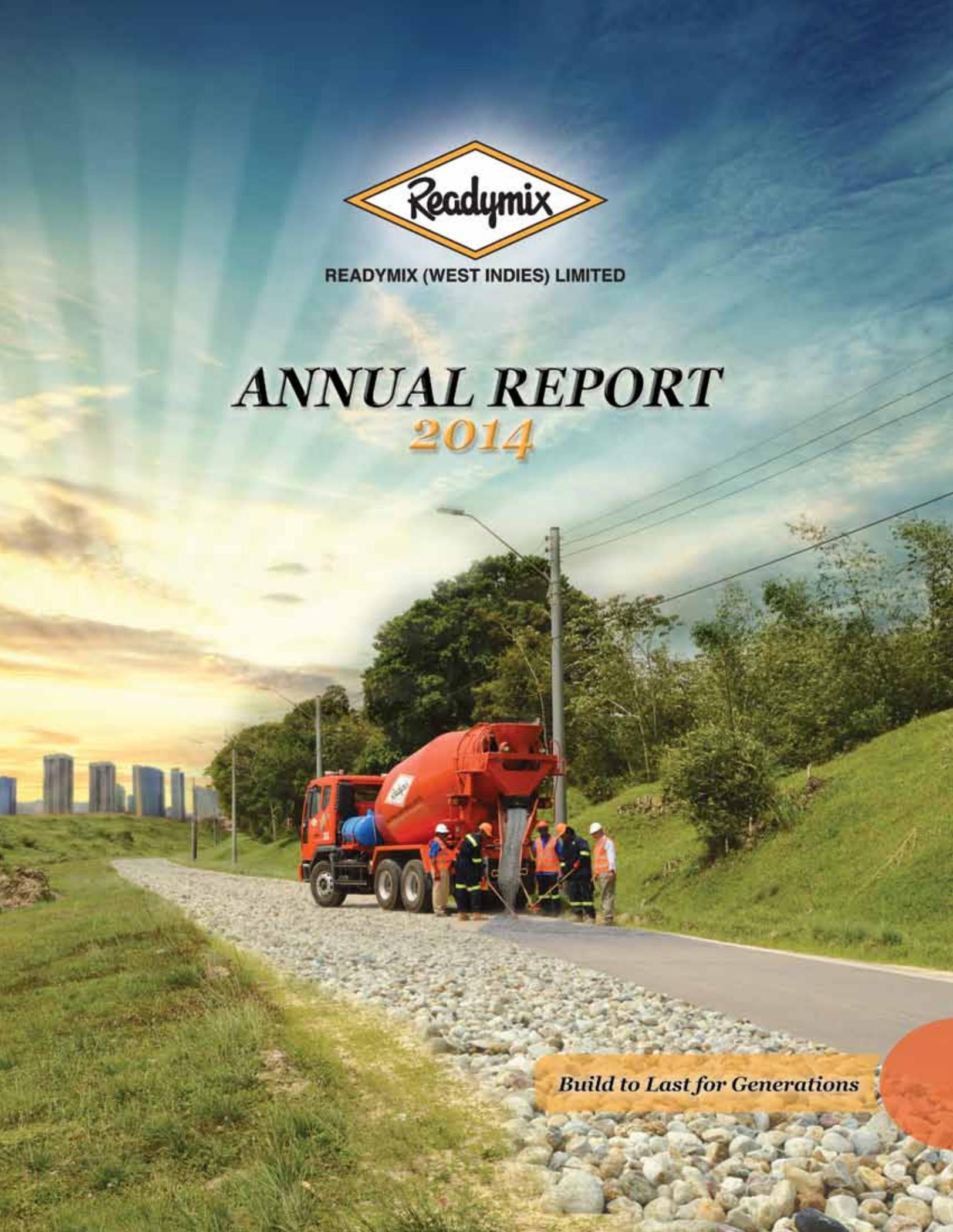




READYMIX (WEST INDIES) LIMITED

# ANNUAL REPORT 2014



*Build to Last for Generations*



READYMIX (WEST INDIES) LIMITED

## THE COVER

*The road leading off into the horizon against a bright morning sky best depicts RML's gainful performance over the past year.*

*As a provider of key commodities for infrastructural development, RML is in many ways **"Building Foundations for a Sustainable Future"**.*

## OUR MISSION

To lead as a customer-driven producer and supplier of high quality pre-mixed concrete and related products and services, providing a superior rate of return to our shareholders, whilst being committed to the development of our human resources and the preservation of the environment.

