CARIBBEAN CEMENT COMPANY LIMITED
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

(Expressed in Jamaican Dollars)

Index to the Financial Statements
Year ended 31 December 2016

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Caribbean Cement Company Limited and its Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Cement Company Limited and its Subsidiaries (the "Group") and Caribbean Cement Company Limited (the "Company"), which comprise the Group and Company statements of financial position as at 31 December 2016, and the Group and Company statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Group and Company financial statements give a true and fair view of the financial position of the Group and Company as at 31 December 2016, and of the Group and Company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Key Audit Matters
(Continued)

Key Audit Matter	How our audit addressed the key audit matter
Recognition of deferred tax asset (from tax losses)	
Management made an estimate of the recoverability of the deferred tax assets recognised in regard to past fiscal losses incurred, based on the forecasted taxable profits for the next three years and taking into account the period in which past losses can be claimed. As at 31 December 2016 the Company had accumulated tax losses amounting to $3.15 billion and a deferred tax asset of $789 million has been recognised in relation to these losses. The valuation of the deferred tax assets is a key audit matter because it is material to the financial statements and is based on estimates and assumptions about future profitability that may differ in reality.	We assessed the recoverability of the deferred tax assets of Company. Our assessment included reviewing management's approved budget forecasts for the entities and evaluating and challenging these forecasts in the context of local market conditions, the historical accuracy of management's forecast estimates, historical performance of the entity and other relevant independent information and data points. We also assessed the appropriateness of the disclosures in the notes to the financial statements, with reference to that prescribed by International Financial Reporting Standards. Overall, these audit procedures were performed by the more experienced and senior members of the audit team.

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INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Existence and collectability of trade receivables and revenue recognition	
Trade receivables (net of provision) amounted to $393.49 million (Company: $388.70 million) as at 31 December 2016 and revenue amounted to $15.78 billion (Company: $15.72 billion) for the year then ended (Refer to Notes 12 and 19, and accounting policy Notes 5 (j) and 5 (n)). These amounts are material to the financial statements. Management exercises judgment in the determination of the collectability of trade receivables at year end. Further, given the nature of the Group's business and the high volume of sales transactions there are factors which may result in the recognition of revenue before the risks and rewards have been transferred to the Group's customers.	Our audit procedures included, but were not limited to, internal control testing on the recognition of revenue to ensure its accounting in accordance with IAS 18: "Revenue". We also sample tested revenue recognized during the year to supporting documents including invoices and delivery documentation, to evaluate the timing of revenue recognition during the accounting period and the existence of the related accounts receivable balances at year end. Further we compared trade receivable balances to customer confirmations, subsequent receipts from customers and/or delivery documentation where applicable. We evaluated and tested the Group's process and documented policy for accounts receivable provisioning. We also challenged and evaluated management's assumptions and explanations in relation to trade receivable provisioning through inspection of the aged receivables listing and verification to supporting documentation. We also tested on a sample basis, sales transactions on either side of the year end date and credit notes issued after year end, to assess whether those transactions were recognized in the correct accounting period.

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INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's 2016 Annual Report but does not include the Group and Company financial statements and our auditor's report thereon. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Group and Company financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Auditor's Responsibilities for the Audit of the Financial Statements, continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

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

The engagement partner on the audit resulting in this independent auditor's report is Winston Robinson.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

23 February 2017

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
NET ASSETS			
Non-current assets			
Property, plant and equipment	6	6,571,104	5,353,934
Intangible assets	7	9,460	23,232
Deferred tax asset	9	131,713	-
		6,712,277	5,377,166
Current assets			
Inventories	10	2,095,803	2,781,194
Taxation recoverable		118,451	35,680
Due from related companies	11	205,460	581,743
Receivables and prepayments	12	569,929	1,164,942
Cash and cash equivalents	13	717,568	910,666
		3,707,211	5,474,225
Current liabilities			
Income tax payable		-	180,248
Due to parent and related companies	14	104,041	1,510,011
Payables and accruals	15	2,544,019	2,497,010
Provision	17	5,159	-
		2,653,219	4,187,269
Working capital surplus		1,053,992	1,286,956
Non-current liabilities			
Due to parent and related companies	14	-	205,582
Provision	17	27,393	21,366
		27,393	226,948
TOTAL NET ASSETS		7,738,876	6,437,174

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position
As at 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	18	1,808,837	1,808,837
Preference	18	5,077,760	5,077,760
Capital contribution	18	3,839,090	3,839,090
Reserves:			
Realized capital gain	18	1,413,661	1,413,661
Accumulated losses	22	(4,400,472)	(5,702,174)
GROUP EQUITY		7,738,876	6,437,174

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

On 23 February 2017, the Board of Directors authorized these financial statements for issue.

……………………………………Director…………………………………Director
Parris Lyew-Ayee Jose Seijo

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
Revenue	19	15,780,756	15,431,897
Earnings before interest, depreciation, amortization, tax, stockholding and inventory restructuring and manpower restructuring costs	19	2,702,838	2,576,658
Depreciation and amortisation	19	(495,688)	(396,931)
Stockholding and inventory restructuring costs	19	(400,774)	-
Manpower restructuring costs	19	(406,123)	(436,372)
Operating profit	19	1,400,253	1,743,355
Interest income		5,201	10,613
Net debt restructuring gain	31	-	167,792
Finance costs	21	(54,592)	(195,372)
Profit before taxation		1,350,862	1,726,388
Taxation charge	9	(49,160)	(180,248)
Net profit for the year	22	1,301,702	1,546,140
Total comprehensive income attributable to equity holders		1,301,702	1,546,140
Basic and diluted earnings per ordinary share (expressed in $ per share)	23	$1.53	$1.82

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement Of Changes In Equity
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

