

Independent Auditor's Report on the Consolidated Financial Statements

For the year ended 31 December 2015

TO THE SHAREHOLDERS OF TRINIDAD CEMENT LIMITED

We have audited the accompanying consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

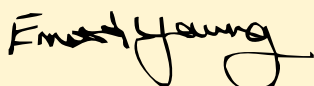
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Port of Spain
TRINIDAD:
25 February 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 |

(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)



		2015	2014
Assets	Notes	\$	\$
Non-current assets			
Property, plant and equipment	8	1,729,794	1,736,030
Pension plan assets	9	5,390	70,240
Receivables	11	4,483	6,049
Deferred tax assets	6 (d)	333,828	347,771
		<u>2,073,495</u>	<u>2,160,090</u>
Current assets			
Inventories	10	480,924	526,432
Receivables and prepayments	11	190,119	226,664
Cash at bank and on hand	12	288,500	96,589
		<u>959,543</u>	<u>849,685</u>
Assets held for sale	26	44	226
Total assets		<u>3,033,082</u>	<u>3,010,001</u>
Equity and liabilities			
Equity			
Stated capital	16 (a)	827,732	466,206
Unallocated ESOP shares	18	(25,299)	(25,299)
Other reserves	16 (b)	(243,485)	(228,187)
Retained earnings		404,345	64,257
Equity attributable to the parent		963,293	276,977
Non-controlling interests	23	(12,323)	(31,450)
Total equity		<u>950,970</u>	<u>245,527</u>
Non-current liabilities			
Long term portion of borrowings	15	976,541	–
Pension plan liabilities	9	32,025	13,055
Other post-retirement benefits	9	68,583	50,800
Deferred tax liabilities	6 (d)	295,464	316,203
Payables and accruals	14	–	8,203
		<u>1,372,613</u>	<u>388,261</u>
Current liabilities			
Short-term advances	13	–	14,707
Payables and accruals	14	519,576	510,973
Current portion of borrowings	15	189,521	1,848,903
		<u>709,097</u>	<u>2,374,583</u>
Liabilities directly associated with assets held for sale	26	402	1,630
Total equity and liabilities		<u>3,033,082</u>	<u>3,010,001</u>

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

These financial statements were approved by the Board of Directors on 25 February 2016 and signed on their behalf by:

Director

Director

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

	Notes	2015 \$	2014 \$
Continuing operations			
Revenue	25	<u>2,115,446</u>	<u>2,103,074</u>
Earnings before interest, tax, depreciation, impairment, loss on disposal of property, plant and equipment and manpower restructuring costs	3	588,479	407,845
Manpower restructuring costs	3	(31,099)	–
Depreciation	8	(110,796)	(131,113)
Impairment charges and write-offs	3	–	(155,937)
Loss on disposal of property, plant and equipment	3	<u>(164)</u>	<u>(3,963)</u>
Operating profit	3	446,420	116,832
Finance costs	5 (a)	(164,630)	(213,551)
Debt refinancing gains (net)	5 (b)	<u>205,819</u>	<u>–</u>
Profit/(loss) before taxation from continuing operations		487,609	(96,719)
Taxation charge	6 (a)	<u>(58,714)</u>	<u>(108,584)</u>
Profit/(loss) for the year from continuing operations		<u>428,895</u>	<u>(205,303)</u>
Discontinued operations			
Loss before taxation from discontinued operations	26	(115)	(5,754)
Taxation	6 (a)	<u>–</u>	<u>38</u>
Loss for the year from discontinued operations	26	<u>(115)</u>	<u>(5,716)</u>
Profit/(loss) for the year		<u>428,780</u>	<u>(211,019)</u>
Attributable to:			
Shareholders of the parent		405,108	(214,394)
Non-controlling interests	23	<u>23,672</u>	<u>3,375</u>
		<u>428,780</u>	<u>(211,019)</u>
Basic and diluted earnings/(loss) per share: (expressed in \$ per share)	7	<u>\$1.19</u>	<u>\$(0.87)</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

	Notes	2015 \$	2014 \$
Profit/(loss) for the year		428,780	(211,019)
Other comprehensive income			
<i>Other comprehensive loss to be reclassified to profit and loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(18,930)</u>	<u>(30,437)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		<u>(18,930)</u>	<u>(30,437)</u>
<i>Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:</i>			
Re-measurement losses on pension plans and other post-retirement benefits	9	(87,685)	(65,610)
Income tax effect		<u>21,752</u>	<u>16,915</u>
		<u>(65,933)</u>	<u>(48,695)</u>
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		<u>(65,933)</u>	<u>(48,695)</u>
Other comprehensive loss for the year, net of tax		<u>(84,863)</u>	<u>(79,132)</u>
Total comprehensive income/(loss) for the year, net of tax		<u>343,917</u>	<u>(290,151)</u>
Attributable to:			
Shareholders of the parent		324,790	(284,556)
Non-controlling interests		<u>19,127</u>	<u>(5,595)</u>
		<u>343,917</u>	<u>(290,151)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

	Notes	Equity attributable to the Parent				Non-controlling interests	Total equity
		Stated capital	Unallocated ESOP shares	Other reserves	Retained earnings		
		\$	\$	\$	\$	\$	\$
Year ended December 31, 2015							
Balance at 1 January 2015		466,206	(25,299)	(228,187)	64,257	276,977	(31,450) 245,527
Other comprehensive loss	16(c)	–	–	(15,298)	(65,020)	(80,318)	(4,545) (84,863)
Income for the year		–	–	–	405,108	405,108	23,672 428,780
Total comprehensive (loss)/income	16(a)	–	–	(15,298)	340,088	324,790	19,127 343,917
Issue of shares	16(c)	361,526	–	–	–	361,526	– 361,526
Balance at 31 December 2015		827,732	(25,299)	(243,485)	404,345	963,293	(12,323) 950,970
Balance at 1 January 2014		466,206	(25,299)	(205,704)	326,330	561,533	(25,236) 536,297
Other comprehensive loss	16(c)	–	–	(22,483)	(47,679)	(70,162)	(8,970) (79,132)
(Loss)/income for the year		–	–	–	(214,394)	(214,394)	3,375 (211,019)
Total comprehensive loss		–	–	(22,483)	(262,073)	(284,556)	(5,595) (290,151)
Dividends	17	–	–	–	–	–	(619) (619)
Balance at 31 December 2014		466,206	(25,299)	(228,187)	64,257	276,977	(31,450) 245,527

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)



	Note	2015 \$	2014 \$
Cash from continuing operations		633,019	443,801
Cash from discontinued operations		—	31
Cash from operations	20	633,019	443,832
Pension contributions paid	9 (a)	(12,482)	(10,969)
Post-retirement benefits paid	9 (b)	(1,927)	(1,451)
Taxation paid		(33,687)	(24,147)
Net interest paid		(115,663)	(196,670)
Net cash generated by operating activities		<u>469,260</u>	<u>210,595</u>
Investing activities			
Additions to property, plant and equipment	8	(117,517)	(77,727)
Proceeds from disposal of property, plant and equipment		305	90
Net cash used in investing activities		<u>(117,212)</u>	<u>(77,637)</u>
Financing activities			
Repayment of borrowings		(1,709,364)	(92,310)
Proceeds from borrowings		1,188,830	—
Dividends paid to non-controlling interests		(984)	(653)
Proceeds from issuance of new shares – gross up	16 (a)	364,552	—
Transaction costs incurred on issuance of new shares	16 (a)	(3,026)	—
Net cash used in financing activities		<u>(159,992)</u>	<u>(92,963)</u>
Net increase in cash		192,056	39,995
Net foreign exchange differences		(145)	(1,210)
Net cash – beginning of year		<u>96,589</u>	<u>57,804</u>
Net cash – end of year		<u>288,500</u>	<u>96,589</u>
Represented by:			
Cash at bank and on hand	12	<u>288,500</u>	<u>96,589</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