ONE CARIBBEAN...  
ONE COMPANY  
A member of the TCL GROUP

## TABLE OF CONTENTS

2	Notice of Annual Meeting
3	Board of Directors
4	Management Team
5	New Appointments
6	Chairman's Review
9	Corporate Information
10	Directors' & Substantial Interests
11	Independent Auditor's Report
13	Consolidated Statement of Financial Position
15	Consolidated Statement of Income
16	Consolidated Statement of Comprehensive Income
17	Consolidated Statement of Changes in Equity
18	Consolidated Statement of Cashflows
20	Notes to the Consolidated Financial Statements
53	Note Page
54	Management Proxy Circular
55	Proxy Form (Detachable)

## NOTICE OF ANNUAL MEETING

Notice is hereby given that the **ANNUAL MEETING of READYMIX (WEST INDIES) LIMITED** for the year ended 31st December, 2014 will be held at the Nelson Mandela Hall, Dr. Joao Havelange Centre of Excellence, Macoya Road, Tunapuna on **Friday 22nd May, 2015 at 2:30 p.m.** for the transaction of the following business:

### ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended 31st December, 2014, with the Report of the Auditors thereon.
2. To elect Directors.
3. To authorize the Directors to appoint Auditors and to fix their remuneration for the ensuing year.
4. To transact any other business which may be properly brought before the meeting.

### NOTES

#### 1 *Record Date*

The Directors have fixed Tuesday 21st April, 2015 as the record date for shareholders entitled to receive notice of the Annual Meeting. Formal notice of the Meeting will be sent to shareholders on the Register of Members as at the close of business on that date. A list of such shareholders will be available for examination by shareholders at the registered office of The Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain during usual business hours and at the Annual Meeting.

#### 2. Proxies

Members of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not also be a member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or signed by some officer or attorney duly authorized.

To be valid, the Proxy Form must be completed and deposited at the registered office of The Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, not less than 48 hours before the time fixed for holding the Meeting.

### BY ORDER OF THE BOARD



**DIANE WARWICK**  
COMPANY SECRETARY

14th April, 2015

## BOARD OF DIRECTORS



*(R-L): Ms. Eutrice Carrington [Chairman], Mr. Alejandro Ramirez, Mr. Arun Goyal, Mr. Hollis Hosein, Mr. Anton Ramcharan, Mr. C. H. Wayne Manning and Mr. Parasram Heerah.*



READYMIX (WEST INDIES) LIMITED

## MANAGEMENT TEAM



*(L-R): Mr. Nigel Quinton (Chief Security Officer), Mr. Dale Cozier (Maintenance Manager), Mrs. Cheryl Mungal (Ag. Marketing Manager), Mr. Horace Boodoo (Senior Materials Officer), Mrs. Reshma Gooljar-Singh (Ag. General Manager), Mrs. Diane Warwick (Finance Manager/ Company Secretary), Ms. Adele Pereira (Human Resource Manager), Mr. Avinash Omadath (Quarry Manager) and Mr. Austin Rodriguez (Technical Services Manager).*



## NEW APPOINTMENTS

**Mr. Alejandro A. Ramirez Cantu** is the Country Director of CEMEX Puerto Rico. He was appointed to the position in April 2011 and under his directorship, the company has attained marked improvements in its operations. Starting October 2012, CEMEX business units in Peru and Argentina also report to him. Mr. Ramirez joined CEMEX in July 2000 and has held positions in various areas including Strategic Planning Director and Projects Director at CEMEX Central, Planning Vice President of the Philippines and Asia, Country Manager (Thailand), Vice President of Planning (Venezuela), Vice President of Strategic Projects (South America and the Caribbean), and Director of Corporate Affairs (Americas). He is also a director on the Board of Trinidad Cement Limited (TCL) since October 2012 and in August 2014, was appointed to act as Chief Executive Officer of the TCL Group.

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



**Mr. Parasram Heerah** joined Trinidad Cement Limited (TCL) in November 1984. He held the position of TCL's Finance Manager from August 1995 until November 2014 when he was appointed to act as the Finance Manager of the TCL Group.

Mr. Heerah holds an Executive MBA from the University of the West Indies. He is a Certified Public Accountant (CPA) and a Chartered Accountant (FCCA). His career in finance spans a period of over thirty-five years, with experience in public accounting, internal auditing and management. He is a member of ICATT, ACCA and the AICPA and currently serves as a member of the Board of Directors of several of the subsidiaries of the TCL Group. Mr. Heerah is also a former member of the Board of Governors on the Institute of Internal Auditors of Trinidad and Tobago and a former member of Council of ICATT.