				Reserves			
	Ordinary share capital $'000	Preference share capital $'000	Capital contribution $'000	Realized capital gain $'000	Accumulated losses $'000	Total reserves $'000	Total capital & reserves $'000
Balance as at 1 January 2015	1,808,837	5,077,760	3,839,090	1,413,661	(7,248,314)	(5,834,653)	4,891,034
Total comprehensive income for the year	-	-	-	-	1,546,140	1,546,140	1,546,140
Balance as at 31 December 2015	1,808,837	5,077,760	3,839,090	1,413,661	(5,702,174)	(4,288,513)	6,437,174
Total comprehensive income for the year	-	-	-	-	1,301,702	1,301,702	1,301,702
Balance as at 31 December 2016	1,808,837	5,077,760	3,839,090	1,413,661	(4,400,472)	(2,986,811)	7,738,876

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before taxation		1,350,862	1,726,388
Adjustments for:			
Depreciation and amortization	6,7	495,688	396,931
Net debt restructuring gain	31	-	(167,792)
Stockholding and inventory restructuring costs	19	400,774	-
Net recovery of impaired receivables	12	(40,807)	(23,337)
Interest income		(5,201)	(10,613)
Interest expense	21	9,838	127,854
Unwinding of discount on rehabilitation provision	21	9,636	20,834
Unrealized foreign exchange losses, net		21,140	52,533
		2,241,930	2,122,798
Decrease (Increase) in inventories		284,617	(231,354)
Decrease in receivables and prepayments		623,105	408,619
Decrease (Increase) in due from related companies		376,283	(279,750)
Increase in payables and accruals		48,094	342,144
Increase in provision		1,550	532
(Decrease) Increase in due to parent and related companies		(1,352,672)	492,753
Cash provided by operations		2,222,907	2,855,742
Interest received		5,201	10,613
Interest paid		(61,980)	(190,666)
Tax paid		(443,891)	(2,433)
Net cash provided by operating activities		1,722,237	2,673,256
Cash flows from investing activities			
Additions to property, plant and equipment	6	(1,699,091)	(810,904)
Net cash used in investing activities		(1,699,091)	(810,904)
Cash flows from financing activities			
Repayment of loans		-	(611,808)
Repayment of amounts due to related companies		(205,582)	(515,135)
Net cash used in financing activities		(205,582)	(1,126,943)
(Decrease) Increase in cash and cash equivalents		(182,436)	735,409
Net cash and cash equivalents - beginning of year		910,666	177,917
Effect of foreign exchange rate changes		(10,662)	(2,660)
Net cash and cash equivalents - end of year		717,568	910,666
Represented by:			
Cash at bank and short term deposits	13	717,568	910,666

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position
As at 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,450,759	5,207,248
Investment in subsidiaries	8	47,000	83,000
Deferred tax asset	9	131,713	-
		6,629,472	5,290,248
Current assets			
Inventories	10	2,083,834	2,648,267
Taxation recoverable		118,451	-
Due from subsidiary	16	137,403	235,811
Due from related companies	11	205,460	581,743
Receivables and prepayments	12	500,097	1,027,821
Cash and cash equivalents	13	658,626	895,640
		3,703,871	5,389,282
Current liabilities			
Income tax payable		-	144,567
Due to parent and related companies	14	104,041	1,510,011
Payables and accruals	15	2,493,333	2,441,306
		2,597,374	4,095,884
Working capital surplus		1,106,497	1,293,398
Non-current liabilities			
Due to parent and related companies	14	-	205,582
TOTAL NET ASSETS		7,735,969	6,378,064

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position
As at 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary	18	1,808,837	1,808,837
Preference	18	5,077,760	5,077,760
Capital contribution	18	3,839,090	3,839,090
Reserves:			
Realized capital gain	18	1,413,656	1,413,656
Accumulated losses	22	(4,403,374)	(5,761,279)
COMPANY EQUITY		7,735,969	6,378,064

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

On 23 February 2017, the Board of Directors authorized these financial statements for issue.

Parris A. Lyew-Ayee

……………………………………..Director…………………………………………Director
Parris Lyew-Ayee Jose Seijo

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Comprehensive Income
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
Revenue	19	15,724,158	15,391,215
Earnings before interest, depreciation, amortization, tax, impairment, stockholding and inventory restructuring and manpower restructuring costs	19	2,742,298	2,615,035
Depreciation	6, 19	(451,703)	(374,646)
Impairment of investment in subsidiary	8	(36,000)	-
Manpower restructuring costs	19	(406,123)	(436,372)
Stockholding and inventory restructuring costs	19	(400,774)	-
Operating profit	19	1,447,698	1,804,017
Interest income		4,323	10,508
Net debt restructuring gain	31	-	167,792
Finance costs	21	(44,956)	(174,538)
Profit before taxation		1,407,065	1,807,779
Taxation charge	9	(49,160)	(180,248)
Net profit for the year	22	1,357,905	1,627,531
Total comprehensive income attributable to equity holders		1,357,905	1,627,531

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Changes In Equity
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

				Reserves			
	Ordinary share capital $'000	**Preference Share capital $'000**	**Capital Contribution $'000**	**Realized capital gain $'000**	**Accumulated losses $'000**	**Total reserves $'000**	**Total capital & reserves $'000**
Balance as at 1 January 2015	1,808,837	5,077,760	3,839,090	1,413,656	(7,388,810)	(5,975,154)	4,750,533
Total comprehensive profit for the year	-	-	-	-	1,627,531	1,627,531	1,627,531
Balance as at 31 December 2015	1,808,837	5,077,760	3,839,090	1,413,656	(5,761,279)	(4,347,623)	6,378,064
Total comprehensive profit for the year	-	-	-	-	1,357,905	1,357,905	1,357,905
Balance as at 31 December 2016	1,808,837	5,077,760	3,839,090	1,413,656	(4,403,374)	(2,989,718)	7,735,969

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

CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Cash Flows
Year ended 31 December 2016
(Expressed in Jamaican Dollars)

