



Caribbean  
Cement Company  
Limited

**BUILDING A GREATER JAMAICA**

# **ANNUAL REPORT 2015**



# OUR MISSION

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



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**CARIBBEAN CEMENT COMPANY LIMITED**

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

**BOARD OF DIRECTORS**

Christopher Dehring - Chairman  
 Parasram Heerah  
 Hollis Hosein,  
 Parris A. Lyew-Ayee,  
 Luis Ali Moya,  
 Jose Luis Seijo Gonzales – CEO – TCL Group

**COMPANY SECRETARY**

Mrs. Makeda Ramgeet Baugh

**MANAGEMENT TEAM**

Alejandro Vares  
 Adrian Spencer  
 Alice Hyde  
 Andrew Stephenson  
 Balfour Denniston  
 Brett Johnson  
 Christopher Brown  
 Dalmain Small  
 Glenroy Simpson  
 Jascinth Buchanan-Wint  
 Marchel Burrell  
 Rohan Anderson  
 Sergio Zazueta  
 Sophia Lowe  
 Wayne Ballen

**SUBSIDIARY COMPANIES**

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

**ATTORNEYS-AT-LAW**

Dunn Cox  
 48 Duke Street, Kingston

Charles Piper & Associates  
 13a North Avenue, Kingston 5

Rattray Patterson Rattray  
 15 Caledonia Avenue, Kingston 5

**REGISTRAR & TRANSFER AGENTS**

Sagicor Bank Ltd.  
 28 – 48 Barbados Avenue, Kingston 5

**AUDITORS**

Ernst & Young,  
 8 Olivier Road, Kingston 8

**BANKERS**

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

**BOARD AUDIT COMMITTEE**

Members: Mr. H. Hosein - *Chairman*  
 Mr. C. Dehring  
 Mr. P. A. Lyew-Ayee

**Corporate Governance Committee**

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

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



## Board of Directors



**Mr. Christopher Dehring** is the Chairman of Carib Cement since September 2, 2014. He is Chairman of LIME Jamaica and a member of the senior executive team of Cable & Wireless Communications PLC. He is also Chairman of Jamaica Sports, and is a Director of Trinidad Cement Limited, Bahamas Telecommunications Company, Cable & Wireless Barbados, Telecommunications Services of Trinidad and Tobago, and KLE Group Ltd.

He is the former CEO of the ICC Cricket World Cup 2007. Chris was the founder and former President & CEO of Dehring Bunting & Golding, Jamaica's first investment bank, which was sold to Scotiabank in 2006. He is a graduate of West Virginia Wesleyan College where he attained a BSc. in Marketing and Economics.



**Mr. Hollis Hosein** is a former Group Finance Manager of the TCL Group and possesses diverse experience in the areas of Financial Management Systems, Administration and General Management.

Mr. Hosein is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). He currently serves on the Boards of Arawak Cement Company Limited, Readymix (West Indies) Limited, TCL Packaging Limited, TCL Ponsa Manufacturing Limited and is also the Chairman of the TCL Board Operating Committee.



**Mr. Parris A. Lyew-Ayee** holds a BSc Degree in Special Geology from the University of the West Indies, and a Master of Engineering Degree in Mineral Engineering Management from the Pennsylvania State University.

He serves as the Executive Director of the Jamaica Bauxite Institute and is also a Director of several entities including the Engineering Board of Studies, University Council of Jamaica, the National Environment & Planning Agency, the Water Resources Authority, St. Ann Bauxite Mining Ltd. and NEM Insurance Company Ltd. His contribution to Jamaica's bauxite industry has earned him the conferral of the Order of Distinction (OD) in 1988 and the Order of Distinction (Commander Class (CD) in 2007.

## Board of Directors

**Mr. Parasram Heerah** has several years of experience in public accounting, internal auditing and management.

Mr. Heerah is a former member of both the Board of Governors of the Institute of Internal Auditors, and the Council of the Institute of Chartered Accountants of Trinidad and Tobago. He is a Fellow member of the Chartered Association of Certified Accountants (FCCA), a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and a Certified Public Accountant (CPA). He holds an EMBA from the University of the West Indies, St. Augustine, Trinidad.



**Mr. Jose Luis Seijo Gonzales**, Chief Executive Officer of the TCL Group, has had many years of experience in the cement industry, having worked in several key cross postings at CEMEX. The most recent, before taking up his appointment at TCL on May 4, 2015 was that of Head - Strategic and Financial Planning for Spain and the Mediterranean region.

Mr. Seijo joined CEMEX in 1999, initially in the area of production before moving to strategic planning at the company's operations in Spain. His vast experience incorporates assignments in Mexico in Corporate Strategic Planning; Israel - Chief Financial Officer; Bangladesh - Chief Executive Officer and Latvia, also as Chief Executive Officer. He holds a BSc. in Mechanical Engineering with a Master's Degree in Finance from the University of Bath, UK.



**Luis Gilberto Ali Moya**, was appointed as the Group Finance Manager, effective January 01, 2016. Prior to joining the TCL Group, Mr. Ali Moya served in the positions of: Financial and Cost Analyst (Cemex, Venezuela); Business Process Coordinator (D.H.L, Costa Rica); and most recently, as Business Service Organisation Manager (Cemex, Costa Rica).

Mr. Ali Moya earned his Bachelor of Accounting degree from the Universidad Católica "Andres Bello" in Caracas, Venezuela (1997). He then went on to attain a Master of Business Administration degree from the Universidad Latinoamericana de Ciencia y Tecnología in San Jose, Costa Rica (2009).





## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **SIXTY SEVENTH ANNUAL GENERAL MEETING** of **CARIBBEAN CEMENT COMPANY LIMITED** will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on May 19, 2016 at 10:00 a.m. to transact the following business and to consider and, if thought fit, pass the following Resolutions:

**1. AUDITED ACCOUNTS FOR YEAR ENDED DECEMBER 31, 2015**

To receive the audited accounts for the year ended December 31, 2015, together with the Directors' and Auditors' Reports circulated therewith and declare

**THAT** the Balance Sheet and Profit & Loss Account for the year ended December 31, 2015, together with the Reports of the Directors and Auditors now submitted to this meeting, be and are hereby adopted.

**2. APPOINTMENT & REMUNERATION OF AUDITORS**

To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.

**3. ELECTION OF DIRECTORS**

In accordance with Article 96 of the Company's Articles of Incorporation, the following Director retires by rotation and, being eligible, offers himself for re-election:

- Hollis Hosein

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

In accordance with Article 103 of the Company's Articles of Incorporation, the following Directors, having been appointed since the last Annual General Meeting, retire and being eligible, offer themselves for re-election:

- Jose Luis Seijo Gonzales
- Luis Ali Moya

b) **THAT** the retiring Director, Jose Luis Seijo Gonzales, be and is hereby re-elected.

c) **THAT** the retiring Director, Luis Ali Moya, be and is hereby re-elected.

Since the last Annual General Meeting, Mr. Alejandro Ramirez Cantu resigned as a Director, and the Company takes this opportunity to express appreciation for the contribution made during his tenure.

PURSUANT to Article 100 (A) of the Company's Articles of Incorporation, members qualified to attend and vote at the meeting who wish to nominate a person (other than a retiring Director who may be re-appointed at the meeting) to stand as a Director shall deposit such nomination, in writing, signed by the member at the Registered Office of the Company situated at Rockfort, Kingston addressed to "The Company Secretary, Caribbean Cement Company Limited" between 8:00 a.m. on May 05, 2016 and 4:00 p.m. on May 12, 2016. Each such nomination shall be accompanied by a notice in writing, signed by the person nominated, indicating his/her willingness to be elected.

**4. REMUNERATION OF DIRECTORS**

To fix the remuneration of the Directors:

## NOTICE OF ANNUAL GENERAL MEETING - Cont'd

THAT the amount shown in the Accounts of the Company for the year ended December 31, 2015, as remuneration of the Directors for their services as Directors be and is hereby approved.

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

**NOTE:**

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

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

**BY ORDER OF THE BOARD**

*Makeda Ramgeet Baugh*

**Company Secretary**  
Rockfort, Kingston

April 22, 2016



# Directors' Report

The Directors submit this report and the audited Financial Statements for the year ended December 31, 2015.

## FINANCIAL RESULTS

Results for the year are shown on pages 18 to 87 in the Financial Statements. These results reflect the operations and financial position of the Company and its subsidiaries, Jamaica Gypsum & Quarries Limited, Rockfort Mineral Bath Complex Limited and Caribbean Gypsum Company Limited.