1. Incorporation and activities

Trinidad Cement Limited (the "Parent Company") is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago. As at year end, the ordinary shares of the Company are publicly traded on the Trinidad and Tobago Stock Exchange (TTSE), Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE), Eastern Caribbean Securities Exchange (ECSE) and the Guyana Association of Securities Companies and Intermediaries Inc. (GASCI). At the date of approval of the consolidated financial statements, the Company had embarked upon a process of delisting from the JSE, BSE, ECSE and GASCI exchanges and were at various stages of completion in this delisting process. Trinidad Cement Limited is the ultimate parent of the Group. The Group ("Trinidad Cement Limited and its Subsidiaries") is involved in the manufacture and sale of cement, lime, premixed concrete, packaging materials and the winning and sale of sand, gravel and gypsum. The registered office of the Parent Company is Southern Main Road, Claxton Bay, Trinidad.

A listing of the Group's subsidiary companies is detailed in Note 22.

2. Significant accounting policies

(i) Basis of preparation

The consolidated financial statements of the Group are prepared under the historical cost convention and provide comparative information in respect of the previous period.

Statement of compliance

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

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except for the standards and interpretations noted below:

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2014.

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

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Improvements to IFRSs – 2010-2012 cycle
- Improvements to IFRSs – 2011-2013 cycle

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. These amendments did not impact the Group's financial statements.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. 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. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. These amendments did not impact the Group's financial statements.

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 IAS 39. This amendment did not impact the Group's financial statements.

2. Significant accounting policies (continued)

(i) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

Annual Improvements 2010-2012 Cycle (continued)

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.

These amendments have no impact on the consolidated financial statements as the Group does not apply the aggregation criteria.

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 by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. These amendments have no impact on the consolidated financial statements.

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. The relevant disclosures are provided in note 4: "Related party disclosures."

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. 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 consolidated financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant.

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 IAS 39. The Group does not apply the portfolio exception in IFRS 13.

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 a business combination. These amendments have no impact on the consolidated financial statements.

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 – Effective 1 January 2018
- IFRS 14 – Regulatory Deferral Accounts – Effective 1 January 2016
- IFRS 15 – Revenue from Contracts with Customers – Effective 1 January 2017
- IFRS 16 – Leases – Effective 1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(i) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

Standards issued but not yet effective (continued)

- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisition of Interests – Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture – Bearer Plants – Effective 1 January 2016
- Amendments to IAS 27 – Equity Method in Separate Financial Statements – Effective 1 January 2016
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Effective 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Effective 1 January 2016
- Amendments to IAS 1 Disclosure Initiative – Effective 1 January 2016

The Group is currently assessing the potential impact of these new standards and interpretations.

Annual Improvements to IFRSs 2012-2014 Cycle

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the consolidated financial statements:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

These improvements are effective for annual periods beginning on or after 1 January 2016.

(ii) Going concern

The Group has reported a profit before taxation from continuing operations of \$487.6 million for the year ended 31 December 2015 (loss before taxation from continuing operations of \$96.7 million in 2014). Outstanding debt obligations amount to \$1.2 billion as at year end relative

to \$1.8 billion in the prior year. In addition, the Group held cash and cash equivalents of the \$288.5 million as at year end (2014: 97 million).

On 30 March 2015 the Group negotiated with its lenders amendments to the restructured loan agreement (the "Override Agreement") which addressed the debt default condition which existed as at 31 December 2014. As a condition of the amended Override Agreement the Company was required to receive equity contributions of at least US\$50 million by 31 March 2015. On 31 March 2015 the Company successfully completed the Rights Issue of 124.9 million shares and raised net proceeds of \$361.5 million.

As per the terms of the amendment to the Override Agreement, the Lenders agreed to waive existing defaults, to reschedule principal repayments, to reduce interest rates and to grant a discount to the Group if the debt was repaid within 90 days of the amended agreement.

On 11 May 2015 the Group negotiated a short term loan agreement (the "Credit Agreement"), which raised \$1.6 billion, and allowed the Group to fully repay the lenders under the Override Agreement. The Group received a discount of \$199.4 million upon repayment of the lenders under the Override Agreement. On 11 August 2015 the Company negotiated a five year loan agreement (the "Amended and Restated Credit Agreement") with the assistance of the lenders under the Credit Agreement. As at 31 December 2015, total borrowings of the Group were reduced to \$1.2 billion (\$1.8 billion as at 31 December 2014).

Overall, the Group has fully remediated the debt default condition which existed in 2014 and through the restructuring process undertaken in 2015, has reduced its debt exposure and increased cash and cash equivalent balances at year end. The Group is well positioned to meet its ongoing long term debt obligations as they fall due.

(iii) Basis of consolidation

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

2. Significant accounting policies (continued)

(iii) Basis of consolidation (continued)

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

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

(iv) Significant accounting judgements, estimates and assumptions

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

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is determined using an approach that includes the use of market observable data for similar type cash generating units. The value in use calculation is based on a discounted cash flow model. The

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(iv) Significant accounting judgements, estimates and assumptions (continued)

cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the existence of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

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

Pension and post-retirement benefits

The cost of defined benefit pension plans and other post-retirement benefits is determined using actuarial valuations. The actuarial valuation involves making judgements and assumptions in determining discount rates, expected rates of return on assets, future salary increases and future pension increases. Due to the long term

nature of these plans, such assumptions are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Property, plant and equipment

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

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

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

Provision for doubtful debts

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

(v) Business combinations and goodwill

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

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

2. Significant accounting policies (continued)

(v) Business combinations and goodwill (continued)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39: "Financial instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

(vi) Property, plant and equipment

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

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

Current rates of depreciation are:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |

(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(vii) Inventories

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

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

(viii) Foreign currency translation

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

Foreign currency transactions

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

Foreign entities

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

(ix) Deferred expenditure

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

(x) Segment information

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

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

(xi) Financial instruments

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

(xii) Leases

Operating leases

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

Finance leases

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

2. Significant accounting policies (continued)

(xiii) Taxation

Current income tax

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

Deferred income tax

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these deductible temporary differences and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

(xiv) Pension plans and post-retirement medical benefits

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

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

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

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

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

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

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

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

(xv) Revenue recognition

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

Sales of goods

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

Interest and investment income

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

(xvi) Trade and other receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(xvii) Trade and other payables

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

(xviii) Interest bearing loans and borrowings

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

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

(xix) Borrowing costs

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

(xx) Provisions

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

(xxi) Earnings/(loss) per share

Earnings/(loss) per share is computed by dividing net profit or loss attributable to the shareholders of the Parent for the year by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is computed by adjusting the weighted average number of ordinary shares in issue for the assumed conversion of potential

dilutive ordinary shares into issued ordinary shares. The Group has no dilutive potential ordinary shares in issue.

(xxii) Cash and cash equivalents

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

(xxiii) Equity compensation benefits

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

(xxiv) Equity movements

Stated capital

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

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

Treasury shares

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

2. Significant accounting policies (continued)

(xxv) Impairment of assets

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to dispose and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are separately disclosed in the consolidated statement of income.