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before taxation		1,407,065	1,807,779
Adjustments for:			
Depreciation	6	451,703	374,646
Impairment of investment in subsidiary	8	36,000	-
Net debt restructuring gain	31	-	(167,792)
Stockholding and inventory restructuring costs	19	400,774	-
Net recovery of impaired receivables	12	(40,831)	(23,337)
Interest income		(4,323)	(10,508)
Interest expense	21	9,838	127,854
Unrealized foreign exchange losses, net		21,140	52,533
		2,281,366	2,161,175
Decrease (Increase) in inventories		163,659	(209,829)
Decrease (Increase) in due from subsidiary		98,408	(133,814)
Decrease in receivables and prepayments		555,840	439,989
Decrease (Increase) in due from related companies		376,283	(213,597)
Increase in payables and accruals		105,330	368,115
(Decrease) Increase in due to parent and related companies		(1,404,887)	421,808
Cash provided by operations		2,175,999	2,833,847
Interest received		4,323	10,508
Interest paid		(61,982)	(169,832)
Tax paid		(443,891)	(2,433)
Net cash provided by operating activities		1,674,449	2,672,090
Cash flows from investing activities			
Additions to property, plant and equipment	6	(1,695,219)	(810,118)
Net cash used in investing activities		(1,695,219)	(810,118)
Cash flows from financing activities			
Repayment of loans		-	(611,808)
Repayment of amounts due to related companies		(205,582)	(515,135)
Net cash used in financing activities		(205,582)	(1,126,943)
(Decrease) Increase in cash and cash equivalents		(226,352)	735,029
Net cash and cash equivalents - beginning of year		895,640	163,271
Effect of foreign exchange rate changes		(10,662)	(2,660)
Net cash and cash equivalents – end of year		658,626	895,640
Represented by:			
Cash at bank and short term deposits	13	658,626	895,640

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

1. Corporate information

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

The Company is a 65.65% owned subsidiary of TCL (Nevis) Limited. TCL (Nevis) Limited is a wholly owned subsidiary of Trinidad Cement Limited (the "Ultimate Parent Company") which also owns 8.45% of the ordinary shares of the Company (See also Note 32, Subsequent Events). The principal activities of Caribbean Cement Company Limited and its Subsidiaries (the "Group") are the manufacture and sale of cement, clinker and the mining and sale of gypsum, shale and pozzolan. The Group operates in Jamaica.

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

2. Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the requirements of the Jamaican Companies Act.

(ii) Basis of measurement

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

(Expressed in Jamaican Dollars)

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

The consolidated financial statements of the Group includes:

Name	Principal activities	Country of incorporation	% equity interest 2016	2015
Jamaica Gypsum & Quarries Limited	Mining and the management of port facilities	Jamaica	100	100
Rockfort Mineral Bath Complex Limited	Spa facility	Jamaica	100	100
Caribbean Gypsum Company Limited	Mining	Jamaica	100	100

All subsidiaries have a 31 December year end for financial reporting purposes.

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

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

a) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amendments to IFRS effective as of 1 January 2016:

New and amended standards and interpretations

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- Improvements to IFRSs – 2012-2014 cycle

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

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate -regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity’s rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

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

a) Changes in accounting policies and disclosures (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

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

a) Changes in accounting policies and disclosures (continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

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

a) Changes in accounting policies and disclosures (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

Annual Improvements 2012-2014 Cycle

These improvements are effective from 1 January 2016 and the Group has applied these amendments for the first time in these financial statements. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively. These amendments have no impact on the consolidated financial statements.

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

a) Changes in accounting policies and disclosures (continued)

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively. These amendments have no impact on the financial statements.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively. These amendments have no impact on the financial statements.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively. These amendments do not have any impact on the Group.

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

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations.
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after 1 January 2018. These amendments are not expected to have any impact on the Group's financial statements as the Group does not have any share-based payments transactions.

IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The amendments are effective for annual periods beginning on or after 1 January 2018. These amendments are not expected to have any impact on the Group's financial statements as the Group does not issue insurance contracts.

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

b) Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9 (See below).

(i) Classification and measurement
The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

(ii) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on its equity, but it will need to perform a more detailed analysis, which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(iii) Hedge accounting
This amendment would not apply as the Group does not apply hedge accounting.

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

b) Standards issued but not yet effective (continued)

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

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

IFRS 16 Leases
IFRS 16 requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions, in a similar way to finance leases under IAS 17. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. The standard provides guidance on the two recognition exemptions for leases – leases of “low value” assets and short-term leases with a term of 12 months or less. Lessor accounting is substantially the same as IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted but not before the Group applies IFRS 15. The directors and management have not yet assessed the impact of the application of this standard on the Group’s financial statements.

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7, Statement of Cash Flows, are part of the IASB’s Disclosure Initiative and help users of financial statements better understand changes in an entity’s debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendment is effective for annual periods beginning on or after 1 January 2017. The directors and management have not yet assessed the impact of the application of this standard on the Group’s financial statements.

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

b) Standards issued but not yet effective (continued)

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments are effective for annual periods beginning on or after 1 January 2017. These amendments are not expected to have any impact on the Group's financial statements as the Group does not have any debt instruments measured at fair value.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018. These amendments are not expected to have any impact on the Group's financial statements as the Group does not have any investment property.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018. The directors and management have not yet assessed the impact of the application of the amendment to this standard on the Group's financial statements.

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

b) Standards issued but not yet effective (continued)

Annual Improvements 2014-2016 Cycle

IAS 28 Investments in Associates and Joint Ventures
The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group's financial statements.

IFRS 12 Disclosure of Interests in Other Entities
The amendments clarify that the disclosure requirements in IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively. These amendments are not expected to have any impact on the Group's financial statements.

5. Significant accounting policies

a) Business combinations and goodwill

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

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

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

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

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

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

5. Significant accounting policies (continued)

a) Business combinations and goodwill (continued)

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

b) Foreign currency translation

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

c) Current assets versus non-current classification

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

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

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.