## HIGHLIGHTS OF THE YEAR (\$ Thousands)

	2015	2014
Turnover	15,431,897	14,356,017
Net Profit	1,546,140	138,985
Total Net Assets	6,537,174	4,891,034
Profit per Stock Unit	\$1.82	\$0.16

## TEN LARGEST STOCKHOLDERS AS AT DECEMBER 31, 2015

TCL (Nevis) Limited	558,688,942
Trinidad Cement Limited	71,876,497
Scancem International (St. Lucia) Limited	42,187,482
Mayberry West Indies Limited	26,517,896
Guardian Life Limited	6,823,316
National Insurance Fund	6,090,961
Bamboo Group Holdings Limited	5,479,769
Colin Steele	5,330,818
Victory Island Limited	4,500,000
National Housing Trust	4,318,904
<b>TOTAL</b>	<b>731,814,585</b>

## DIRECTOR'S STOCKHOLDINGS AS AT DECEMBER 31, 2015

Parris A. Lyew-Ayee	10,000
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## SENIOR MANAGERS' STOCKHOLDINGS AS AT DECEMBER 31, 2015

Dalmain Small	13,225
Adrian Spencer	3,750
Glenroy Simpson	3,000
<b>TOTAL</b>	<b>19,975</b>

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

The Directors wish to express thanks to the management and staff for their continued commitment and hard work in 2015.



Christopher Dehring  
Chairman

April 22, 2016



*Christopher Dehring*  
Chairman

Caribbean Cement Company Limited experienced an improved consolidated profit before tax of \$1,726 million, compared to \$256 million in 2014, a six fold improvement. This resulted in earnings per share increasing from 16 cents at the end of December 2014 to \$1.82 cents at the end of the reporting year. This improvement was boosted by increased local sales and increase in exports, particularly clinker, which was sold to Venezuela under the Trade Compensation Mechanism. Following up on the previous year, clinker exports grew by a further 29,000 tonnes further improving the record for clinker exports within a year.

The significant improvement in consolidated earnings before interest, depreciation, severance costs and tax was gained through improved cost control, implementation of cement industry best practices and improved operational efficiencies. Clinker production totaled a record 804,294 tonnes, exceeding the prior year's record. Notwithstanding the improvements, there continues to be significant challenges to the reliability of the upstream plant and the solid fuel systems, and further upgrades are planned for 2016/7. The Group's performance was also impacted by redundancy costs, removal of asbestos, and higher maintenance costs netted with savings from the early payment of long term loans and savings from the negotiation of long outstanding payables.

Shareholders should recall that 2015 saw the designation of 'going concern' being removed from the group as at December 31, 2015, as the group was able to pay off \$30.2 billion through the amounts raised from the successful rights issue as well as third party funding.

### Debt Restructuring

As you are aware, our parent company Trinidad Cement Limited completed the process of raising new equity with CEMEX increasing its holdings in the parent company. This resulted in both companies engaging in a management contract which saw the TCL Group benefiting from new personnel and group oversight. The revised group structure resulted in successful negotiation of new terms under the Override Agreement with lenders in March 2015. Carib Cement with the assistance of its parent company repaid all loans to its lenders resulting savings of \$167.8 million.

### Achievements

Carib Cement was once again recognized by the Jamaica Exporters' Association (JEA) and the Jamaica Manufacturers' Association (JMA) for excellence in exports.



*Christopher Brown, Production Manager*  
receives CCCL's award from the JMA –  
Best in Product Group Category for  
Minerals & Metals.



## Dividend

While the group's performance is very encouraging, we are not where we should be in terms of competitiveness on the global scale. As such, we are embarking on significant investments to continue the improvement of our operations. My fellow Directors and I are therefore unable to declare a dividend at this time.

## Acknowledgement

In closing, I wish to thank my fellow Board Members, the General Manager, his Management Team, our dedicated employees and our valued customers as well as all of our stakeholders for their continued support.



Christopher Dehring  
Chairman



Caribbean Cement Company Limited implemented major changes in 2015 which saw us continuing the journey on the road to profitability. The Board of Directors gave a clear mandate to the management team and I to operate the company at world class levels which would make us competitive with other operations across the world. This mandate includes the improvement of health and safety, the responsible use of resources, improvement of efficiencies and reliability of the plant, and the company's ability to make a return on shareholders investments.

The main areas of focus included the investment in dust reduction, implementation of safety programs, investments in new equipment, training and upgrading of our employees and introduction of other resources into the operations including people and upgraded standards.

### Financial Performance

Caribbean Cement Company Limited and its subsidiaries recorded a consolidated profit before tax of \$1,726 million for the reporting year, an improvement of \$1,467 million over the 2014 performance. The enhanced performance was driven by the increased domestic cement sales volumes of 12% and clinker sales of 16% compared to corresponding period in 2014.

Revenue for the year grew by \$1,076 million or 7% over the same period in 2014 resulting mainly from improved domestic cement sales volumes and increased clinker exports which compensated for the decline in cement export sales volumes. The company benefited from improved operational practices, tight cost controls, and lower costs of fuels and energy, resulting in earnings before interest, tax depreciation, amortization and severance costs of \$1,616 million.



*Alejandro Vares*  
General Manager

The company also benefited from interest expense reduction by 41% for the year as a result of the company's financial restructuring initiative resulting in some prepayments of long term debt in excess \$800 million.

### Market Review

#### **The Domestic Market**

Total domestic demand growth was valued at 10% in comparison to the previous year and this contributed to CCCL achieving a total domestic sales performance of 672k metric tonnes. Domestic demand was fuelled by the increased infrastructural projects, namely the North-South highway.

In a logistics driven economy some companies have identified opportunities to capture the market. Increased bulk cement sales to hotel developments (including Moon Palace and Royalton) and the China Harbour Engineering Company (CHEC) helped to further boost cement volumes as the North-South highway and other projects grew closer to completion. 2015 also saw Carib Cement partnering with new customers whether by logistics efficiency or by business convenience.

We continued the thrust to encourage the use of cement in road construction through continued dialogue and partnership with various stakeholders. While we believe there is wider acceptance by stakeholders that concrete pavements are a viable solution and there is increased interest in having rigid pavement construction become more widespread, the implementation of concrete solutions for roadways continues to be slow.

On the other hand, private sector developers have increased cement usage on their project sites during the year, and this was particularly seen in various hotel and industrial projects across Jamaica. The increased cement



usage has been represented in the conversion to concrete waste water pipes, concrete fencing, concrete driveways, car parks and concrete roofs for houses.

### Export Sales

CCCL's cement export sales were reduced as the company focused its efforts on growing the domestic market and improving clinker exports. Cement exports declined by 35%. Cement was distributed mainly to Suriname while other contracts were completed earlier in 2015 in favor of growing the domestic markets and increasing clinker exports.

Additionally, CCCL has supplied clinker to Venezuela through the PetroCaribe Trade Mechanism Agreement. This resulted in the total clinker exports increase by 23% in 2015.

### Operations Review

Carib Cement has once again raised the bar of its production line with an improved reliability of plant equipment which in turn provide the opportunity for higher utilization. As the TCL Group forge partnership with Cemex, Carib Cement has benefited immensely from this venture by having cement experts providing critical analysis of its overall operation and highlighting areas of opportunities for the short, medium and long term. Several initiative for optimization has come from this and the results are being realized. Carib Cement also introduced a knowledge exchange program which saw employees receiving training in the area of their skills which further adds value to the day to day operation.

The plant continues to strive for improvement in overall equipment efficiency with a number of projects to be undertaken in the coming months. These projects will not only increase the present capacity of the plant but guarantee a consistent quality. Several dust mitigation initiatives are in motion which will positively impact our surrounding communities and stake holders.

### Human Resources Review

For many employees 2015 was a year of change and new perspective as the changes experienced at the parent company levels in 2014 were translated to the CCCL operations. With the expanded partnership with CEMEX employees have since benefited from increased training opportunities at home and in other plants across the world.



*Pictured from left: Keith Ramjitsingh (TCL), Eon Boucher, Rohan Anderson (CCCL) and Marchel Burrell (CCCL)*

*Visit from an Operational Team from Trinidad Cement Limited and Caribbean Cement Company to the Rugby Cement Plant and the Kensworth and Southam Quarry operations. The visit forms part of a larger exercise where Teams from the Caribbean operations are visiting CEMEX facilities worldwide. Of particular interest during the visit were the high standards of Health and Safety in the UK and the trip in a Big Pink Truck to Southam gave a good understanding of safety standards in UK haulage.*

## Our Value Indicators

### **Health, Safety, and Environment**

Safety has become our number one priority, and we will continue to review and strengthen our systems going forward, with a special emphasis on developing improved contractor safety management performance. We are committed to maintaining our OHSAS 18001:2007 certification while we partner with the TCL Group and CEMEX in improving safety across the length and breadth of the company and country through specialised programs.

Our ISO14001 certification was also renewed during the year.

### **Quality**

There were no instances of non-conforming cement entering the market as all cement dispatched met the JS and ASTM specifications. Both our ISO 9001:2008 Quality Management Systems and our ISO/IEC 17025:2005 Laboratory Accreditations were re-certified during the year.

