loans	31 December 2013	-	-	849,116	849,116

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32. 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 TCL Group with the lenders and these consolidated financial statements have been prepared in accordance with the restructuring agreements payments of principal and interest on the restructured debt has been synchronized into quarterly installments from March 2013 through December 2018, with the last principal payment being 43% of the restructured debts.

The Override Agreement 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/EBIDA 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 is in default of its loan agreements and is currently renegotiating the terms of the debt.