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

5. Significant accounting policies (continued)

d) Property, plant and equipment

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

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

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

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

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

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

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

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

5. Significant accounting policies (continued)

e) Intangible assets

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

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

Current annual amortization rates are:

Exploration costs	33.3%
Dredging costs	33.3%

f) Impairment of non-financial assets

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

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 statement of comprehensive income.

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

5. Significant accounting policies (continued)

f) Impairment of non-financial assets (continued)

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

g) Taxation

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

5. Significant accounting policies (continued)

g) Taxation (continued)

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

h) Inventories

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

i) Investments

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

j) Receivables and payables

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

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

k) Net cash and cash equivalents

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

l) Interest bearing loans and borrowings

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

5. Significant accounting policies (continued)

m) Provisions

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

n) Revenue recognition

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

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

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

o) Pension benefits

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

p) Operating leases

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

q) Borrowing costs

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

r) Earnings per share

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

5. Significant accounting policies (continued)

s) Segment reporting

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

t) Financial instruments

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

u) Use of estimates and judgements

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

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

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

(i) Allowance for impairment losses on trade receivables:

In determining amounts recorded for impairment losses on trade receivables in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables. Management also makes estimates of the likely future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics such as credit risk. (Note 12)

5. Significant accounting policies (continued)

u) Use of estimates and judgements (continued)

(ii) Net realisable value of inventories

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

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

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

(iv) Taxes

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

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is also required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Based on an assessment made after considering the abovementioned factors, a net deferred tax asset was recognized as at the statement of financial position date. (Note 9)

(v) Rehabilitation provision

The provision for restoration and rehabilitation associated with environmental damage represent the best estimates of the future cost of remediation, which are recognized at their nominal value when the time schedule for the disbursement is not clear, or when the economic effect for the passage of time is not significant; otherwise, such provisions are recognized at their discounted values. These obligations include the costs of the future cleaning, reforestation and/or development of the affected areas and include the future costs of abandoning the site so that quarries are left in acceptable condition at the end of their operation.

5. Significant accounting policies (continued)

u) Use of estimates and judgements (continued)

(v) Rehabilitation provision (continued)

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. Provision for future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. (Note 17)

v) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its statement of financial position. The fair values of financial instruments measured at amortised cost are disclosed in Note 30. 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.

6. Property, plant and equipment

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

	2016				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At cost					
1 January 2016	1,409,769	8,246,735	334,958	1,056,767	11,048,229
Additions	-	-	-	1,699,091	1,699,091
Disposals and adjustments	-	-	(148)	-	(148)
Reclassification to intangible assets (Note 7)	-	-	-	(7,400)	(7,400)
Transfers	36,152	604,213	23,824	(664,189)	-
31 December 2016	1,445,921	8,850,948	358,634	2,084,269	12,739,772
Accumulated depreciation					
1 January 2016	731,884	4,680,489	281,922	-	5,694,295
Charges during the year	46,751	407,254	20,511	-	474,516
Disposals and adjustment	-	-	(143)	-	(143)
31 December 2016	778,635	5,087,743	302,290	-	6,168,668
Net book value					
31 December 2016	667,286	3,763,205	56,344	2,084,269	6,571,104

6. Property, plant and equipment (continued)

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

	2015				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At cost					
1 January 2015	1,402,855	8,046,428	330,708	463,483	10,243,474
Additions	533	176	-	810,195	810,904
Disposals and adjustments	-	(1,331)	(4,818)	-	(6,149)
Transfers	6,381	201,462	9,068	(216,911)	-
31 December 2015	1,409,769	8,246,735	334,958	1,056,767	11,048,229
Accumulated depreciation					
1 January 2015	690,467	4,353,262	272,290	-	5,316,019
Charges during the year	41,417	327,290	14,452	-	383,159
Disposals	-	(63)	(4,820)	-	(4,883)
31 December 2015	731,884	4,680,489	281,922	-	5,694,295
Net book value					
31 December 2015	677,885	3,566,246	53,036	1,056,767	5,353,934

6. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2016				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At Cost					
1 January 2016	1,225,619	8,139,261	333,614	1,028,203	10,726,697
Additions	-	-	-	1,695,219	1,695,219
Disposals and adjustments	-	-	(148)	-	(148)
Transfers	22,654	594,043	23,824	(640,521)	-
31 December 2016	1,248,273	8,733,304	357,290	2,082,901	12,421,768
Accumulated depreciation					
1 January 2016	661,524	4,578,871	279,054	-	5,519,449
Charges during the year	32,435	398,761	20,507	-	451,703
Disposals and adjustments	-	-	(143)	-	(143)
31 December 2016	693,959	4,977,632	299,418	-	5,971,009
Net book value					
31 December 2016	554,314	3,755,672	57,872	2,082,901	6,450,759

6. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

Company:

	2015				
	Land and buildings $'000	**Plant machinery, equipment and motor vehicles $'000**	**Office furniture and equipment $'000**	**Capital works in progress $'000**	**Total $'000**
At Cost					
1 January 2015	1,219,238	7,939,036	329,364	434,996	9,922,634
Additions	-	-	-	810,118	810,118
Disposals and adjustments	-	(1,237)	(4,818)	-	(6,055)
Transfers	6,381	201,462	9,068	(216,911)	-
31 December 2015	1,225,619	8,139,261	333,614	1,028,203	10,726,697
Accumulated depreciation					
1 January 2015	625,716	4,254,444	269,461	-	5,149,621
Charges during the year	35,808	324,427	14,411	-	374,646
Disposals and adjustments	-	-	(4,818)	-	(4,818)
31 December 2015	661,524	4,578,871	279,054	-	5,519,449
Net book value					
31 December 2015	564,095	3,560,390	54,560	1,028,203	5,207,248

6. Property, plant and equipment (continued)

a) In December 2008, Kiln 5 was completed and commissioned. Certain units of the kiln are owned by TCL and the rest are owned by the Company. On 1 December 2008, the Company entered into a lease arrangement with TCL which ends in 2028, in respect of the units that TCL owns (Note 27).