### **Corporate Social Responsibility**

We believe and hold dear that the principles that allows us to honour our ethical values through actions that are best demonstrated by providing good working conditions for our employees, being a good steward of the environment, and by actively working to better the quality of life in the communities where we operate. To this end we continue to support the community and country through our support of sports (in 2015 we became one of the main sponsors of Jamaica Football Premier League), education (through our reading program and scholarships) and through health and community development (through health fairs, summer camps and other programs) among a host of other initiatives.

## Business Outlook

### **Global and Regional Economic Outlook**

In 2015, global economic activity remained subdued, and the IMF has estimated global growth at 3.1 percent. Growth in emerging

market and developing economies, while still accounting for over 70 percent of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies [to quote the International Monetary Fund (IMF)]. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economies central banks continue to ease monetary policy.

### **The Jamaican Economy**

In Jamaica, the macroeconomic environment has continued to strengthen. Preliminary estimates from the Statistical Institute of Jamaica indicated a 0.8 percent growth in the economy for 2015 in comparison to 2014. This performance was against the background of improvement in business and investor confidence with the passing of ten consecutive International Monetary Fund (IMF) reviews, the lower than projected inflation rate and declining oil prices.

Improvement in the Construction industry was due to an increase in non-residential projects including the continued infrastructural developments in hotels and increase in civil engineering activities and rehabilitation works.

It is felt by most that economic recovery is underway. There are also signs of rising capital investments in tourism. Both consumer and business confidence have generally been on an upward trend, while growth is projected between the ranges of 0.5 percent to 1.5 percent during the first quarter of 2016.

*Alejandro Vares*

**Alejandro Vares**  
General Manager



# COMPANY OVERVIEW

Caribbean Cement Company has been in operation since 1952 and is the sole manufacturer of Portland cement in Jamaica and is situated in Rockfort, Kingston. The plant's clinker production Capacity is 1.3 million tonnes and its cement manufacturing capacity is 2 million tonnes per annum. Carib Cement boasts its own ports for shipment of cement and other raw materials as well as the importation of coal (the fuel used to run the kiln).

CCCL produces high quality products using 100% indigenous raw materials, all mined within 10 miles of the plant. CCCL is listed on the Jamaica Stock Exchange and is a major contributor to the Jamaican economy employing over 300 persons directly.

Carib Cement Company is committed to the tenants of the principles regarding good corporate social responsibility and had demonstrated this through its support of education, sports, health and community development.



*Christmas Treat December 2015 – Santa Clause greeting the children at the Bustamante Children's Hospital – Ward One (1)*



*Christmas Treat December 2015 – Wayne Ballen, interacting with the children and staff at the Bustamante Children's Hospital – Ward One (1)*

# The EXECUTIVE TEAM



**Alejandro Vares**  
*General Manager*



**Sergio Zazueta**  
*Operations Director*



**Alice Hyde**  
*Sales & Logistics Director*



**Makeda Ramgeet Baugh**  
*Company Secretary*



**Jascinth Buchanan Wint**  
*Finance Manager*



**Sophia Lowe**  
*Corporate Communications  
& Public Affairs Manager*



**Dalmain Small**  
*Human Resource Manager*



**Brett Johnson**  
*Dispatch & Ports Manager*





**Marchel Burrell**  
*Health & Safety Manager*



**Rohan Anderson**  
*Process Manager*



**Andrew Stephenson**  
*Quality, Quarry &  
Environment Manager*



**Wayne Ballen**  
*Acting Security Manager*



**Christopher Brown**  
*Production Manager*



**Adrian Spencer**  
*Procurement Manager*



**Glenroy Simpson**  
*Maintenance Manager*

## SUBSIDIARY COMPANIES

### Rockfort Mineral Bath Complex Limited (RMBC)

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

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



### Jamaica Gypsum & Quarries Limited (JGQ)

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



### Caribbean Gypsum Company Limited (CGC)

Mining commenced at the new Halberstadt Quarry in Bull Bay, St. Andrew in August 2014. There are reserves of approximately 6 million tonnes of gypsum/anhydrite, on the 167 acres of quarry land at this location which is owned by CGC.



## BOARD OF DIRECTORS

**Rockfort Mineral Bath Complex Limited**

**Jamaica Gypsum & Quarries Limited**

**Caribbean Gypsum Company Limited**

:: Christopher Dehring

:: Hollis Hosein

:: Parris A. Lyew-Ayee

:: Jose Luis Seijo Gonzales

## SENIOR OFFICERS

**Alejandro Vares**

*General Manager*

**Jascinth Buchanan Wint**

*Finance Manager*

**Makeda Ramgeet Baugh**

*Company Secretary*



# Carib Cement in the COMMUNITY.....



Her Worship The Mayor of Kingston and St. Andrew Dr. Angella Brown Burke; The Honorable Minister Horace Dally, Minister of Health; Mr. Alejandro Vares General Manager Caribbean Cement Company Limited and Acting Chief Medical Officer in the Ministry of Health, Dr. Marion Bullock-DuCasse speaking to Zika V Task Force Workers at the Press conference highlighting the partnership.



Mr. Alejandro Vares - General Manager, Carib Cement makes a special presentation to West Indies Homes Construction Limited at the Institute of Master Builders Association awards function for long standing customers for over 30 years building and using Carib Cement.



Kenute Hare (right), director of the Road Safety Unit in the Ministry of Transport, Works and Housing, talks about road safety with (from left) Patrick Wilson, Kevin Coward – truckers, Sergio Zazueta, Operations Manager of CCCL; Oneil Prendergast, logistics officer; and Marchel Burrell Health and Safety Manager of CCCL.



Children making pictures for their fathers, reminding them to be safe when on the road and to come home to them.



ZIKA V workers preparing to inform, community members on the disease.



Carib Cement supports fundraising to improve health care in Jamaica through its participation in the Sagcor Sigma Corporate Run.

## TEN YEAR FINANCIAL SUMMARY

ANNUAL REPORT 2015

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>SALES</b>	15,431,897	14,356,017	12,089,484	9,084,600	8,033,786	7,929,783	8,869,260	8,805,293	7,847,307	6,730,968
Profit (loss) before taxation	1,726,388	255,985	(3,079)	(2,672,105)	(2,983,995)	(2,242,360)	(241,028)	571,932	681,172	363,348
Cement Claims	-	-	-	-	-	-	-	-	(137,549)	(304,539)
Taxation	(180,248)	(117,000)	117,000	(676,160)	370,635	685,167	96,516	(155,494)	(137,549)	18,357
Net (loss) profit	1,546,140	138,985	113,921	(3,348,265)	(2,613,360)	(1,557,193)	(144,512)	416,438	522,123	77,166
*Net (loss) profit per Share	1.82	0.16	0.13	(3.93)	(3.07)	(1.83)	(0.17)	0.49	0.61	0.09
<b>EBITDA</b>	2,576,658	961,070	1,470,090	(750,438)	(1,760,893)	(1,623,526)	465,889	1,153,105	996,134	277,438
Shareholders Equity	6,437,174	4,891,034	4,752,049	(2,939,072)	409,193	3,022,553	3,240,096	3,458,584	3,155,921	2,747,573
*Share Holders' Equity Per Share	7.56	5.75	5.58	(3.45)	0.48	3.55	3.81	4.06	3.71	3.23
Capital Expenditure - Other	-	-	-	-	-	-	-	-	24,548	37,246
Capital Expenditure - CWIP	810,904	599,091	578,530	149,217	98,093	362,160	972,132	572,198	1,127,567	966,303
Total Capital Expenditure	810,904	599,091	578,530	149,217	98,093	362,160	972,132	572,198	1,152,115	1,003,549
Depreciation	396,931	364,828	319,207	430,695	518,402	386,852	317,835	318,307	312,196	273,467
Working Capital	1,286,956	793,628	1,245,920	191,424	(588,543)	(839,251)	(47,509)	8,052	453,813	50,968
Property Plant & Equip't Before Dep'n	11,048,229	10,243,474	9,665,926	9,136,341	9,286,740	9,201,962	8,852,624	7,901,716	7,333,573	6,214,072
Long Term debt	-	-	739,476	797,712	3,827	4,006	3,178	6,117	7,897	12,288
Total Third Party Debt	-	779,600	808,810	832,173	560,100	684,533	793,155	608,273	422,892	751,118
Parent Company Debt	1,715,593	1,752,224	1,232,104	7,881,126	5,210,290	3,107,745	2,424,062	1,334,164	1,894,038	1,526,057
Total Debt	1,715,593	2,531,824	2,040,914	8,713,299	5,770,390	3,792,278	3,217,217	1,942,437	2,316,930	2,277,175
*Cement imported (tonnes)	-	-	-	-	-	-	-	46,062	25,988	119,032
*Clinker imported (tonnes)	-	-	-	-	-	-	-	75,931	73,599	77,520
*Production	-	-	-	-	-	-	-	-	-	-
Cement	807,817	830,061	824,893	760,296	766,274	723,489	736,560	724,528	773,019	760,815
Clinker	804,296	795,042	696,077	652,579	628,287	629,444	742,208	578,067	519,598	604,174
*Cement Sold - tonnes	-	-	-	-	-	-	-	-	-	-
Local	672,042	598,165	594,764	536,349	553,157	531,605	652,651	720,260	807,484	843,295
Export	151,146	232,766	231,865	218,722	216,757	195,163	88,912	28,463	5,964	-
TOTAL	823,188	830,931	826,629	755,071	769,914	726,768	741,563	748,723	813,448	843,295
*Clinker Export - tonnes	180,385	155,423	36,570	12,673	31,228	69,418	88,259	-	-	-



Caribbean Cement Company Limited  
and its Subsidiaries

**Auditors' Report  
&  
Financial Statements**

For The Year Ended 31 December 2015

(Expressed in Jamaican Dollars)



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## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2015, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.



## INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

*Report on Additional Requirements of the Jamaican Companies Act*

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement with the accounting records, and give the information required by the Jamaican Companies Act in the manner so required.

Chartered Accountants  
Kingston, Jamaica

25 February 2016



## FINANCIAL STATEMENTS

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

As at 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>NET ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,353,934	4,927,455
Intangible assets	7	23,232	37,004
		<u>5,377,166</u>	<u>4,964,459</u>
<b>Current assets</b>			
Inventories	10	2,781,194	2,549,840
Taxation recoverable		35,680	33,247
Due from related companies	11	581,743	371,247
Receivables and prepayments	12	1,164,942	1,547,142
Cash and cash equivalents	13	910,666	177,917
		<u>5,474,225</u>	<u>4,679,393</u>
<b>Current liabilities</b>			
Income tax payable		180,248	-
Due to parent and related companies	14	1,510,011	1,031,507
Payables and accruals	15	2,497,010	2,074,658
Current portion of long-term loans	17	-	779,600
		<u>4,187,269</u>	<u>3,885,765</u>
<b>Working capital surplus</b>		<u>1,286,956</u>	<u>793,628</u>
<b>Non-current liabilities</b>			
Due to parent and related companies	14	205,582	720,717
Other long-term liability	18	-	146,336
Provisions	19	21,366	-
		<u>226,948</u>	<u>867,053</u>
<b>TOTAL NET ASSETS</b>		<u>6,437,174</u>	<u>4,891,034</u>

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

As at 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital:</b>			
Ordinary	20	1,808,837	1,808,837
Preference	20	5,077,760	5,077,760
<b>Capital contribution:</b>	20	3,839,090	3,839,090
<b>Reserves:</b>			
Realized capital gain	20	1,413,661	1,413,661
Accumulated losses	24	(5,702,174)	(7,248,314)
<b>GROUP EQUITY</b>		<b>6,437,174</b>	<b>4,891,034</b>

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

On 25 February 2016, the Board of Directors authorized these financial statements for issue.

.....Director.....Director  
 Christopher Dehring Jose Seijo

## FINANCIAL STATEMENTS

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Comprehensive Income  
Year ended 31 December 2015  
(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
Revenue	21	15,431,897	14,356,017
<b>Earnings before interest, depreciation, amortisation tax and severance costs</b>	21	2,576,658	961,070
Depreciation and amortisation	21	(396,931)	(364,828)
Severance costs		(436,372)	-
<b>Operating profit</b>		1,743,355	596,242
Interest income		10,613	1,294
Net debt restructuring gain	33	167,792	-
Finance costs	23	(195,372)	(341,551)
<b>Profit before taxation</b>		1,726,388	255,985
Taxation charge	9	(180,248)	(117,000)
<b>Net profit for the year</b>	24	1,546,140	138,985
<b>Total comprehensive income attributable to equity holders</b>		1,546,140	138,985
<b>Profit per ordinary stock unit (expressed in \$ per share)</b>	25	\$1.82	\$0.16

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 2015  
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference share capital \$'000	Capital contribution \$'000	Realized capital gain \$'000	Reserves	Total capital & reserves \$'000
					Accumulated losses \$'000	Total reserves \$'000
<b>Balance as at 1 January 2014</b>	1,808,837	5,077,760	3,839,090	1,413,661	(7,387,299)	4,752,049
Total comprehensive income for the year	-	-	-	-	138,985	138,985
<b>Balance as at 31 December 2014</b>	1,808,837	5,077,760	3,839,090	1,413,661	(7,248,314)	4,891,034
Total comprehensive income for the year	-	-	-	-	1,546,140	1,546,140
<b>Balance as at 31 December 2015</b>	1,808,837	5,077,760	3,839,090	1,413,661	(5,702,174)	6,437,174

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

## FINANCIAL STATEMENTS

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

## Consolidated Statement of Cash Flows

Year ended 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		1,726,388	255,985
<b>Adjustments for:</b>			
Depreciation and amortization	6,7	396,931	364,828
Net debt restructuring gain	33	(167,792)	-
Loss on disposal of property, plant and equipment	21	-	92
Impairment of receivables	12	(23,337)	(11,746)
Interest income		(10,613)	(1,294)
Interest expense	23	127,854	252,663
Unwinding of discount on rehabilitation provision		20,834	-
Unrealized foreign exchange losses, net		52,533	88,890
		<u>2,122,798</u>	<u>949,418</u>
(Increase) Decrease in inventories		(231,354)	313,305
Decrease (Increase) in receivables and prepayments		408,619	(565,011)
Increase in due from related companies		(279,750)	(71,453)
Increase (Decrease) in payables and accruals		340,016	(114,340)
Increase in due to parent and related companies		492,753	9,425
Cash provided by operations		<u>2,853,082</u>	<u>521,344</u>
Interest received		10,613	883
Interest paid		(190,666)	(178,223)
Tax paid		(2,433)	(304)
<b>Net cash provided by operating activities</b>		<u>2,670,596</u>	<u>343,700</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	6	(810,904)	(577,945)
Additions of intangible assets	7	-	(20,169)
<b>Net cash used in investing activities</b>		<u>(810,904)</u>	<u>(598,114)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans		(611,808)	(34,169)
Repayment of amounts due to related companies		(515,135)	264,393
<b>Net cash (used in) provided by financing activities</b>		<u>(1,126,943)</u>	<u>230,224</u>
<b>Increase (Decrease) in cash and cash equivalents</b>		<u>732,749</u>	<u>(24,190)</u>
<b>Net cash and cash equivalents - beginning of year</b>		<u>177,917</u>	<u>202,107</u>
<b>Net cash and cash equivalents - end of year</b>		<u>910,666</u>	<u>177,917</u>
<b>Represented by:</b>			
Cash at bank and short term deposits	13	<u>910,666</u>	<u>177,917</u>

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



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position

As at 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,207,248	4,773,013
Investment in subsidiaries	8	83,000	83,000
		<u>5,290,248</u>	<u>4,856,013</u>
<b>Current assets</b>			
Inventories	10	2,648,267	2,438,438
Taxation recoverable		-	33,247
Due from subsidiary	16	235,811	101,997
Due from related companies	11	581,743	368,146
Receivables and prepayments	12	1,027,821	1,441,391
Cash and cash equivalents	13	895,640	163,271
		<u>5,389,282</u>	<u>4,546,490</u>
<b>Current liabilities</b>			
Income tax payable		144,567	-
Due to parent and related companies	14	1,510,011	1,031,507
Payables and accruals	15	2,441,306	1,973,810
Current portion of long-term loans	17	-	779,600
		<u>4,095,884</u>	<u>3,784,917</u>
<b>Working capital surplus</b>		<u>1,293,398</u>	<u>761,573</u>
<b>Non-current liabilities</b>			
Due to parent and related companies	14	205,582	720,717
Other long-term liability	18	-	146,336
		<u>205,582</u>	<u>867,053</u>
<b>TOTAL NET ASSETS</b>		<u>6,378,064</u>	<u>4,750,533</u>

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Financial Position

As at 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital:</b>			
Ordinary	20	1,808,837	1,808,837
Preference	20	5,077,760	5,077,760
<b>Capital contribution</b>	20	3,839,090	3,839,090
<b>Reserves:</b>			
Realized capital gain	20	1,413,656	1,413,656
Accumulated losses	24	(5,761,279)	(7,388,810)
<b>COMPANY EQUITY</b>		<b>6,378,064</b>	<b>4,750,533</b>

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

On 25 February 2016, the Board of Directors authorized these financial statements for issue.

.....  
Christopher Dehring

.....Director.....