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

Financial assets

The carrying value of all financial assets not carried at fair value through the consolidated statement of income is reviewed for impairment whenever events or circumstances indicate that

the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

(xxvi) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its consolidated statement of financial position. The fair values of financial instruments measured at amortised cost are disclosed in Note 21. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

(xxvii) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(xxvii) Non-current assets held for sale and discontinued operations (continued)

Assets and liabilities classified as held for discontinuation are presented separately as current items in the consolidated statement of financial position. Discontinued operations are excluded from the results of the continuing operations and presented as a single amount as profit or loss after tax from continuing operations in the consolidated statement of income.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

3. Operating profit – continuing operations

	Notes	2015 \$	2014 \$
Revenue	25	2,115,446	2,103,074
Less expenses:			
Personnel remuneration and benefits (see below)		479,760	475,604
Fuel and electricity		310,301	405,909
Operating expenses		237,053	249,555
Raw materials and consumables		191,704	234,109
Equipment hire and haulage		136,331	140,263
Repairs and maintenance		128,544	113,272
Changes in finished goods and work in progress		49,378	85,921
Other income (see below)		(6,104)	(9,404)
Earnings before interest, tax, depreciation, impairment, loss on disposal of property, plant and equipment and manpower restructuring costs		588,479	407,845
Manpower restructuring costs (see below)		(31,099)	–
Depreciation	8	(110,796)	(131,113)
Impairment charges and write-offs (see below)		–	(155,937)
Loss on disposal of property, plant and equipment		(164)	(3,963)
Operating profit		446,420	116,832
<i>Impairment charges and write-offs</i>			
Property, plant and equipment (ACCL)	8	–	152,816
Work in progress (Haiti)	8	–	3,121
		–	155,937

Manpower restructuring costs mainly comprise severance costs incurred during implementation of restructuring programmes at two of the subsidiaries of the Group in 2015. The objective of the restructuring programs are to improve cost efficiency.

In accordance with IAS 36: “*Impairment of assets*”, management performed an impairment test on Property, Plant and Equipment (PPE) of the Barbados subsidiary (ACCL) and recorded an impairment provision of \$152.8 million in 2014. Another impairment test was performed as at 31 December 2015 and no further impairment or reversal was recorded in 2015. The recoverable amount of \$163.7 million as at 31 December 2015 was based on value in use and was determined at the level of the PPE and related assets. The pre-tax discount rate used in the impairment test was 17.2%. The terminal growth rate applied was 1.5% per annum.

In 2014, the Board of Directors took the decision to dissolve TCL Haiti Inc. SA (THI) and write-off work in progress costs of \$3.1 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)



3. Operating profit – continuing operations (continued)

	Notes	2015 \$	2014 \$
Personnel remuneration and benefits include:			
Salaries and wages		384,853	387,563
Other benefits		46,024	41,810
Statutory contributions		20,688	21,164
Pension costs – defined contribution plan		3,907	3,695
Termination benefits		451	493
Net pension expense – defined benefit plans	9 (a)	23,837	20,879
		<u>479,760</u>	<u>475,604</u>
Operating profit is stated after deducting directors' fees of:			
Directors' fees		<u>1,801</u>	<u>2,429</u>
Other income includes:			
Delivery and trucking services		(2,643)	(4,206)
Miscellaneous income		<u>(3,461)</u>	<u>(5,198)</u>
		<u>(6,104)</u>	<u>(9,404)</u>

4. Related party disclosures

The TCL Group has entered into related party transactions with respect to the purchase and sale of product with CEMEX S.A.B. de C.V. ("CEMEX"), a company incorporated in Mexico. In addition, during 2015, the Company has entered into a management agreement with a subsidiary of CEMEX to provide managerial and technical support to the TCL Group.

The following table provides the total amount of transactions and balances at year end that have been entered into with the CEMEX Group for the relevant financial year:

	2015 \$	2014 \$
Sales for the year	13,526	2,343
Purchases for the year	36,159	19,487
Management fee expenses	15,306	–
Trade receivables at year end	1,466	715
Trade payables at year end	1,453	5,647

These related party transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding trade receivables and trade payable balances are unsecured and interest free and no provision has been established at year end for these balances.

Key management compensation of the Group

	2015 \$	2014 \$
Short-term employment benefits	37,376	39,245
Pension plan and post-retirement benefits	701	961

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

5. Finance costs and refinancing gains

	2015 \$	2014 \$
(a) Finance costs		
Interest expense on borrowings	140,682	210,991
Other finance costs	10,826	–
Bank and related charges	889	264
Interest income	(602)	(123)
	<u>151,795</u>	<u>211,132</u>
Foreign currency exchange loss	12,835	2,419
	<u>164,630</u>	<u>213,551</u>
(b) Debt refinancing gains		
Net refinancing gains	<u>205,819</u>	<u>–</u>

In March 2015 the TCL Group negotiated new terms under the Override Agreement with Lenders with the restructured debt agreements coming into effect as at March 30, 2015. The main elements of the new terms included, a reduction of the interest rate on the outstanding debt by 2%, forgiveness of the default moratorium interest from September 30, 2014 (2%) and the ability to prepay originally secured and unsecured debt on a discounted basis within 90 days of the effectiveness of the restructuring.

In March 2015 the Group recorded net discounts of \$6.4 million comprising forgiveness of interest of \$27.8 million net of costs and loan balance adjustments of \$21.4 million. In May 2015 the TCL Group prepaid the Override debt in full net of prepayment discount of \$199.4 million with the proceeds of a successful Rights Issue process, proceeds from short term borrowings and internal cash.

6. Taxation

	2015 \$	2014 \$
(a) Taxation charge		
Deferred taxation (Note 6 (c))	14,938	79,361
Current taxation	<u>43,776</u>	<u>29,185</u>
	<u>58,714</u>	<u>108,546</u>
Taxation on continuing operations	58,714	108,584
Taxation on discontinued operations	<u>–</u>	<u>(38)</u>
	<u>58,714</u>	<u>108,546</u>
(b) Reconciliation of applicable tax charge/(credit) to effective tax charge		
Profit/(loss) before taxation from continuing operations	487,609	(96,719)
Loss before tax from a discontinued operation	<u>(115)</u>	<u>(5,754)</u>
Profit/(loss) before taxation	<u>487,494</u>	<u>(102,473)</u>
Tax charge/(credit) calculated at 25%	121,874	(25,618)
Net effect of other charges and disallowances	(3,463)	61,434
Movement in deferred tax income assets not recognised	(10,057)	73,560
Impact of income not subject to tax	(50,046)	(28,234)
Business and green fund levies	3,055	2,884
Effect of different tax rates outside Trinidad and Tobago	<u>(2,649)</u>	<u>24,520</u>
Taxation charge reported in the consolidated statement of income	<u>58,714</u>	<u>108,546</u>

6. Taxation (continued)

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

As at 31 December 2015, a deferred tax asset of \$ 146.8 million (2014: \$156.9 million) in relation to tax losses and capital allowances available for reducing future tax payments was not recognised in the consolidated statement of financial position given a level of uncertainty regarding their utilisation within a reasonable time.

Trinidad Cement Limited has tax losses of \$1,200 million (2014: \$1,066 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of \$186.6 million (2014: \$295.8 million) available for set off against future taxable profits.