   Cement Mill 5 assets are partly owned by TCL and the rest are owned by the Company. On commissioning of the Mill in January 2010, the Company entered into a lease arrangement with TCL in respect of the units that TCL owns (Note 27).

b) The Company's fixed and floating assets are pledged to secure TCL's loans. The pledged assets include the ownership interest in subsidiaries. The Group is also a guarantor of loans that are taken by the parent or fellow subsidiaries of the parent. The leasehold interest in the quarry held by Jamaica Gypsum & Quarries Limited is pledged in this regard.

7. Intangible assets

	The Group		
	Exploration cost $'000	Dredging cost $'000	Total $'000
At cost			
1 January 2015 and 31 December 2015	26,715	30,691	57,406
Reclassification from property, plant and equipment (Note 6)	-	7,400	7,400
31 December 2016	26,715	38,091	64,806
Accumulated amortization			
1 January 2015	5,881	14,521	20,402
Amortization	8,065	5,707	13,772
31 December 2015	13,946	20,228	34,174
Amortization	8,065	13,107	21,172
31 December 2016	22,011	33,335	55,346
Net book value			
31 December 2016	4,704	4,756	9,460
31 December 2015	12,769	10,463	23,232

8. Investment in subsidiaries

Investment in subsidiaries consists of the following:

	Company	
	2016	**2015**
	$'000	**$'000**
At cost:		
Jamaica Gypsum and Quarries Limited		
375,000,000 ordinary shares	79,000	79,000
Impairment loss provision	(36,000)	-
	43,000	79,000
Rockfort Mineral Bath Complex Limited		
21,000,000 ordinary shares	2,938	2,938
Impairment loss provision	(2,938)	(2,938)
	-	-
Caribbean Gypsum Company Limited		
1,000 ordinary shares	4,000	4,000
	47,000	83,000

During the year, an impairment provision was recognized against the Company's investments in Jamaica Gypsum & Quarries Limited, due to recurring losses from operations. The Company's investment in Rockfort Mineral Bath Complex Limited was fully impaired in 2014.

9. Taxation

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Statement of comprehensive income		
Taxation consists of:		
Income tax	(180,873)	(180,248)
Deferred tax credit	131,713	-
	(49,160)	(180,248)

9. Taxation (continued)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	1,350,862	1,726,388	1,407,065	1,807,779
Taxed at 25%	(337,716)	(431,597)	(351,766)	(451,945)
Tax on non-assessable income	2,051	56,021	-	51,522
Tax on non-allowable expenses	(124,489)	(75,222)	(120,576)	(74,754)
Employment tax credit	65,793	58,231	65,793	58,231
Other	19,500	18,989	22,266	39,121
Decrease in tax benefits not recognised	325,701	193,330	335,123	197,577
Tax charge	(49,160)	(180,248)	(49,160)	(180,248)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax asset				
Balance at beginning of year	-	-	-	-
Deferred tax asset for the year	131,713	-	131,713	-
Balance at end of year, net	131,713	-	131,713	-

9. Taxation (continued)

The significant components of deferred tax asset are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liability:				
Property, plant and equipment	(770,004)	(815,747)	(772,619)	(815,779)
Unrealized exchange gains	(2,146)	(48,756)	(2,146)	(48,756)
	(772,150)	(864,503)	(774,765)	(864,535)
Deferred tax asset:				
Tax losses	831,937	1,085,111	789,146	1,049,223
Accrued vacation	24,047	27,132	23,886	26,907
Accrued redundancy	-	30,517	-	30,517
Interest payable	-	13,263	-	13,263
Accrued charges and rewards	86,016	44,910	86,016	44,910
Unrealized exchange losses	7,430	34,838	7,430	34,838
	949,430	1,235,771	906,478	1,199,658
	177,280	371,268	131,713	335,123
Tax benefits in respect of tax losses not recognised	(45,567)	(371,268)	-	(335,123)
	131,713	-	131,713	-

Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for indefinite carry forward and offset against future profits amount to approximately $3,327,748,000 (2015: $4,340,444,000) for the Group and $3,156,584,000 (2015: $4,196,892,000) for the Company.

10. Inventories

Inventories consist of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Plant spares	724,487	1,148,617	724,487	1,148,617
Consumables	397,744	340,358	397,744	340,358
Raw materials and work in progress	785,504	1,066,924	777,299	1,048,929
Finished goods	286,779	346,911	283,015	231,979
Goods in transit	5,349	585	5,349	585
	2,199,863	2,903,395	2,187,894	2,770,468
Provision for obsolescence and impairment	(104,060)	(122,201)	(104,060)	(122,201)
	2,095,803	2,781,194	2,083,834	2,648,267

Included in the provision for obsolescence and impairment is $104,060,000 (2015: $109,064,000) for spares relating to the idle Kiln #4 asset which have been fully impaired since 31 December 2012.

11. Due from related companies

Due from related companies consists of the following:

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Readymix (West Indies) Limited	-	69
Arawak Cement Company Limited	84,741	30,255
TCL (Nevis) Limited	-	50,085
TCL Ponsa Limited	67	49
Trinidad Cement Limited	2,461	255,717
TCL Trading Limited	57,767	245,568
TCL Guyana	60,424	-
	205,460	581,743

These balances are unsecured and carry no fixed repayment terms.