Jose Seijo

.....Director



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Company Statement of Comprehensive Income

Year ended 31 December 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>Revenue</b>	21	15,391,215	14,324,231
<b>Earnings before interest, depreciation, severance costs and tax</b>	21	2,615,035	960,985
Depreciation	6, 21	(374,646)	(352,577)
Severance costs		(436,372)	-
Impairment of investment in subsidiary	8	-	(2,938)
<b>Operating profit</b>		1,804,017	605,470
Interest income		10,508	1,286
Net debt restructuring gain	33	167,792	-
Finance costs	23	(174,538)	(341,387)
<b>Profit before taxation</b>		1,807,779	265,369
Taxation charge	9	(180,248)	(117,000)
<b>Net profit for the year</b>	24	1,627,531	148,369
<b>Total comprehensive income attributable to equity holders</b>		1,627,531	148,369

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 2015  
 (Expressed in Jamaican Dollars)

	Ordinary share capital \$'000	Preference Share capital \$'000	Capital Contribution \$'000	Reserves			Total capital & reserves \$'000
				Realized capital gain \$'000	Accumulated losses \$'000	Total reserves \$'000	
<b>Balance as at 1 January 2014</b>	1,808,837	5,077,760	3,839,090	1,413,656	(7,537,179)	(6,123,523)	4,602,164
Total comprehensive profit for the year	-	-	-	-	148,369	148,369	148,369
<b>Balance as at 31 December 2014</b>	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
<b>Balance as at 31 December 2015</b>	1,808,837	5,077,760	3,839,090	1,413,656	(5,761,279)	(4,347,623)	6,378,064

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 2015

(Expressed in Jamaican Dollars)

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		1,807,779	265,369
<b>Adjustments for:</b>			
Depreciation	6	374,646	352,577
Net debt restructuring gain	33	(167,792)	-
Impairment of investment in subsidiary	8	-	2,938
Impairment of receivables	12	(23,337)	1,332
Interest income		(10,508)	(1,286)
Interest expense	23	127,854	252,663
Unrealized foreign exchange gains		52,533	89,116
		2,161,175	962,709
(Increase) Decrease in inventories		(209,829)	370,375
Increase in due from subsidiary		(133,814)	(95,579)
Decrease (Increase) in receivables and prepayments		439,989	(532,576)
Increase in due from related companies		(213,597)	(155,116)
Increase (Decrease) in payables and accruals		365,455	(164,417)
Increase in due to parent and related companies		421,808	90,159
Cash provided by operations		2,831,187	475,555
Interest received		10,508	874
Interest paid		(169,832)	(188,031)
Tax paid		(2,433)	(304)
<b>Net cash provided by operating activities</b>		2,669,430	288,094
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	6	(810,118)	(540,472)
<b>Net cash used in investing activities</b>		(810,118)	(540,472)
<b>Cash flows from financing activities</b>			
Repayment of loans		(611,808)	(34,169)
Repayment of amounts due to related companies		(515,135)	264,393
<b>Net cash (used in) provided by financing activities</b>		(1,126,943)	230,224
<b>Increase (Decrease) in cash and cash equivalents</b>		732,369	(22,154)
<b>Net cash and cash equivalents - beginning of year</b>		163,271	185,425
<b>Net cash and cash equivalents - end of year</b>		895,640	163,271
<b>Represented by:</b>			
Cash at bank and short term deposits	13	895,640	163,271

The accompanying notes form an integral part of these financial statements



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

## 1. Corporate information

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

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

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

## 2. Basis of preparation

### (i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), 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.

### (iii) Going concern

As at 31 December 2014, the ultimate parent company (Trinidad Cement Limited) and its subsidiaries (the “TCL Group”), were in default of its debt obligations with its lenders under the Override Agreement. This condition was fully remediated by the TCL Group through the execution of a new Amended Override Agreement with the lenders dated 31 March 2015. Subsequently in May 2015, the TCL Group sourced new third party funding and used these proceeds together with the proceeds of a successful Rights Issue process completed in 31 March 2015, and internal cash to pay off lenders an amount of \$30.2 billion. This represents full and final payment on all agreed outstanding debt obligations under the Amended Override Agreement. Accordingly, the debt default conditions and resulting going concern risk factors which existed in 2014 are no longer existent as at 31 December 2015.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(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 2015. 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	
			2015	2014
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

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

**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 2015:

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since the Group does not have a defined benefit plan.

**Annual Improvements 2010-2012 Cycle**

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these financial statements. They include:

**IFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The Group had not granted any awards during the year and thus these amendments did not impact the Group's financial statements or accounting policies.

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not impact the Group's accounting policies as there were no business combinations during the year.



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****a) Changes in accounting policies and disclosures (continued)****IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

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

The Group has not applied the aggregation criteria in IFRS 8.12. In addition, the Group has not presented a reconciliation of segment assets to total assets. Thus these amendments did not have any impact on the financial statements of the Group.

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

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact on the Group's financial statements as no revaluation adjustments were recorded by the Group during the current year.

**IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This information is disclosed in Note 26.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****a) Changes in accounting policies and disclosures (continued)****Annual Improvements 2011-2013 Cycle**

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these financial statements. They include:

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This amendment is not relevant for the Group as it has no joint arrangements.

**IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

**IAS 40 Investment Property**

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

**b) Standards issued but not yet effective**

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

**IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments 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.

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**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****b) Standards issued but not yet effective (continued)****IFRS 9 Financial Instruments (continued)**

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 expects a significant impact on its equity due to unsecured nature of its loans and receivables, 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.

**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. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.



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

##### b) Standards issued but not yet effective (continued)

###### **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.

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

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, 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 prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's financial statements.

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**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****b) Standards issued but not yet effective (continued)****Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

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

**Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply.

The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's financial statements as the Group does not have any bearer plants.

**Amendments to IAS 27: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

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

##### b) Standards issued but not yet effective (continued)

##### **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's financial statements.

##### **Amendments to IAS 1 Disclosure Initiative**

The amendments to IAS 1 Presentation of Financial Statements 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 are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. Management is currently assessing the impact of these amendments on the Group's financial statements.



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**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****b) Standards issued but not yet effective (continued)****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. 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 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 not expected to have any impact on the Group's financial statements.

**Annual Improvements 2012-2014 Cycle**

These improvements are effective for annual periods beginning on or after 1 January 2016. 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 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 must be applied prospectively.

**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 would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

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**4. Changes in accounting policies and disclosures and future changes in accounting standards (continued)****b) Standards issued but not yet effective (continued)****Annual Improvements 2012-2014 Cycle (continued)****IFRS 7 Financial Instruments: Disclosures (continued)**

(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 must be applied retrospectively.

**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 must be applied prospectively.

**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 must be applied retrospectively.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group's financial statements.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**5. Significant accounting policies****a) Business combinations and goodwill**

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

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

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

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

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.

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



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**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 (r))

Depreciation is calculated on the straight-line method over the useful lives of the assets.

Current annual rates of depreciation are:

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

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

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**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	20%
Dredging costs	33.3%

**f) Impairment of non-financial assets**

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

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**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.

## FINANCIAL STATEMENTS

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## 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) **Deferred expenditure**

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

i) **Inventories**

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

j) **Investments**

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

k) **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.

l) **Net cash and cash equivalents**

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

m) **Interest bearing loans and borrowings**

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



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**5. Significant accounting policies (continued)****n) Provisions**

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

**o) Revenue recognition**

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

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

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

**p) Pension benefits**

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

**q) Operating leases**

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

**r) Borrowing costs**

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

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**5. Significant accounting policies (continued)****s) Earnings per stock unit**

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

**t) Segment reporting**

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

**u) Financial instruments**

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

A financial asset is any asset that is:

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

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

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

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

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

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

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**5. Significant accounting policies (continued)****u) Financial instruments (continued)***Financial assets*

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

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

*Loans and receivables*

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

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition of the financial assets; the estimated future cash flows of the asset have been impacted. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*De-recognition of financial assets*

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

**5. Significant accounting policies (continued)****u) Financial instruments (continued)***Financial liabilities*

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

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

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

*De-recognition of financial liabilities*

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

*Equity instruments*

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

The fair values of the Group's and the Company's financial instruments are discussed in Note 32.



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**5. Significant accounting policies (continued)****v) Use of estimates and judgements**

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

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

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

**(i) Allowance for impairment losses on trade receivables:**

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

**(ii) Net realisable value of inventories**

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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(Expressed in Jamaican Dollars)

**5. Significant accounting policies (continued)****v) Use of estimates and judgements (continued)****(iv) Taxes**

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

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

**(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. 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 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. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

**CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES**

Notes to the Consolidated and Company Financial Statements

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**5. Significant accounting policies (continued)****w) 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 31. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

**x) Comparative balances**

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year in relation to the due to and due from related party balances.

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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## 6. Property, plant and equipment

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
<b>At cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net book value</b>					
31 December 2015	677,885	3,566,246	53,036	1,056,767	5,353,934



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements  
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## 6. Property, plant and equipment (continued)

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

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

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements  
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## 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
<b>At Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net book value</b>					
31 December 2015	564,095	3,560,390	54,560	1,028,203	5,207,248

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

Property, plant and equipment consist of the following:

Company:

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

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## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**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 29).

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 29).