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

(c) Movement in deferred tax net balance:

	2015 \$	2014 \$
Net balance at 1 January	31,568	94,748
Exchange rate and other adjustments	(18)	(734)
Charge to earnings	(14,938)	(79,361)
Credit to other comprehensive income	21,752	16,915
Net balance at 31 December (Note 6 (d))	<u>38,364</u>	<u>31,568</u>

(d) Components of the deferred tax assets/(liabilities) are as follows:

Deferred tax assets:

Tax losses carry forward	297,366	269,244
Interest accrual	3,758	61,246
Pension plan liabilities	8,005	–
Others	24,699	17,281
Balance at 31 December	<u>333,828</u>	<u>347,771</u>

Deferred tax liabilities:

Property, plant and equipment	(291,953)	(299,185)
Pension plan assets	–	(13,268)
Others	(3,511)	(3,750)
Balance at 31 December	<u>(295,464)</u>	<u>(316,203)</u>

Net deferred tax assets

	<u>38,364</u>	<u>31,568</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

7. Earnings/(loss) per share

	2015 \$	2014 \$
The following reflects the income and share data used in the earnings per share computation:		
Net profit/loss for the year attributable to equity holders of the Parent - continuing operations	405,158	(211,959)
Net loss for the year attributable to equity holders of the Parent - discontinued operations	<u>(50)</u>	<u>(2,435)</u>
Net profit/(loss) for the year attributable to equity holders of the Parent	<u>405,108</u>	<u>(214,394)</u>
Weighted average number of ordinary shares issued (net of treasury shares) (thousands of units)	<u>339,675</u>	<u>246,013</u>
The following reflects the income and share data used in the earnings per share computation:		
Basic earnings/(loss) per share - continuing operations (expressed in \$ per share)	\$1.19	(\$0.86)
Basic loss per share - discontinued operations (expressed in \$ per share)	<u>—</u>	<u>(\$0.01)</u>
Basic and diluted earnings/(loss) per share - Total company (expressed in \$ per share)	<u>\$1.19</u>	<u>(\$0.87)</u>

The balance of the TCL Employee Share Ownership Plan relating to the cost of unallocated shares held by the Plan is presented as a separate component in equity. The weighted average number of unallocated shares of 3.752 million (2014: 3.752 million) held by the Plan during the year is deducted in computing the weighted average number of ordinary shares in issue. The Group has no dilutive potential ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)



8. Property, plant and equipment

	Land and buildings \$	Plant, machinery and equipment and motor vehicles \$	Office furniture and equipment \$	Capital work in progress \$	Total \$
At 31 December 2015					
Cost	433,183	3,265,442	103,833	111,704	3,914,162
Accumulated depreciation and impairment	(191,382)	(1,910,156)	(82,697)	(133)	(2,184,368)
Net book amount	<u>241,801</u>	<u>1,355,286</u>	<u>21,136</u>	<u>111,571</u>	<u>1,729,794</u>
Net book amount					
1 January 2015	250,950	1,405,187	20,798	59,095	1,736,030
Exchange rate adjustments	(3,169)	(7,533)	(128)	(1,367)	(12,197)
Additions and transfers	5,612	53,738	4,125	54,042	117,517
Disposals and adjustments	–	(503)	(58)	(199)	(760)
Depreciation charge	(11,592)	(95,603)	(3,601)	–	(110,796)
31 December 2015	<u>241,801</u>	<u>1,355,286</u>	<u>21,136</u>	<u>111,571</u>	<u>1,729,794</u>
At 31 December 2014					
Cost	433,234	3,266,077	103,484	59,227	3,862,022
Accumulated depreciation and impairment	(182,284)	(1,860,890)	(82,686)	(132)	(2,125,992)
Net book amount	<u>250,950</u>	<u>1,405,187</u>	<u>20,798</u>	<u>59,095</u>	<u>1,736,030</u>
Net book amount					
1 January 2014	262,779	1,635,154	20,996	64,182	1,983,111
Exchange rate adjustments	(10,397)	(21,398)	(330)	(2,735)	(34,860)
Additions and transfers	3,509	29,936	2,717	41,565	77,727
Disposals and adjustments	5,852	31,028	886	(40,664)	(2,898)
Depreciation charge	(10,793)	(116,717)	(3,471)	(132)	(131,113)
Impairment charge and write off	–	(152,816)	–	(3,121)	(155,937)
31 December 2014	<u>250,950</u>	<u>1,405,187</u>	<u>20,798</u>	<u>59,095</u>	<u>1,736,030</u>

The net carrying value of assets held under finance leases within property, plant and equipment amounted to nil as at 31 December 2015 (31 December 2014: (\$0.5 million)).

In accordance with IAS 36: “*Impairment of assets*”, management assessed other Property, Plant and Equipment in Barbados and recorded an impairment provision of \$152.8 million in 2014. (Refer to Note 3).

In 2014 the Board of Directors took the decision to dissolve TCL Haiti and write-off capital work in progress of \$3.1 million. (Refer to Note 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
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9. Pension plans and other post-retirement benefits

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

The Parent Company's employees and employees of TPL and RML are members of the TCL Employees' Pension Fund Plan. This is a defined benefit Pension Plan which provides pensions related to employees' length of service and basic earnings at retirement. The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent professional actuary. The Actuarial Valuation report as at 31 December 2012 revealed that the RXL section was in surplus by \$113.6 million but the RML and TPL sections were in deficit by \$1.1 million and \$4.4 million respectively. The next triennial actuarial valuation is due as at 31 December 2015.

The report recommended service contribution rates for TCL, RML and TPL as a percentage of salaries at 6%, 15.8% and 23.7% respectively.

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

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

Pension plan assets/(liabilities) and other post-retirement obligations:

	2015 \$	2014 \$
Net pension plan assets	5,390	70,240
Net pension plan liabilities	(32,025)	(13,055)
Net pension plan (liabilities)/assets	(26,325)	57,185
Other post-retirement obligations:		
Retiree's medical benefit obligations	(65,217)	(48,450)
Service benefit obligations	(3,366)	(2,350)
Total other post-retirement obligations	(68,583)	(50,800)

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

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

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit asset/(liability) \$
Balance at 1 January 2015	(945,204)	1,002,389	57,185
<i>Pension cost charged to profit or (loss)</i>			
Current service cost	(27,625)	(2,077)	(29,702)
Past service cost	2,618	–	2,618
Net interest	(47,770)	51,017	3,247
Sub-total included in profit or (loss)	(72,777)	48,940	(23,837)
<i>Re-measurement gains/(losses) in OCI</i>			
Return on plan assets	–	(70,873)	(70,873)
Actuarial changes arising from changes in financial assumptions	–	–	–
Experience adjustments	(1,637)	–	(1,637)
Sub-total included in OCI	(1,637)	(70,873)	(72,510)
<i>Other movements</i>			
Contributions by employee	(7,065)	7,065	–
Contributions by employer	–	12,482	12,482
Benefits paid	35,850	(35,850)	–
Other movements	708	(663)	45
Sub-total – other movements	29,493	(16,966)	12,527
Balance at 31 December 2015	(990,125)	963,490	(26,635)

The Group expects to contribute \$15.0 million to its defined benefit plan in 2016.