12. Receivables and prepayments

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	415,370	889,076	410,559	887,737
Sundry receivables and prepayments	176,442	338,556	111,397	202,774
	591,812	1,227,632	521,956	1,090,511
Less: Impairment provision	(21,883)	(62,690)	(21,859)	(62,690)
	569,929	1,164,942	500,097	1,027,821

Changes in impairment provision

	Group		Company	
	Individually impaired		**Individually impaired**	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 January	62,690	86,027	62,690	86,027
Net recoveries	(40,807)	(23,337)	(40,831)	(23,337)
Balance as at 31 December	21,883	62,690	21,859	62,690

12. Receivables and prepayments (continued)

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

			The Group			
			Past due but not impaired			
	Total $'000	Neither past due nor impaired $'000	< 30 days $'000	30-60 days $'000	61-90 days $'000	> 90 days $'000
2016	393,487	383,147	2,404	7,764	-	172
2015	826,386	777,975	26,290	11,259	10,862	-

			The Company			
			Past due but not impaired			
	Total $'000	Neither past due nor impaired $'000	< 30 days $'000	30-60 days $'000	61-90 days $'000	>90 days $'000
2016	388,700	381,840	-	6,688	-	172
2015	825,047	775,907	25,455	9,158	14,136	391

13. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	267,472	536,923	208,530	521,897
Short-term deposits	450,096	373,743	450,096	373,743
	717,568	910,666	658,626	895,640

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

14. Due to parent and related companies

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

	Group and Company	
	2016	**2015**
	$'000	**$'000**
TCL Ponsa Manufacturing Limited	16,519	10,363
TCL Guyana Limited	193	-
Trinidad Cement Limited	15,111	1,301,399
TCL (Nevis) Limited	6,180	352,353
TCL Packaging Limited	66,038	34,426
TCL Trading Limited	-	17,052
	104,041	1,715,593
Long-term	-	205,582
Short-term	104,041	1,510,011
	104,041	1,715,593

14. Due to parent and related companies (continued)

	Group and Company 2016 $'000	Group and Company 2015 $'000
The long-term amount comprises the following:		
Trinidad Cement Limited	-	205,582
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	16,519	10,363
TCL Guyana Limited	193	-
Trinidad Cement Limited	15,111	1,095,817
TCL (Nevis) Limited	6,180	352,353
TCL Packaging Limited	66,038	34,426
TCL Trading Limited	-	17,052
	104,041	1,510,011

Included in 2015 short term amounts payable to Trinidad Cement Limited was a loan in the amount of $85,909,000 (US$716,000), at an interest rate of 7.5%. This amount was fully repaid during the year.

15. Payables and accruals

Payables and accruals consist of the following:

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade payables	1,712,541	1,484,542	1,700,191	1,459,567
Sundry payables and accruals	733,963	815,631	695,937	785,297
Statutory obligations	97,515	196,837	97,205	196,442
	2,544,019	2,497,010	2,493,333	2,441,306

Sundry payables and accruals include $146,336,000 representing withholding tax payable on the conversion of US$37,000,000 of the companies debt to preference shares (Note 18). On 28 June 2013 the Company was granted a period of six years to pay the withholding taxes, with an assessment to be completed at the end of three years to determine the Company's ability to commence payment. The assessment is pending and in the interim the amount is shown as a current liability.

16. Due from subsidiary

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

17. Provision

This represents the present value of the cost of rehabilitating the quarries of a subsidiary to their original state, which are expected to be incurred between 2017 and 2023. This provision has been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. The discount rate used in the calculation of the provision as at 31 December 2016 was 19.74% (2015: 24.3%). The unwinding of the discount associated with this cost is recorded in finance costs (Note 21).

	2016	**2015**
	$'000	$'000
As at 1 January	21,366	-
Rehabilitation provision recognized during the year	1,550	532
Unwinding of discount (Note 21)	9,636	20,834
As at 31 December	32,552	21,366

	2016	**2015**
	$'000	$'000
Short term	5,159	-
Long term	27,393	21,366
	32,552	21,366

18. Share capital and reserves

Share capital consists of the following:

	Number of units 2016 (000)	**Number of units 2015 (000)**
Authorized:		
Ordinary shares of no par value	1,350,000	1,350,000
Preference shares	115,000	115,000

18. Share capital and reserves (continued)

	Number of Units 2016 (000)	Number of Units 2015 (000)	Group and Company 2016 $'000	Group and Company 2015 $'000
Issued and fully paid:				
Ordinary shares of no par value				
1 January and 31 December	851,138	851,138	1,808,837	1,808,837
Preference shares in issue				
at 1 January and 31 December	52,000	52,000	5,077,760	5,077,760
			6,886,597	6,886,597
Capital contribution	-	-	3,839,090	3,839,090

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

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

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

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

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

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

19. Operating profit

Operating profit consists of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	15,780,756	15,431,897	15,724,158	15,391,215
Expenses:				
Raw materials and consumables	1,400,510	1,047,642	1,708,069	1,359,899
Fuels and electricity	2,717,215	2,860,796	2,710,559	2,855,083
Personnel remuneration and benefits (Note 20)	2,067,036	2,360,371	2,039,531	2,327,121
Repairs and maintenance	989,007	965,486	978,450	942,994
Operating lease	3,323,635	2,826,250	3,323,635	2,826,250
Marketing and selling expenses	122,635	204,478	107,038	149,798
Cement transportation	500,027	592,732	433,559	471,171
Insurance	240,033	214,628	229,082	203,091
Training and staff development	102,178	111,073	102,178	111,073
Technical assistance fees and related charges	300,551	325,267	294,364	322,231
Security	103,770	112,744	92,399	92,789
Equipment hire	621,236	709,491	541,651	585,897
Other operating expenses	404,412	589,629	406,839	613,958
Changes in inventories of finished goods and work in progress	293,058	(17,686)	181,890	22,487
Total expenses	13,185,302	12,902,901	13,149,244	12,883,842
Profit before other income	2,595,454	2,528,996	2,574,914	2,507,373
Other income	107,384	47,662	167,384	107,662
Earnings before interest, depreciation, amortization, tax, stockholding and inventory restructuring and manpower restructuring	2,702,838	2,576,658	2,742,298	2,615,035
Depreciation and amortization	(495,688)	(396,931)	(451,703)	(374,646)
Impairment loss	-	-	(36,000)	-
Stockholding and inventory restructuring costs	(400,774)	-	(400,774)	-
Manpower restructuring costs	(406,123)	(436,372)	(406,123)	(436,372)
Operating profit	1,400,253	1,743,355	1,447,698	1,804,017

19. Operating profit (continued)

Change in accounting estimates:

Deferred expenditure
The cost of installed refractories, chains and grinding media is amortized to match the estimated period of their economic usefulness. Management performed a review of the period of economic usefulness in October 2016. The full cost of installed refractories chains and grinding media has been expensed in 2016 as raw materials and consumables. At December 31, 2015 deferred expenditure included unamortized cost of $3.20 million. The change in estimate has resulted in an estimated increase in raw materials and consumables cost of $120.77 million as at 31 December 2016.