- 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		Total \$'000
	Exploration cost \$'000	Dredging cost \$'000	
<b>At cost</b>			
1 January 2014	23,667	13,570	37,237
Additions	3,048	17,121	20,169
31 December 2014 and 31 December 2015	26,715	30,691	57,406
<b>Accumulated amortization</b>			
1 January 2014	2,521	13,570	16,091
Amortization	3,360	951	4,311
31 December 2014	5,881	14,521	20,402
Amortization	8,065	5,707	13,772
31 December 2015	13,946	20,228	34,174
<b>Net book value</b>			
31 December 2015	12,769	10,463	23,232
31 December 2014	20,834	16,170	37,004



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**8. Investment in subsidiaries**

Investment in subsidiaries consists of the following:

	Company	
	2015 \$'000	2014 \$'000
<b>At cost:</b>		
Jamaica Gypsum and Quarries Limited 375,000,000 ordinary shares	79,000	79,000
Rockfort Mineral Bath Complex Limited 21,000,000 ordinary shares Impairment loss provision	2,938 (2,938)	2,938 (2,938)
	-	-
Caribbean Gypsum Company Limited 1,000 ordinary shares	4,000	4,000
	<b>83,000</b>	<b>83,000</b>

The Company's investment in Rockfort Mineral Bath Complex Limited was fully impaired in 2014.

**9. Taxation**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Statement of comprehensive income</b>				
Taxation consists of:				
Income tax	(180,248)	-	(180,248)	-
Deferred tax charge	-	(117,000)	-	(117,000)
	<b>(180,248)</b>	<b>(117,000)</b>	<b>(180,248)</b>	<b>(117,000)</b>

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## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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## 9. Taxation (continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Profit before taxation	1,726,388	255,985	1,807,779	265,369
Taxed at 25%	(431,597)	(63,996)	(451,945)	(66,342)
Tax on non-assessable income	56,021	7,455	51,522	-
Tax on non-allowable expenses	(75,222)	(16,675)	(74,754)	(15,796)
Employment tax credit	58,231	-	58,231	-
Other	18,989	(3,941)	39,121	(1,652)
Decrease (Increase) in tax benefits not recognised	193,330	(39,843)	197,577	(33,210)
Tax charge	(180,248)	(117,000)	(180,248)	(117,000)

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Deferred tax asset</b>				
Balance at beginning of year	-	117,000	-	117,000
Deferred tax charge for the year	-	(117,000)	-	(117,000)
Balance at end of year, net	-	-	-	-

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

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**9. Taxation (continued)**

The significant components of deferred tax asset are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred tax liability:				
Property, plant and equipment	(815,747)	(848,518)	(815,779)	(848,221)
Unrealized exchange gains	(48,756)	(27,270)	(48,756)	(27,270)
	(864,503)	(875,788)	(864,535)	(875,491)
Deferred tax asset:				
Tax losses	1,085,111	1,323,228	1,049,223	1,290,409
Accrued vacation	27,132	33,908	26,907	33,908
Accrued redundancy	30,517	-	30,517	-
Interest payable	13,263	44,061	13,263	44,061
Unrealized exchange losses	34,838	34,231	34,838	34,231
Other	44,910	4,958	44,910	5,582
	1,235,771	1,440,386	1,199,658	1,408,191
	371,268	564,598	335,123	532,700
Tax benefits in respect of tax losses not recognised	(371,268)	(564,598)	(335,123)	(532,700)
	-	-	-	-

IAS 12, *Income Taxes*, requires the Company to reassess at each statement of financial position date unrecognized deferred tax assets. Pursuant to this requirement, the tax losses of \$4,196,892,000 available to the Company as at 31 December 2015 were assessed and based upon a conservative estimate of utilization, the Group has decided not to recognize any deferred tax asset.

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 \$4,340,444,000 (2014: \$5,292,912,000) for the Group and \$4,196,892,000 (2014: \$5,161,638,000) for the Company.

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## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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## 10. Inventories

Inventories consist of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Plant spares	1,148,617	874,689	1,148,617	874,689
Consumables	340,358	365,048	340,358	365,048
Raw materials and work in progress	1,066,924	1,011,089	1,048,929	974,449
Finished goods	346,911	431,140	231,979	356,378
Goods in transit	585	8,837	585	8,837
	2,903,395	2,690,803	2,770,468	2,579,401
Provision for obsolescence and impairment	(122,201)	(140,963)	(122,201)	(140,963)
	2,781,194	2,549,840	2,648,267	2,438,438

Included in the provision for obsolescence and impairment is \$109,064,000 (2014: \$112,420,000) for spares relating to the idle Kiln #4 asset which have been fully impaired since 31 December 2012. As at 31 December 2014 work in progress in the amount of \$92,505,000 was presented at net realizable value.

## 11. Due from related companies

Due from related companies consists of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Readymix (West Indies) Limited	69	65	69	65
Arawak Cement Company Limited	30,255	42,802	30,255	39,701
TCL (Nevis) Limited	50,085	47,732	50,085	47,732
TCL Ponsa Limited	49	-	49	-
Trinidad Cement Limited	255,717	266,351	255,717	266,351
TCL Trading Limited	245,568	14,297	245,568	14,297
	581,743	371,247	581,743	368,146

These balances are unsecured and carry no fixed repayment terms.



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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## 12. Receivables and prepayments

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	889,076	1,037,824	887,737	1,033,445
Sundry receivables and prepayments	338,556	595,345	202,774	493,973
	1,227,632	1,633,169	1,090,511	1,527,418
Less: Impairment provision	(62,690)	(86,027)	(62,690)	(86,027)
	1,164,942	1,547,142	1,027,821	1,441,391

## Changes in impairment provision

	Group Individually impaired		Company Individually impaired	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance as at 1 January	86,027	97,773	86,027	84,695
Net charges (recoveries)	(23,337)	(11,746)	(23,337)	1,332
Balance as at 31 December	62,690	86,027	62,690	86,027

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## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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## 12. Receivables and prepayments (continued)

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

	The Group					
	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30-60	61-90	> 90 days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015	826,386	777,975	26,290	11,259	10,862	-
2014	951,797	831,146	100,534	8,976	109	11,032

  

	The Company					
	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30-60	61-90	>90 days
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015	825,047	775,907	25,455	9,158	14,136	391
2014	947,418	829,889	98,504	7,222	688	11,115

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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**13. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	536,923	177,757	521,897	163,111
Short-term deposits	373,743	160	373,743	160
	<b>910,666</b>	<b>177,917</b>	<b>895,640</b>	<b>163,271</b>

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

**14. Due to parent and related companies**

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

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
TCL Ponsa Manufacturing Limited	10,363	10,854
TCL Guyana Limited	-	182
Trinidad Cement Limited	1,301,399	804,583
TCL (Nevis) Limited	352,353	335,802
TCL Packaging Limited	34,426	584,552
TCL Trading Limited	17,052	16,251
	<b>1,715,593</b>	<b>1,752,224</b>
Long-term	205,582	720,717
Short-term	1,510,011	1,031,507
	<b>1,715,593</b>	<b>1,752,224</b>

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## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

	Group and Company	
	2015 S'000	2014 S'000
The long-term amount comprises the following:		
Trinidad Cement Limited	205,582	195,925
TCL Packaging Limited	-	524,792
	<b>205,582</b>	<b>720,717</b>
The short-term amount comprises:		
TCL Ponsa Manufacturing Limited	10,363	10,854
TCL Guyana Limited	-	182
Trinidad Cement Limited	1,095,817	608,658
TCL (Nevis) Limited	352,353	335,802
TCL Packaging Limited	34,426	59,760
TCL Trading Limited	17,052	16,251
	<b>1,510,011</b>	<b>1,031,507</b>

Included in short term amounts payable to Trinidad Cement Limited is a loan issued in July 2015, in the amount of \$85,909,000 (US\$716,000), which bears interest at a rate of 7.5% and has no fixed repayment terms.

## Trinidad Cement Limited:

Interest rate per annum %	2015 US\$'000	2014 US\$'000	2015 S'000	2014 S'000
4.58	1,713	1,713	205,582	195,925

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



## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

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

## TCL Packaging Limited:

Loan #	Interest rate per annum %	2015 TT \$'000	2014 TTS'000	2015 \$'000	2014 \$'000
1	8.50	-	15,478	-	276,975
		US\$'000	US\$'000		
2	8.50	-	2,166	-	247,817
				-	524,792

The TCL Packaging Limited loans were fully repaid during the year.

## 15. Payables and accruals

Payables and accruals consist of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	1,484,542	1,151,366	1,459,567	1,104,417
Sundry payables and accruals	815,631	776,530	785,297	723,013
Statutory obligations	196,837	146,762	196,442	146,380
	<u>2,497,010</u>	<u>2,074,658</u>	<u>2,441,306</u>	<u>1,973,810</u>

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).