The weighted average duration of the defined benefit obligations at 31 December 2015 ranges from 14.1 to 20.2 years (2014: 14.1 to 20.2 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

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

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit asset/(liability) \$
Balance at 1 January 2014	(857,002)	984,208	127,206
<i>Pension cost charged to profit or (loss)</i>			
Current service cost	(25,447)	(1,920)	(27,367)
Net interest	(43,631)	50,119	6,488
Sub-total included in profit or (loss)	(69,078)	48,199	(20,879)
<i>Re-measurement gains/(losses) in OCI</i>			
Return on plan assets	–	(14,620)	(14,620)
Actuarial changes arising from changes in financial assumptions	–	(1,729)	(1,729)
Experience adjustments	(42,644)	–	(42,644)
Sub-total included in OCI	(42,644)	(16,349)	(58,993)
<i>Other movements</i>			
Contributions by employee	(7,592)	7,592	–
Contributions by employer	–	10,969	10,969
Benefits paid	31,119	(31,119)	–
Other movements	(7)	(1,111)	(1,118)
Sub-total – other movements	23,520	(13,669)	9,851
Balance at 31 December 2014	(945,204)	1,002,389	57,185

(b) Changes in the other post-retirement benefits

	2015 \$	2014 \$
Balance at 1 January	(50,800)	(41,738)
<i>Pension cost charged to profit or (loss)</i>		
Current service cost	(2,042)	(1,845)
Net interest	(2,493)	(2,051)
Sub-total included in profit or (loss)	(4,535)	(3,896)
<i>Re-measurement (losses)/gains in other comprehensive income</i>		
Actuarial changes arising from changes in demographic assumptions	–	–
Experience adjustments	(15,175)	(6,617)
Sub-total included in OCI	(15,175)	(6,617)
<i>Other movements</i>		
Benefits paid	1,927	1,451
Sub-total – other movements	1,927	1,451
Balance at 31 December	(68,583)	(50,800)

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

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

	2015	2014
Cash and cash equivalents	5%	6%
Equities	42%	41%
Bonds	51%	51%
Mortgages	1%	1%
Real estate	0%	1%
Other	1%	0%
Equities are quoted on actively traded markets.		

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

Pension plans

The actual return on plan assets for 2015 amounted to \$35,499 (2013: \$103,840).

	2015	2014
Discount rate at 31 December:		
Trinidad Cement Limited Employees' Pension Fund Plan	5.00%	5.00%
Arawak Cement Company Limited Pension Fund Plan	7.75%	7.75%
Future salary increases:		
Trinidad Cement Limited Employees' Pension Fund Plan	5.00%	5.00%
Arawak Cement Company Limited Pension Fund Plan	6.75%	6.75%
Post-retirement mortality for pensioners at 60: Male	21.0	21.0
Female	25.1	25.1

A quantitative sensitivity analysis for significant assumptions as at 31 December 2015 is as shown below:

Assumptions	Discount rate		Future salary increases		Life expectancy of pensioners increase by 1 year
	1% increase	1% decrease	1% increase	1% decrease	
Sensitivity level					
Impact on the defined benefit obligation	(128,219)	156,973	46,563	(42,984)	11,135

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

Other post-retirement obligations:

	2015	2014
Discount rate at 31 December	5%	5%
Future medical claims inflation	5%	5%
Post-retirement mortality for pensioners at 60: Male	21.0	21.0
Female	25.1	25.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

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

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

A quantitative sensitivity analysis for significant assumptions as at 31 December 2015 is as shown below:

Assumptions	Discount rate		Future medical claims inflation		Life expectancy increase by 1 year
	1% increase	1% decrease	1% increase	1% decrease	
Sensitivity level					
Impact on the defined benefit obligation	(8,505)	10,909	10,795	(8,579)	2,248

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

The Group expects to contribute \$2.0 million to its other post-retirement benefits in 2016.

10. Inventories

	2015 \$	2014 \$
Plant spares	153,108	153,051
Raw materials and work in progress	155,733	196,908
Consumables	122,177	116,348
Finished goods	49,906	60,125
	<u>480,924</u>	<u>526,432</u>

Inventories are shown as net of obsolescence provision of \$13.3 million (2014: \$13.9 million) in respect of plant spares and consumables.

11. Receivables and prepayments

	2015 \$	2014 \$
Trade receivables	173,862	200,438
Less: provision for doubtful debts	<u>(38,379)</u>	<u>(36,616)</u>
Trade receivables (net)	135,483	163,822
Sundry receivables and prepayments	46,259	58,476
Deferred expenditure	6,641	4,182
Taxation recoverable	6,219	6,233
	<u>194,602</u>	<u>232,713</u>
Presented in the consolidated statement of financial position as follows:		
Non-current	4,483	6,049
Current	<u>190,119</u>	<u>226,664</u>
	<u>194,602</u>	<u>232,713</u>

Included within trade receivables are balances due from three (3) customers with agreed repayment terms over one year and therefore \$4.5 million (2014: \$6.0 million) is presented as a non-current asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
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11. Receivables and prepayments (continued)

	Total \$	Neither past due nor impaired \$	Past due but not impaired		
			1-90 days \$	91-180 days \$	Over 180 days \$
2015	135,483	79,786	19,446	12,018	24,233
2014	163,822	86,928	58,659	2,900	15,335

As at 31 December, the impairment provision for trade receivables assessed to be doubtful was \$38.4 million (2014: \$36.6 million). Movements in the provision for impaired receivables were as follows:

	2015 \$	2014 \$
At 1 January	36,616	34,449
Charge for the year	7,964	8,653
Unused amounts reversed/written off	(6,201)	(6,486)
At 31 December	<u>38,379</u>	<u>36,616</u>

12. Cash at bank and on hand

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

13. Short-term advances

	2015 \$	2014 \$
Short-term advances	<u>—</u>	<u>14,707</u>

Short-term advances are comprised of an unsecured deposit advanced from a customer for the purchase of product from the TCL Group. This was settled during the financial year via the sale of product to the customer.

14. Payables and accruals

	2015 \$	2014 \$
Sundry payables and accruals	324,792	312,746
Trade payables	161,798	170,857
Interest and other finance charges	12,133	18,260
Taxation payable	10,277	9,110
Statutory obligations	<u>10,576</u>	<u>8,203</u>
	<u>519,576</u>	<u>519,176</u>

Presented in the consolidated statement of financial position as follows:

Non-current	—	8,203
Current	<u>519,576</u>	<u>510,973</u>
	<u>519,576</u>	<u>519,176</u>

The Jamaica subsidiary has been granted up to six years to remit withholding taxes to the Jamaican taxation authorities. The outstanding amount of \$8.2 million is scheduled to be paid in June 2016 and was therefore classified as a current liability in 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

15. Borrowings

	2015 \$	2014 \$
Maturity of borrowings:		
One year	189,521	1,848,903
Two to five years	976,541	–
Gross borrowings	1,166,062	1,848,903
Current portion of total borrowings	(189,521)	(1,848,903)
Borrowings non-current portion	976,541	–
Type of borrowings:		
Restructured debt	–	1,843,675
Term loans	1,166,062	4,778
Finance lease obligations	–	450
	1,166,062	1,848,903
Currency denomination of borrowings		
US dollar	867,206	679,452
Local currencies	298,856	1,169,451
	1,166,062	1,848,903
Interest rate profile		
Fixed rates	–	1,500,254
Floating rates	1,166,062	348,649
	1,166,062	1,848,903
	2015	2014
The weighted average effective interest rate for borrowings is:	9.60%	11.9%

(a) Debt refinancing

As described in Note 2 (ii), TCL and its subsidiaries have successfully repaid the lenders under the “Override Agreement”. On 6 August 2015 TCL negotiated a 5-year loan agreement (the “Amended and Restated Credit Agreement”) with the following key terms:

- The loan was for an original Principal amount of US\$200 million.
- The Principal was disbursed in a combination of USD and TTD currencies and bears interest at a rate of LIBOR + 5.50% (effective 6.25% per annum) on the USD amounts and 3 Month TT Treasury Bill + 5.50% (effective 6.4% per annum) on the TTD amounts, with a floor of 0.75% for LIBOR and the 3 Month TT Treasury Bill.
- Principal and interest payments commenced on 11 November 2015 and are payable quarterly thereafter with the last bullet payment of 30% of the debt due on 11 August, 2020.
- The loan is secured by a charge on the assets of the TCL Group.
- Compliance with certain financial covenants for the TCL Group commencing from 30 September 2015 and quarterly thereafter. This includes a consolidated interest coverage ratio (ratio of EBITDA to interest), consolidated total debt leverage ratio (ratio of Total Debt to EBITDA) and consolidated senior debt leverage ratio (ratio of Senior Debt to EBITDA).