Stockholding and inventory restructuring costs
Stockholding and inventory restructuring costs comprises write down of overstocked items identified in a comprehensive review of inventory quantities on hand, which was undertaken in 2016. In accordance with IAS 2: "Inventories," management has recorded an expense of $400.77 million in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" resulting from new developments.

Operating profit is arrived at after charging:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Audit fees:				
Current year	11,506	12,695	10,015	11,031
Directors' emoluments:				
Fees	2,140	2,726	2,140	2,726

20. Personnel remuneration and benefits

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	1,509,619	1,770,288	1,487,589	1,744,224
Statutory contributions	162,033	178,447	159,767	176,020
Pension costs (Note 25)	57,467	70,717	56,797	70,026
Other personnel costs	337,917	340,919	335,378	336,851
	2,067,036	2,360,371	2,039,531	2,327,121

21. Finance costs

Finance costs consist of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense	9,838	127,854	9,838	127,854
Loss on currency exchange	35,118	46,684	35,118	46,684
Unwinding of discount on rehabilitation provision (Note 17)	9,636	20,834	-	-
	54,592	195,372	44,956	174,538

22. Profit after taxation and accumulated losses

	2016	**2015**
	$'000	**$'000**
a) The net profit is dealt with in the financial statements as follows:		
Company	1,357,905	1,627,531
Subsidiaries	(56,203)	(81,391)
Group	1,301,702	1,546,140
b) The accumulated losses are reflected in the financial statements as follows:		
Company	(4,403,374)	(5,761,279)
Subsidiaries	2,902	59,105
Group	(4,400,472)	(5,702,174)

23. Earnings per share

	Group	
	2016	**2015**
Profit attributable to shareholders ($'000)	1,301,702	1,546,140
Number of shares in issue (thousands)	851,138	851,138
Basic and diluted earnings per ordinary share (expressed in $ per share)	$1.53	$1.82

24. Related party transactions

Terms and conditions of transactions with related parties:

Parties are considered to be related if they are members of the same group or are jointly controlled by the same entity. Related parties also include those who have the ability to exercise significant influence over the entity or are members of key management. CCCL and its subsidiaries are part of the Trinidad Cement Limited Group. Transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction. For the year ended 31 December 2015 and 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

a) Transactions with Trinidad Cement Limited and its subsidiaries:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Included in the statement of comprehensive income:				
(Income)/expenses -				
Sale of cement	(563,113)	(1,326,623)	(563,113)	(1,326,623)
Sale of clinker	(78,172)	(264,392)	(78,172)	(264,392)
Technical fee charges	94,138	87,889	94,138	87,889
Purchase of goods and Materials	645,486	389,846	645,486	389,846
Interest charges on advances	7,376	48,329	7,376	48,329
Operating lease (Note 6, 19)	3,323,635	2,826,250	3,323,635	2,826,250

Included in the statement of financial position:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Short-term amounts received, net	-	139,595	-	99,289
Long-term amounts received, net	-	429,226	-	429,226

24. Related party transactions (continued)

b) Transactions between the Company and its subsidiaries:

	Company	
	2016	**2015**
	$'000	**$'000**
Included in the Company statement of comprehensive income:		
Purchase of gypsum, shale and pozzolan	309,207	272,852
Port fees paid	8,142	58,049
Management fee received	(60,000)	(60,000)
Subvention	13,834	10,789

c) Transactions with Cemex related entities:

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Included in the statement of comprehensive income:		
Sale of cement	(312,199)	(103,761)
Purchase of grinding aids	33,005	-
Included in the statement of financial position:		
Accounts receivable	-	21,691
Accounts payable	10,727	7,196
Capital expenditure	180,330	-

d) Compensation of directors and key management personnel

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	123,629	198,166	123,629	198,166
Post-retirement benefits	5,232	6,957	5,232	6,957
Directors' fees	2,140	2,726	2,140	2,726
	131,001	207,849	131,001	207,849

25. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's and Company's contributions in the year amounted to $57,467,000 (2015: $70,717,000) and $56,797,000 (2015: $70,026,000) respectively.

26. Contingencies

(i) There are no pending legal actions and other claims as at 31 December 2016. During 2015, there were several pending legal actions and other claims estimated at $24,600,000, in which the Group is involved. It is the opinion of the directors, based on the information provided by the Company's attorneys, that liability, if any, arising out of these claims is not considered probable. Accordingly, no provision has been made in these financial statements in respect of these matters.

(ii) On 6 August 2015 the Company entered into an "Amended and Restated Credit Agreement" as a guarantor of loans in the amount of US$200 million as executed by TCL. Principal and Interest repayments commenced on 11 November 2015 and are payable quarterly to 11 August 2020. The TCL Group is required to comply with certain financial covenants and expenditure limits as prescribed by the Agreement.

27. Commitments

a) Operating leases

The Company has commitments of $5,651,378,000 (US$44,000,000) under the operating leases with Trinidad Cement Limited, which are payable semi-annually in United States dollars (Note 6). The annual lease charges were revised during 2013.

As at 31 December, future minimum lease payments are:

	$'000
Within one year	2,825,689
After one year, but less than five years	2,825,689
Management fee received	5,651,378

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

27. Commitments (continued)

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

	2016 $'000	2015 $'000
Within one year	3,425	3,500
After one year, but less than five years	13,775	13,738
More than five years	49,846	53,309
	67,046	70,547

b) Capital commitment
The amount of $2,084,849,000 (US$16,232,000) (2015: $164,597,000 (US$1,371,000)) was approved and contracted for as at 31 December 2016 in respect of capital projects.