## 16. Due from subsidiary

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

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## 17. Long-term loans

Long-term loans are repayable as follows:

	Group and Company	
	2015 \$'000	2014 \$'000
Amounts repayable within:		
One year	-	779,600
Two years	-	-
Three years	-	-
Four years	-	-
Five years	-	-
	-	779,600
Current portion	-	(779,600)
Non-current portion	-	-

## Sagicor Bank Jamaica Limited (formerly RBC Bank Jamaica Limited)

These loans are:

Loan #	Interest rate per annum %	Group and Company			
		2015	2014	2015	2014
		US\$'000	US\$'000	\$'000	\$'000
1	11.50	-	792	-	90,630
2	17.75	-	-	-	167,218
3	20.25	-	-	-	463,849
4	24.50	-	-	-	57,217
		-	-	-	688,284
		-	-	-	778,914
Other	20.76	-	-	-	686
		-	-	-	779,600

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**17. Long-term loans (continued)**

At the end of 2014, the Company was in default of all its loan agreements with Sagicor Bank Jamaica Limited (formerly RBC Bank Jamaica Limited). Therefore as required by IAS 1: *"Presentation of financial statements"*, all loan balances were classified as current liabilities, to reflect the fact that the loans were callable on demand as a result of the breach. As at 31 December 2014, the ultimate parent company (Trinidad Cement Limited) and its subsidiaries (the "TCL Group"), were in default of its debt obligations with its lenders under the Override Agreement. This condition was fully remediated by the TCL Group through the execution of a new Amended Override Agreement with the lenders dated 31 March 2015.

The Group's assets are pledged to secure the debt of fellow companies in the TCL Group for which the Group is also a guarantor.

The Sagicor Bank Jamaica Limited (formerly RBC Bank Jamaica Limited) loans were fully repaid during the year under the restructured agreement.

**18. Other long-term liability**

This represents withholding tax payable of \$146,336,000 on conversion of US\$37,000,000 of the Company's debt to preference shares (Note 20). On 28 June 2013 the Company was granted a period of six years to pay the withholding taxes, with an assessment to be completed at the end of three years to determine the Company's ability to commence payment. The outstanding amount is scheduled to be paid in June 2016 and was therefore classified as current liability (Note 15).

**19. 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. Management believes a reasonable basis upon which to estimate the future liability. The discount rate used in the calculation of the provision as at 31 December 2015 was 24.3%. The unwinding of the discount associated with this cost is recorded in finance costs (Note 23).

	2015 \$'000	2014 \$'000
As at 1 January	-	-
Rehabilitation provision recognized during the year	532	-
Unwinding of discount (Note 23)	20,834	-
As at 31 December	21,366	-

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## 20. Share capital and reserves

Share capital consists of the following:

	Number of units 2015 (000)	Number of units 2014 (000)
<b>Authorized:</b>		
Ordinary shares of no par value	1,350,000	1,350,000
Preference shares	115,000	115,000

	Number of Units 2015 (000)	Number of Units 2014 (000)	Group and Company	
			2015 \$'000	2014 \$'000
<b>Issued and fully paid:</b>				
Ordinary stock units of no par value 1 January and 31 December	851,138	851,138	1,808,837	1,808,837
<b>Preference shares in issue</b> at 1 January and 31 December	52,000	52,000	5,077,760	5,077,760
	903,138	903,138	6,886,597	6,886,597
<b>Capital contribution</b>	-	-	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.



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**20. Share capital and reserves (continued)****(a) (Cont'd)**

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

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

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

- (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.

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## 21. Operating profit

Operating profit consists of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Revenue</b>	15,431,897	14,356,017	15,391,215	14,324,231
<b>Expenses:</b>				
Raw materials and consumables	1,047,642	1,077,179	1,359,899	1,461,948
Fuels and electricity	2,860,796	3,948,506	2,855,083	3,942,504
Personnel remuneration and benefits (Note 22)	2,360,371	2,311,832	2,327,121	2,280,632
Repairs and maintenance	965,486	559,502	942,994	536,158
Operating lease	2,826,250	2,422,309	2,826,250	2,422,309
Marketing and selling expenses	156,816	196,807	102,136	140,104
Cement transportation	592,732	562,831	471,171	472,033
Insurance	214,628	205,925	203,091	196,972
Training and staff development	111,073	118,312	111,073	118,313
Technical assistance fees and related charges	325,267	273,653	322,231	266,338
Security	112,744	112,444	92,789	90,468
Equipment hire	709,491	764,411	585,897	637,960
Other operating expenses	589,629	406,057	613,958	384,072
Changes in inventories of finished goods and work in progress	(17,686)	435,179	22,487	473,435
<b>Total expenses</b>	<b>12,855,239</b>	<b>13,394,947</b>	<b>12,836,180</b>	<b>13,423,246</b>
Profit before other income	2,576,658	961,070	2,555,035	900,985
Other income	-	-	60,000	60,000
<b>Earnings before interest, depreciation, amortization, tax and severance costs</b>	<b>2,576,658</b>	<b>961,070</b>	<b>2,615,035</b>	<b>960,985</b>
Depreciation and amortization	(396,931)	(364,828)	(374,646)	(352,577)
Severance costs	(436,372)	-	(436,372)	-
<b>Operating profit</b>	<b>1,743,355</b>	<b>596,242</b>	<b>1,804,017</b>	<b>605,470</b>

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**21. Operating profit (continued)**

In 2014 depreciation and amortization included \$4,689,000 representing amounts for accelerated depreciation for certain assets.

**Other operating expenses (income) include:**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loss (Gain) on disposal of property, plant and equipment	26	92	(5)	-

Operating profit is arrived at after charging:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Audit fees:				
Current year	12,695	13,693	11,031	12,048
Directors' emoluments:				
Fees	2,726	8,421	2,726	8,421

**22. Personnel remuneration and benefits**

Personnel remuneration and benefits consist of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Wages and salaries	1,770,288	1,776,712	1,744,224	1,750,919
Statutory contributions	178,447	169,169	176,020	166,779
Pension costs (Note 27)	70,717	63,072	70,026	62,421
Other personnel costs	340,919	302,879	336,851	300,513
	<u>2,360,371</u>	<u>2,311,832</u>	<u>2,327,121</u>	<u>2,280,632</u>

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**23. Finance costs**

Finance costs consist of the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest expense	127,854	252,663	127,854	252,663
Loss on currency exchange	46,684	88,888	46,684	88,724
Unwinding of discount on rehabilitation provision (Note 19)	20,834	-	-	-
	<u>195,372</u>	<u>341,551</u>	<u>174,538</u>	<u>341,387</u>

**24. Profit after taxation and accumulated losses**

	2015 \$'000	2014 \$'000
a) The net profit is dealt with in the financial statements as follows:		
Company	1,627,531	148,369
Subsidiaries	(81,391)	(9,384)
Group	<u>1,546,140</u>	<u>138,985</u>
b) The accumulated losses are reflected in the financial statements as follows:		
Company	(5,761,279)	(7,388,810)
Subsidiaries	59,105	140,496
Group	<u>(5,702,174)</u>	<u>(7,248,314)</u>

**25. Earnings per ordinary stock unit**

	Group	
	2015	2014
Profit attributable to shareholders (\$'000)	1,546,140	138,985
Number of stock units in issue (thousands)	851,138	851,138
Earnings per ordinary stock unit (expressed in \$ per share)	<u>\$1.82</u>	<u>\$ 0.16</u>

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**26. 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 2014 and 2015, 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Included in the statement of comprehensive income:</b>				
(Income)/expenses -				
Sale of cement	(1,326,623)	(1,757,052)	(1,326,623)	(1,757,052)
Sale of clinker	(264,392)	(157,486)	(264,392)	(157,486)
Technical fee charges	87,889	83,471	87,889	83,471
Purchase of goods and materials	389,846	503,013	389,846	503,013
Interest charges on advances	48,329	47,811	48,329	47,811
Operating lease (Note 6, 21)	2,826,250	2,422,309	2,826,250	2,422,309

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short-term amounts received, net	139,595	115,019	99,289	112,498
Long-term amounts received, net	429,226	264,393	429,226	264,393



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## 26. Related party transactions (continued)

- b) Transactions between the Company and its subsidiaries:

	Company	
	2015 \$'000	2014 \$'000
<b>Included in the Company statement of comprehensive income:</b>		
Purchase of gypsum, shale and pozzolan	272,852	470,985
Port fees paid	58,049	53,379
Management fee received	(60,000)	(60,000)
Subvention	12,873	12,025

- c) Transaction with Cemex Jamaica Limited:

	Group and Company	
	2015 \$'000	2014 \$'000
<b>Included in the statement of comprehensive income:</b>		
Sale of cement	(103,761)	(40,663)
<b>Included in the statement of financial position:</b>		
Accounts receivable	21,691	12,789
Accounts payable	7,196	452

- d) Compensation of directors and key management personnel

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short-term employee benefits	198,166	170,668	198,166	170,668
Directors' fees	2,726	8,421	2,726	8,421
	200,892	179,089	200,892	179,089

## 27. Pension plan

The Group participates in a defined contribution pension plan which is managed by an independent party, Sagicor Life Jamaica Limited. This plan is mandatory for all categories of permanent employees. Contributions are 10% of pensionable salary for both employee and employer. The amount of annual pension at any date shall be that pension which can be secured by the accumulated contribution plus interest to that date. The Group's and Company's contributions in the year amounted to \$70,717,000 (2014: \$63,072,000) and \$70,026,000 (2014: \$62,421,000) respectively.