15. Borrowings (continued)

(a) Debt refinancing (continued)

(vi) The Group's capital expenditure cannot exceed US\$20 million in any calendar year.

(vii) Dividends may be paid by TCL if both before and after the payment of a dividend, Total Debt/EBITDA is less than or equal to 2.75. If Total Debt/EBITDA is greater than 2.75 but less than 3.00 a maximum dividend of US\$3 million is permissible in any fiscal year.

At 31 December 2015 the TCL Group was compliant with the terms and covenants of the Amended and Restated Credit Agreement.

(b) Finance leases

Finance leases consist of the obligations for a number of motor vehicles acquired under finance lease agreements with monthly installments over a period of four to five years. The agreements are secured by the related motor vehicles and inherent finance charges.

The minimum lease payments under these finance leases are as follows:

	2015 \$	2014 \$
Due not more than one year	—	468
Due in years two to five	—	—
Total minimum lease payments	—	468
Less: Finance charges	—	(18)
Total net present value	—	450

16. Stated capital and other reserves

(a) Stated capital

Authorised

An unlimited number of ordinary and preference shares of no par value

Issued and fully paid

374,647,704 (2014: 249,765,136) ordinary shares of no par value

	2015 \$	2014 \$
	—	—
	827,732	466,206

On 31 March 2015, the Company issued 124.9 million ordinary shares under a Rights Issue. The net proceeds received from this Rights Issue of ordinary shares was \$361.5 million (\$364.5 million gross). Transaction costs of \$3.0 million were incurred in this transaction and is accounted for net against the proceeds of the rights issue. A reconciliation of the number of shares and dollar amount of issued and paid share capital during the year is presented below:

	Thousands of shares	\$'000
At 1 January 2014 and 31 December 2014	249,765	466,206
Issued on 31 March 2015	124,883	361,526
At 31 December 2015	374,648	827,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
(Expressed in Thousands of Trinidad and Tobago dollars, except where otherwise stated)

16. Stated capital and other reserves (continued)

(a) Stated capital (continued)

On 9 February 2015 a special meeting of shareholders of the Company was convened and a resolution was passed to remove the restriction in the Articles of Continuance which prohibited any person from holding more than 20% of the issued share capital of the Company or more than 20% of the total voting rights of the Company.

(b) Other reserves

	2015 \$	2014 \$
Year ended 31 December		
Balance at 1 January	(228,187)	(205,704)
Other comprehensive loss:		
Currency translation	(15,298)	(22,483)
Balance at 31 December	(243,485)	(228,187)

Nature and purpose of reserves

Foreign currency translation account

This reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Other comprehensive income net of tax

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

	Foreign currency translation account \$	Retained earnings \$	Total \$
Year ended 31 December 2015			
Other comprehensive income:			
Currency translation	(15,298)	–	(15,298)
Re-measurement losses on pension plans and other post-retirement benefits	–	(65,020)	(65,020)
	(15,298)	(65,020)	(80,318)
Year ended 31 December 2014			
Other comprehensive income:			
Currency translation	(22,483)	–	(22,483)
Re-measurement gains on pension plans and other post-retirement benefits	–	(47,679)	(47,679)
	(22,483)	(47,679)	(70,162)

17. Dividends

The Parent Company has not declared nor paid any dividends during the year 2015 or in respect of 2014. In 2014 dividends represents the dividends of subsidiaries in respect of non-controlling interests during the year of \$0.62 million.

18. Employee share ownership plan (ESOP)

	2015 Thousands of shares	2014
<i>Employee share ownership plan</i>		
Number of shares held - unallocated	3,752	3,752
Number of shares held - allocated	4,216	4,216
	<u>7,968</u>	<u>7,968</u>
	2015	2014
	\$	\$
Fair value of shares held - unallocated	14,970	9,380
Fair value of shares held - allocated	16,822	10,540
	<u>31,792</u>	<u>19,920</u>
Cost of unallocated ESOP shares	<u>25,299</u>	<u>25,299</u>
Charge to earnings for provision of shares allocated to employees	<u>400</u>	<u>400</u>

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

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

19. Capital commitments and contingent liabilities

Capital commitments

The Group has contractual capital commitments of \$17.2 million as at December 2015 (2014: \$8.4 million).

Contingent liabilities

There are contingent liabilities amounting to \$93.3 million (2014: \$22.3 million) for various claims, assessments, bank guarantees, and bonds against the Group. Included therein, are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Group's attorneys at law, that owing to the uncertainty of the outcome of these possible liabilities no provision has been made in these consolidated financial statements in respect of these matters.

The Board of Inland Revenue has disallowed expenditure claimed by the Parent Company in respect of the following fiscal years:

Fiscal years	Disallowed expenditure
2007	\$102.1 million
2008	\$284.4 million
2009	\$260.6 million

This has been objected to as the Parent Company is of the view that its claim is well supported in law and will defend its position in the resolution process. No provision has been made in the consolidated financial statements in respect of this matter as the possible liability is not considered probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015 |
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19. Capital commitments and contingent liabilities (continued)

The subsidiary in Guyana was given a commitment by the Government of Guyana in 2006 to have the corporate tax rate for non-commercial companies of 30 percent made applicable to its operations. Subsequent action by the Guyana Revenue Authority held that the corporate tax rate for commercial companies of 40 percent was applicable. The subsidiary computes its corporation tax liability on the basis of the original commitment received while it contests through court action the failure to honour the original commitment. No provision has been made in these consolidated financial statements for the higher tax rate as the possible liability is not considered probable. This contingent liability amounts to \$19.1 million as at year end (2014: \$17.5 million).

20. Cash from operations

	Notes	2015 \$	2014 \$
Profit/(loss) before taxation from continuing operations		487,609	(96,719)
Loss before taxation from discontinued operations		(115)	(5,754)
Profit/(loss) before taxation		<u>487,494</u>	<u>(102,473)</u>
Adjustments to reconcile (loss)/profit before taxation to net cash generated by operating activities:			
Depreciation	8	110,796	131,113
Net impairment charges and write-offs	3	–	155,937
Interest expense net of interest income	5	164,630	213,551
Debt refinancing gains (net)	5	(205,819)	–
Pension plan expense	9 (a)	23,837	20,879
Other post-retirement benefit expense	9 (b)	4,535	3,896
Loss on disposal of property, plant and equipment	3	164	3,963
		<u>585,637</u>	<u>426,866</u>
Changes in net current assets			
Decrease in inventories		30,801	56,368
Decrease/(increase) in receivables and prepayments		38,111	(53,040)
(Decrease)/increase in payables and accruals		<u>(21,530)</u>	<u>13,638</u>
		<u>633,019</u>	<u>443,832</u>