28. Limestone reserves

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The annual lease charge is $700,000 and the lease term has 32 years remaining but exploitable reserves are expected to have a life of 162 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 120 years. These limestone reserves are not recorded in these financial statements.

29. Operating segment reporting

Geographical information

	2016 $'000	2015 $'000
Local	14,496,498	12,732,264
Caribbean countries	603,375	365,566
South American countries	680,883	2,334,067
	15,780,756	15,431,897

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

Revenue from one customer amounted to $3,755,532,000 (2015: $1,947,134,000), arising from cement sales.

30. Financial risk management objectives and policies

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

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

Credit risk

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

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

	Group		Company	
	Gross maximum exposure **2016** **$'000**	Gross maximum exposure **2015** **$'000**	Gross maximum exposure **2016** **$'000**	Gross maximum exposure **2015** **$'000**
Trade receivables	393,487	826,386	388,700	825,047
Cash and cash equivalents	717,568	910,666	658,626	895,640
Due from related companies	205,460	581,743	205,460	581,743
Due from subsidiary	-	-	137,403	235,811
	1,316,515	2,318,795	1,390,189	2,538,241

30. Financial risk management objectives and policies (continued)

Credit risk (continued)

a) Trade and other receivables

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

As at 31 December 2016, the Group had 2 customers (2015: 4 customers) that owed the Group more than $72,000,000 each (2015: $62,000,000 each), which accounted for 82% (2015: 68%) of all trade receivables owing.

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

The aged receivable balances are regularly monitored. An allowance for impairment is done annually on the trade receivables balances where customers assessed have amounts that are older than 90 days overdue despite the Group's collection efforts during the year.

30. Financial risk management objectives and policies (continued)

Credit risk (continued)

b) Cash and cash equivalents

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

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

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2016, the Group had no significant exposure to interest rate risk as there were no borrowings and at 31 December 2015 all borrowings were at fixed rates. The interest rate exposure of borrowings is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Total borrowings:				
At fixed rates	-	291,491	-	291,491

Weighted average effective interest rates:

	(%)	(%)	(%)	(%)
Related party loans	-	5.5	-	5.5

30. Financial risk management objectives and policies (continued)

Foreign currency risk

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

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

		Change in exchange rate	Group Effect on profit before tax $'000	Company Effect on profit before tax $'000
2016	US$	+1%	209	209
	US$	-6%	(1,255)	(1,255)
	Euro	+1%	100	100
	Euro	-6%	(602)	(602)

		Change in exchange rate	Group Effect on profit before tax $'000	Company Effect on profit before tax $'000
2015	US$	+1%	14,383	14,426
	US$	-8%	(115,064)	(115,408)
	Euro	+1%	-	-
	Euro	-8%	(5)	(5)

30. Financial risk management objectives and policies (continued)

Liquidity risk

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

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

	The Group					
As at 31 December 2016	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Due to parent and related Companies	-	104,041	-	-	-	104,041
Trade and other payables	-	-	2,027,565	-	-	2,027,565
	-	104,041	2,027,565	-	-	2,131,606

	The Group					
As at 31 December 2015	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Due to parent and related companies	-	-	1,510,011	208,086		1,718,097
Trade and other payables	-	2,468,502	-	-	-	2,468,502
	-	2,468,502	1,510,011	208,086	-	4,186,599

30. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

	The Company					
As at 31 December 2016	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Due to parent and related companies	-	104,041	-	-	-	104,041
Trade and other payables	-	-	1,995,573	-	-	1,995,573
	-	104,041	1,995,573	-	-	2,099,614

	The Company					
As at 31 December 2015	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Due to parent and related companies	-	-	1,510,011	208,086	-	1,718,097
Trade and other payables	-	2,432,796	-	-	-	2,432,796
	-	2,432,796	1,510,011	208,086	-	4,150,893

30. Financial risk management objectives and policies (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business activities, maximize shareholder value. As at December 2016, there were no externally imposed capital ratio requirement.

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

Fair values

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

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	The Group			
	Carrying amount		Fair values	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	717,568	910,666	717,568	910,666
Receivables	499,072	983,066	499,072	983,066
Due from related companies	205,460	581,743	205,460	581,743
Financial liabilities				
Payables	2,027,565	2,468,502	2,027,565	2,468,502
Due to parent and related companies	104,041	1,715,593	104,041	1,715,198

30. Financial risk management objectives and policies (continued)

Fair values (continued)

	The Company			
	Carrying amount		**Fair values**	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	658,626	895,640	658,626	895,640
Due from subsidiary	137,403	235,811	137,403	235,811
Receivables	429,240	853,336	429,240	853,336
Due from related companies	205,460	581,743	205,460	581,743
Financial liabilities				
Payables	1,995,573	2,432,796	1,995,573	2,432,796
Due to parent and related companies	104,041	1,715,593	104,041	1,715,198

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

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

All fair values in 2016 and 2015 are classified as Level 3.

31. Net debt restructuring gain

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 restructured debt agreements included: reduction of the interest rate on the outstanding debt by 2%; forgiveness of the default moratorium interest from September 30, 2014 (2%); the ability to prepay originally secured and unsecured debt on a discounted basis within 90 days of the effectiveness of the restructuring. In May 2015 the TCL Group prepaid the Override debt in full net of prepayment discount of TT$ 194.2 (J$3,555.6) million with the proceeds of a Bridge Loan and internal cash of TT$ 99.2 (J$1,816.2) million. Of this prepayment discount $167.79 million was allocated to the Group.

32. Subsequent Events

On 24 January 2017 CEMEX, S.A.B. de C.V, through its indirect subsidiary Sierra Trading acquired 113 million of the ordinary shares of Trinidad Cement Limited and on that date increased their shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary share of Trinidad Cement Limited. As a result of this transaction the TCL Group consequently became a subsidiary of Sierra Trading and as at 24 January 2017 CEMEX, S.A.B. de C.V is the ultimate parent of the TCL Group and the Company.