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**28. Contingencies**

- (i) There are several pending legal actions and other claims, estimated at \$24,600,000 (2014: \$53,947,800), 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) As described in Note 2(iii), TCL and its subsidiaries have successfully repaid the lenders under the Override agreement. 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.

**29. Commitments****a) Operating leases**

The Company has commitments of \$7,981,995,000 (US\$66,500,000) 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:

	<b>\$'000</b>
Within one year	2,700,675
After one year, but less than five years	<u>5,281,320</u>
	<u>7,981,995</u>

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

**Other operating leases**

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

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Within one year	3,500	3,125
After one year, but less than five years	13,738	12,300
More than five years	<u>53,309</u>	<u>41,517</u>
	<u>70,547</u>	<u>56,942</u>

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**29. Commitments (continued)****b) Capital commitment**

The amount of \$164,597,000 (US\$1,371,000) (2014:\$98,339,000 (US\$860,000)) was approved and contracted for as at 31 December 2015 in respect of capital projects.

**30. Limestone reserves**

The major raw material used in the cement manufacturing process is limestone. The limestone requirements of the Company are met from reserves in land leased from the Government of Jamaica. The lease term has 33 years remaining but exploitable reserves are expected to have a life of 163 years based on the current extraction rate. Deep reserves have a further exploitable life of approximately 121 years. These limestone reserves are not recorded in these financial statements.

**31. Operating segment reporting****Geographical information**

	2015 \$'000	2014 \$'000
Local	12,732,264	12,293,063
Caribbean countries	365,566	905,350
South American countries	2,334,067	1,157,604
	<u>15,431,897</u>	<u>14,356,017</u>

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

Revenue from one customer amounted to \$1,947,134,000 (2014: \$1,989,761,000), arising from cement sales.

**32. 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.

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**32. Financial risk management objectives and policies (continued)****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:

	<b>Group</b>		<b>Company</b>	
	Gross maximum exposure	Gross maximum exposure	Gross maximum exposure	Gross maximum exposure
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	826,386	951,797	825,047	947,418
Cash and cash equivalents	910,666	177,917	895,640	163,271
Due from related companies	581,743	371,247	581,743	368,146
Due from subsidiary	-	-	235,811	101,997
	<b>2,318,795</b>	<b>1,500,961</b>	<b>2,538,241</b>	<b>1,580,832</b>

**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 2015, the Group had 4 customers (2014: 3 customers) that owed the Group more than \$62,000,000 each (2014: \$72,000,000 each), which accounted for 68% (2014: 71%) 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.

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## 32. 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 2015, the Group had no significant exposure to interest rate risk as all borrowings are at fixed rates. The interest rate exposure of borrowings is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total borrowings:				
At fixed rates	291,491	1,500,317	291,491	1,500,317
Weighted average effective interest rates:				
	(%)	(%)	(%)	(%)
Bank borrowings (US\$ loans)	-	11.5	-	11.5
Other bank borrowings	-	20.8	-	20.0
Related party loans	5.5	7.4	5.5	7.4

A reasonably possible change in interest rates with all other variables held constant will not have any impact on the Group's and Company's profit before tax.



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**32. Financial risk management objectives and policies (continued)****Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from purchases by the Group in currencies other than its functional currency. Approximately sixty percent (60%) of the Group's purchases are denominated in or sensitive to currencies other than its functional currency. The Group has a net foreign currency exposure as at 31 December 2015.

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 S'000	Company Effect on profit before tax S'000
2015	US\$	+1%	14,383	14,426
	US\$	-8%	(115,064)	(115,408)
	Euro	+1%	-	-
	Euro	-8%	(5)	(5)

		Change in exchange rate	Group Effect on profit before tax S'000	Company Effect on profit before tax S'000
2014	US\$	+1%	7,190	7,258
	US\$	-10%	(71,904)	(72,579)
	TTS	+1%	2,770	2,770
	TTS	-10%	(27,698)	(27,698)
	Euro	+1	-	-
	Euro	-10%	(4)	(4)

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

**Liquidity risk**

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

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

As at 31 December 2015	The Group					Total \$'000
	On Demand	Less than 3 Mths	3 to 12 Months	1 to 5 Years	Over 5 years	
	\$'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

As at 31 December 2014	The Group					Total \$'000
	On Demand	Less than 3 Mths	3 to 12 Months	1 to 5 Years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest bearing loans and borrowings	779,600	-	-	-	-	779,600
Due to parent and related companies	-	-	1,005,996	542,400	326,163	1,874,559
Trade and other payables	-	1,441,593	-	-	-	1,441,593
	779,600	1,441,593	1,005,996	542,400	326,163	4,095,752

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## 32. 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 2015 based on contractual undiscounted payments.

As at 31 December 2015	The Company					Total \$'000
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 years	
	\$'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

As at 31 December 2015	The Group					Total \$'000
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Interest bearing loans and borrowings	779,600	-	-	-	-	779,600
Due to parent and related companies	-	-	1,005,996	542,400	326,163	1,874,559
Trade and other payables	-	1,352,888	-	-	-	1,352,888
	779,600	1,352,888	1,005,996	542,400	326,163	4,007,047

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

**32. Financial risk management objectives and policies (continued)****Capital management**

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

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

**Fair values**

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

	The Group			
	Carrying amount		Fair values	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	910,666	177,917	910,666	177,917
Receivables	983,066	1,101,962	983,066	1,101,962
Due from related companies	581,743	371,247	581,743	371,247
<b>Financial liabilities</b>				
Payables	2,468,502	1,441,593	2,468,502	1,441,593
Due to parent and related companies	1,715,593	1,752,224	1,715,198	981,559
Current portion of long term loans	-	779,600	-	779,600

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

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

## Fair values (continued)

	The Company			
	Carrying amount		Fair values	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	895,640	163,271	895,640	163,271
Due from subsidiary	235,811	101,997	235,811	101,997
Receivables	853,336	1,021,980	853,336	1,021,980
Due from related companies	581,743	368,146	581,743	368,146
<b>Financial liabilities</b>				
Payables	2,432,796	1,352,888	2,432,796	1,352,888
Due to parent and related companies	1,715,593	1,752,224	1,715,198	981,559
Current portion of long term loans	-	779,600	-	779,600

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

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



## FINANCIAL STATEMENTS

## CARIBBEAN CEMENT COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated and Company Financial Statements

31 December 2015

(Expressed in Jamaican Dollars)

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

## Fair values (continued)

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

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

Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2015</b>				
<b>Liabilities for which fair values are disclosed</b>				
Due to parent and related companies	31 December 2015	-	-	1,715,198
<b>As at 31 December 2014</b>				
<b>Liabilities for which fair values are disclosed</b>				
Due to parent and related companies	31 December 2014	-	-	981,559
Current portion of long term loans	31 December 2014	-	-	779,600

## 33. 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.

# Form of Proxy - 2016

Please affix  
\$100 postage  
stamp here

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

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

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

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

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

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

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on May 19, 2016 at 10:00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

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

RESOLUTION	For	Against
Resolution 1 - Adoption of Accounts		
Resolution 2 - Appointment & Remuneration of Auditors		
Resolution 3 - Election of Directors		
(a) Hollis Hosein		
(b) Jose Luis Seijo Gonzales		
(c) Luis Ali Moya		
Resolution 4 - Remuneration of Directors		

## Note:

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

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

Registered Office: Rockfort, Kingston

Please cut here





# OHSAS 18001 Certificate

Certificate US14/841763

The management system of

## Caribbean Cement Company Limited

Rockfort,  
Kingston 2, Jamaica  
PO Box 448, Rockfort,  
JM - 00000 Kingston

has been assessed and certified as meeting the requirements of

## OHSAS 18001:2007

For the following activities

Open pit mining of limestone, storage of raw materials, raw meal  
processing for clinkerization, fuel preparation and storage, cement  
milling, storage, packaging and dispatch of ordinary and blended  
Portland Cement

This certificate is valid from 30 May 2014 until 30 May 2017  
and remains valid subject to satisfactory surveillance audits  
Recertification audit due before 27 February 2017  
Issue 1. Certified since 30 May 2014

Authorised by

*S. Levin A. Walker*

SGS Société Générale de Surveillance SA Systems & Services Certification  
Technoparkstrasse 1 8005 Zurich Switzerland  
t +41 (0)44 445-16-80 f +41 (0)44 445-16-88 www.sgs.com



Accreditation No. SCESm 017

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Caribbean  
Cement Company  
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**BUILDING A GREATER JAMAICA**