21. Fair values

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

	Carrying amount 2015 \$	Fair value 2015 \$	Carrying amount 2014 \$	Fair value 2014 \$
Financial assets:				
Cash at bank	288,500	288,500	96,589	96,589
Trade receivables	135,483	135,483	163,822	163,822
Financial liabilities:				
Short-term advances	–	–	14,707	14,707
Borrowings	1,166,062	1,166,062	1,848,903	1,848,903
Trade payables	161,798	161,798	170,857	170,857
Interest and finance charges	12,133	12,133	18,260	18,260

22. Subsidiary undertakings

The Group's subsidiaries are as follows:

Company	Country of incorporation	Ownership level	
		2015	2014
Readymix (West Indies) Limited	Trinidad and Tobago	71%	71%
TCL Packaging Limited	Trinidad and Tobago	80%	80%
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	65%	65%
TCL Leasing Limited	Trinidad and Tobago	100%	100%
Caribbean Cement Company Limited	Jamaica	74%	74%
Jamaica Gypsum and Quarries Limited	Jamaica	74%	74%
Rockfort Mineral Bath Complex Limited	Jamaica	74%	74%
Caribbean Gypsum Company Limited	Jamaica	74%	74%
Arawak Cement Company Limited	Barbados	100%	100%
Premix & Precast Concrete Incorporated	Barbados	42.6%	42.6%
TCL Trading Limited	Anguilla	100%	100%
TCL Service Limited	Nevis	-	100%
TCL (Nevis) Limited	Nevis	100%	100%
TCL Guyana Inc.	Guyana	80%	80%

TCL Service Limited was liquidated in December 2015.

23. Material partly-owned subsidiaries

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

Proportion of equity held by non-controlling interests:

Name	Country of incorporation and operation	2015	2014
Caribbean Cement Company Group	Jamaica	26%	26%
Readymix (West Indies) Limited	Trinidad & Tobago	29%	29%
TCL Packaging Limited	Trinidad & Tobago	20%	20%
TCL Ponsa Manufacturing Limited	Trinidad & Tobago	35%	35%
TCL Guyana Inc.	Guyana	20%	20%

Accumulated balances of material non-controlling interests:

	2015 \$	2014 \$
Caribbean Cement Company Limited	(62,253)	(80,014)
Readymix (West Indies) Limited	26,976	24,490
TCL Packaging Limited	11,552	12,702
TCL Ponsa Manufacturing Limited	2,890	3,814
TCL Guyana Inc.	8,512	7,558
	<u>(12,323)</u>	<u>(31,450)</u>

Profit/(loss) allocated to material non-controlling interests:

	2015	2014
Caribbean Cement Company Limited	21,458	1,677
Readymix (West Indies) Limited	2,671	127
TCL Packaging Limited	(636)	766
TCL Ponsa Manufacturing Limited	(697)	(13)
TCL Guyana Inc.	876	818
	<u>23,672</u>	<u>3,375</u>

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23. Material partly - owned subsidiaries (continued)

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

Summarised statement of income for 2015:

	Caribbean Cement Company Limited \$	Readymix (West Indies) Limited \$	TCL Packaging Limited \$	TCL Ponsa Manufacturing Limited \$	TCL Guyana Inc. \$
Revenue	841,810	216,807	49,386	14,487	92,919
Operating expenses	(748,204)	(203,081)	(55,077)	(16,678)	(85,803)
Finance costs (net)	(925)	(426)	2,615	199	(390)
Profit/(loss) before tax	92,681	13,300	(3,076)	(1,992)	6,726
Income tax	(9,833)	(3,863)	(106)	–	(2,345)
Total comprehensive income	64,532	8,801	(5,746)	(2,640)	4,771
Attributable to non-controlling interests	17,760	2,486	(1,149)	(924)	954

Summarised statement of income for 2014:

Revenue	827,342	211,439	66,882	17,417	127,037
Operating expenses	(794,516)	(194,895)	(65,272)	(17,443)	(119,447)
Finance costs (net)	(19,609)	(812)	2,359	(11)	(1,312)
Profit/(loss) before tax	13,217	15,732	3,969	(37)	6,278
Income tax	(6,743)	(3,945)	(138)	–	(2,190)
Total comprehensive income	(24,991)	8,745	3,262	(125)	3,644
Attributable to non-controlling interests	(6,177)	(755)	652	(44)	729

Summarised statement of financial position as at 31 December 2015:

Inventories, cash and bank balances and other current assets	294,130	108,600	79,101	15,004	19,374
Property, plant and equipment and other non-current assets	348,806	33,770	(708)	2,110	39,502
Trade and other payables and other current liabilities	(237,176)	(40,258)	(17,769)	(5,490)	(14,366)
Interest bearing loans, borrowings and deferred tax and other non-current liabilities	(34,674)	(2,540)	(2,859)	(3,366)	(1,949)
Total equity	371,086	99,572	57,765	8,258	42,561
Attributable to:					
Equity holders of parent	433,340	72,596	46,212	5,368	34,049
Non-controlling interests	(62,254)	26,976	11,553	2,890	8,512

23. Material partly - owned subsidiaries (continued)

Summarised statement of financial position as at 31 December 2014:

	Caribbean Cement Company Limited \$	Readymix (West Indies) Limited \$	TCL Packaging Limited \$	TCL Ponsa Manufacturing Limited \$	TCL Guyana Inc. \$
Inventories, cash and bank balances and other current assets	257,661	83,703	40,838	16,829	25,234
Property, plant and equipment and other non-current assets	277,464	50,590	54,199	2,203	40,826
Trade and other payables and other current liabilities	(213,305)	(33,689)	(18,207)	(5,784)	(26,345)
Interest bearing loans, borrowings and deferred tax and other non-current liabilities	(48,460)	(9,718)	(13,319)	(2,350)	(1,924)
Total equity	273,360	90,886	63,511	10,898	37,791
Attributable to:					
Equity holders of parent	353,374	95,699	50,809	7,084	30,233
Non-controlling interests	(80,014)	(4,813)	12,702	3,814	7,558

Summarised cash flow information for the year ending 31 December 2015:

Operating	154,853	60,055	5,777	3,822	(1,221)
Investing	(44,005)	(10,692)	(2,704)	(85)	(732)
Financing	(70,628)	(4,778)	(3,844)	–	–
Net (decrease)/increase in cash and cash equivalents	40,220	44,585	(771)	3,737	(1,953)

Summarised cash flow information for the year ending 31 December 2014:

Operating	19,807	17,806	(1,239)	221	(209)
Investing	(34,469)	(5,013)	(736)	(33)	(476)
Financing	13,268	(3,837)	(331)	(96)	–
Net (decrease)/increase in cash and cash equivalents	(1,394)	8,956	(2,306)	92	(685)

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24. Financial risk management

Introduction

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

Risk management structure

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

Credit risk

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

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

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

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

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

	Gross maximum exposure	
	2015 \$	2014 \$
Trade receivables	135,483	163,822
Cash at bank	<u>288,500</u>	<u>96,589</u>
Credit risk exposure	<u>423,983</u>	<u>260,411</u>

Credit risk related to receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all credit customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2015, the Group had twelve (12) customers (2014: sixteen (16) customers) that owed the Group more than \$2 million each and which accounted for 61% (2014: 73%) of all trade receivables.

Credit risk related to cash at bank

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

24. Financial risk management (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations, from the settlement of financial assets such as accounts receivable and levels of cash sales.

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

	On demand \$	1 year \$	2 to 5 years \$	> 5 years \$	Total \$
2015					
Borrowings	—	261,050	1,241,228	—	1,502,278
Interest and finance charges	—	12,182	—	—	12,182
Trade payables	—	161,798	—	—	161,798
	—	435,030	1,241,228	—	1,676,258
2014					
Short-term advances	—	14,707	—	—	14,707
Borrowings	1,848,415	488	—	—	1,848,903
Interest and finance charges	18,260	—	—	—	18,260
Trade payables	—	162,681	8,176	—	170,857
	1,866,675	177,876	8,176	—	2,052,727

Capital management

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

Foreign currency risk

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

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

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24. Financial risk management (continued)

Foreign currency risk (continued)

	Increase/decrease in US/Euro rate	Effect on profit before tax \$	Effect on equity \$
2015			
US dollar	+1%	(7,047)	(5,285)
	-1%	7,047	5,285
Euro	+1%	5	4
	-1%	(5)	(4)
2014			
US dollar	+1%	(6,018)	(4,514)
	-1%	6,018	4,514
Euro	+1%	(53)	(40)
	-1%	53	40

The effect on profit is shown net of US dollar financial assets (2015: \$207.0 million; 2014: \$132.4 million), and liabilities (2015: \$891.3 million; 2014: \$734.2 million) and EURO net financial liabilities (2015: \$0.5 million; 2014: \$5.3 million).

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

	TTD \$	USD \$	JMD \$	BDS \$	Other \$	Total \$
2015						
ASSETS						
Cash at bank	99,623	148,806	32,432	1,654	5,985	288,500
Trade receivables	42,019	58,194	27,798	3,266	4,206	135,483
	141,642	207,000	60,230	4,920	10,191	423,983
LIABILITIES						
Borrowings	317,460	848,602	–	–	–	1,166,062
Interest and finance charges	2,822	9,311	–	–	–	12,133
Trade payables	32,083	53,823	46,883	24,769	4,240	161,798
	352,365	911,736	46,883	24,769	4,240	1,339,993
NET (LIABILITIES)/ ASSETS	(210,723)	(704,736)	13,347	(19,849)	5,951	(916,010)
2014						
ASSETS						
Cash at bank	36,932	52,415	(31)	2,784	4,489	96,589
Trade receivables	51,001	79,964	19,317	3,721	9,819	163,822
	87,933	132,379	19,286	6,505	14,308	260,411
LIABILITIES						
Short-term advances	–	14,707	–	–	–	14,707
Borrowings	970,857	679,453	38,507	160,086	–	1,848,903
Interest and finance charges	6,125	10,831	286	1,018	–	18,260
Trade payables	13,099	29,199	63,780	55,690	9,089	170,857
	990,081	734,190	102,573	216,794	9,089	2,052,727
NET (LIABILITIES)/ ASSETS	(902,148)	(601,811)	(83,287)	(210,289)	5,219	(1,792,316)

Other currencies include the Euro.

24. Financial risk management (continued)

Interest rate risk

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

The interest rate exposure of borrowings is as follows:

	2015 \$	2014 \$
At fixed rate	–	1,500,254
At floating rates	1,166,062	348,649

Interest rate risk table

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

	Increase/decrease in basis points	Effect on profit before tax \$
2015	+100	(11,661)
	–100	11,661
2014	+100	(3,486)
	–100	3,486

25. Financial information by segment

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

25.1 Operating segment information

2015	Cement \$	Concrete \$	Packaging \$	Consolidation adjustments \$	Total \$
Total revenue	2,202,494	216,716	62,695	–	2,481,905
Inter-segment revenue	(309,972)	–	(56,487)	–	(366,459)
Third party revenue	1,892,522	216,716	6,208	–	2,115,446
Depreciation	106,561	6,596	1,503	(3,864)	110,796
Profit/(loss) before tax	676,731	13,185	(5,068)	(197,354)	487,494
Segment assets	3,713,276	147,289	96,728	(924,211)	3,033,082
Segment liabilities	2,764,719	43,425	30,704	(756,736)	2,082,112
Capital expenditure	103,962	10,692	2,863	–	117,517
Operating cash flows	446,667	60,055	9,599	(47,061)	469,260
Investing cash flows	(102,539)	(10,692)	(2,789)	(1,192)	(117,212)
Financing cash flows	(157,961)	(4,778)	28,250	(25,503)	(159,992)
Net increase in cash and cash equivalents	185,937	3,585	2,965	(431)	192,056

Third party revenue as presented above consists of revenue from continuing operations of \$2,115,446 (2014: \$2,103,074). In 2014 third party revenue from discontinued operations as disclosed in Note 26 amounted \$1,739.

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25. Financial information by segment (continued)

25.1 Operating segment information (continued)

2014	Cement \$	Concrete \$	Packaging \$	Consolidation adjustments \$	Total \$
Total revenue	2,230,020	210,900	83,521	–	2,524,441
Inter-segment revenue	(343,077)	–	(76,551)	–	(419,628)
Third party revenue	1,886,943	210,900	6,970	–	2,104,813
Depreciation and impairment	284,092	5,579	1,279	(3,900)	287,050
Profit/(loss) before tax	79,029	15,732	3,932	(201,166)	(102,473)
Segment assets	3,342,154	132,175	103,934	(568,262)	3,010,001
Segment liabilities	3,238,704	36,997	29,525	(540,752)	2,764,474
Capital expenditure	71,926	5,032	769	–	77,727
Operating cash flows	159,302	17,806	(1,018)	34,505	210,595
Investing cash flows	(71,697)	(5,013)	(769)	(158)	(77,637)
Financing cash flows	(54,181)	(3,837)	(427)	(34,518)	(92,963)
Net increase in cash and cash equivalents	33,424	8,956	(2,214)	(171)	39,995

25.2 Geographical segment information

	Revenue 2015 \$	Revenue 2014 \$	Non- current assets 2015 \$	Non- current assets 2014 \$	Additions property plant and equipment 2015 \$	Additions property plant and equipment 2014 \$
Trinidad and Tobago	878,550	847,357	1,257,353	1,257,568	62,488	37,253
Jamaica	679,194	717,002	328,601	340,550	44,235	34,469
Barbados	93,059	171,002	108,726	103,493	9,172	5,515
Other countries	464,643	369,452	39,597	40,468	1,622	490
Group total	2,115,446	2,104,813	1,734,277	1,742,079	117,517	77,727

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

Non-current assets comprise property, plant and equipment and receivables.

26. Net liabilities classified as held for sale

The Board of Directors suspended operations of Premix & Precast Concrete Incorporated ("PPCI"), located in Barbados effective 30 September 2014 due to a major decline in the demand for concrete on the island.

As at 31 December 2015, PPCI was classified as a disposal group held for sale and as a discontinued operation. The results of PPCI for the years ended 31 December 2015 and 2014 are presented below:

	2015 \$	2014 \$
Sales revenue	—	1,739
Operating loss	(115)	(5,738)
Finance costs – net	—	(16)
Loss before taxation	(115)	(5,754)
Taxation	—	38
Net loss for the year	(115)	(5,716)

The major classes of assets and liabilities of PPCI classified as held for sale as at 31 December 2015 and 2014 are as follows:

	2015 \$	2014 \$
Assets		
Receivables and prepayments	44	41
Cash and cash equivalents	—	185
Assets associated with discontinued operation	44	226
Liabilities		
Payables and accruals	402	1,630
Liabilities associated with discontinued operation	402	1,630
Net liabilities directly associated with discontinued operation	(358)	(1,404)

The net cash flows incurred by PPCI for the year ended 31 December 2015 and 2014 are as follows:

	2015 \$	2014 \$
Operating	—	31
Investing	—	19
Net cash inflow	—	50