**Mr. Dale Cozier** was appointed Maintenance Manager with RML, effective September 2014. He first joined the TCL Group in 1997 as a Trainee Engineer with Arawak Cement Company Limited in Barbados. In 1999, Mr. Cozier joined the RML Team in the capacity of Maintenance Engineer. He was later assigned the role of Maintenance Manager of Premix & Precast Concrete Inc. (Barbados) and then Plant Manager of Island Concrete NV (St. Maarten), before leaving the Group in 2004 to explore an opportunity to expand his horizon.

Mr. Cozier possesses a B.Sc. in Mechanical Engineering as well as extensive professional training in concrete plant operations, quarrying, block and asphalt manufacturing and solid-waste management, from training centres in Europe and the USA. He has more than 17 years of experience in the manufacturing and industrial sectors, with over 10 years at the senior management level. Prior to re-joining the Group, Mr. Cozier managed the operations of solid-waste management company, Sustainable Barbados Recycling Centre, Inc (SBRC).



## CHAIRMAN'S REVIEW

The past year, 2014, can be described as one of progress for the Readymix (West Indies) Limited Group (RMLG). The Group ceased the operations of its non-profitable subsidiary, Premix & Precast Concrete Inc., (PPCI), while strengthening the efficiency of RML. Accordingly, there was a marked improvement in the financial results and the achievement of important operational goals. Whilst the volatile nature of the changing business environment continues to pose challenges within the Construction Industry, I am pleased to report on an improved performance by the Company.



*Eutrice Carrington*  
Chairman

### THE EXTERNAL ENVIRONMENT

#### Global and Regional View:

In the year under review, the global economic environment was again marked by great uncertainty, compounded by significant oil price shock in the last quarter, building external vulnerability in emerging markets and developing economies. Disruptive social, economic and political events continue to affect growth in many parts of the world. In the emerging markets, economic volatility worsened, as growth rates slowed and currencies weakened. In developed markets, deflationary pressure and soft consumer demand resulted in continued challenges.

Notwithstanding the foregoing, the International Monetary Fund (IMF) world economic outlook report for January 2015 stated that, in 2014, growth was unchanged at 3.3% when compared to 2013. Advanced economies contributed 1.8% to overall global growth, and emerging and developing markets 4.4%.

According to the IMF, in 2014, economic growth in the Caribbean region remained unchanged at 1.2%. Countries in the Eastern Caribbean Currency Union continued to experience sluggish growth. Weak economic conditions persisted in Barbados, with growth estimated at 0.3%. Notably, in Jamaica, economic growth of 1.1% represents a consecutive 3-year period of improved economic performance. Suriname and Guyana also registered an improved growth rate of 3.3%.

#### Local Landscape:

In Trinidad and Tobago (T&T), economic growth rebounded in the 3rd quarter of 2014, on the strength of resurgent activity in the energy sector. Output from the energy sector grew by 2.8% in the 3rd quarter, after declining by 2.9% and 4.3% in the 1st and 2nd quarter, respectively. In the 3rd quarter, provisional estimates from the Central Bank of T&T, quarterly GDP index shows that, the T&T economy expanded by 1.9%

on a year on year basis. This rate of growth was propelled by higher natural gas and petrochemical production. The non-energy sector, with the exception of electricity, water and the construction sub-sector, recorded positive growth of 1.4%. Noted decrease in local sales of cement was due to lower demand from contractors, which led to a decline of 2% in real value added in the construction sector. Based on data from the Central Statistical Office of T&T, the unemployment rate fell to an unprecedented low of 3.1%, as a result of new job openings in distribution.

### THE INTERNAL ENVIRONMENT

#### Organizational Restructure:

In the year 2014, the RMLG continued to undertake key restructuring initiatives, geared toward cost reductions and efficiency gains. The Company focused on transforming the business, to improve the customers' experience and to create value for all our stakeholders. These initiatives boosted the demand for our products and services, with RML successfully servicing several Government initiated projects, as well as private commercial projects. The result has been a notable improvement in the Company's performance.

#### Operational Outturn:

In the premixed concrete sector, the RMLG sold 145,846 cubic metres of concrete in 2014. This represented a 15% increase in volumes over 2013. Overall, there was a 27% increase in net revenue, a 191% increase in net operating profit from continuing operations and a net profit after tax of \$6.0 million.

### Profit/ (Loss) \$'000

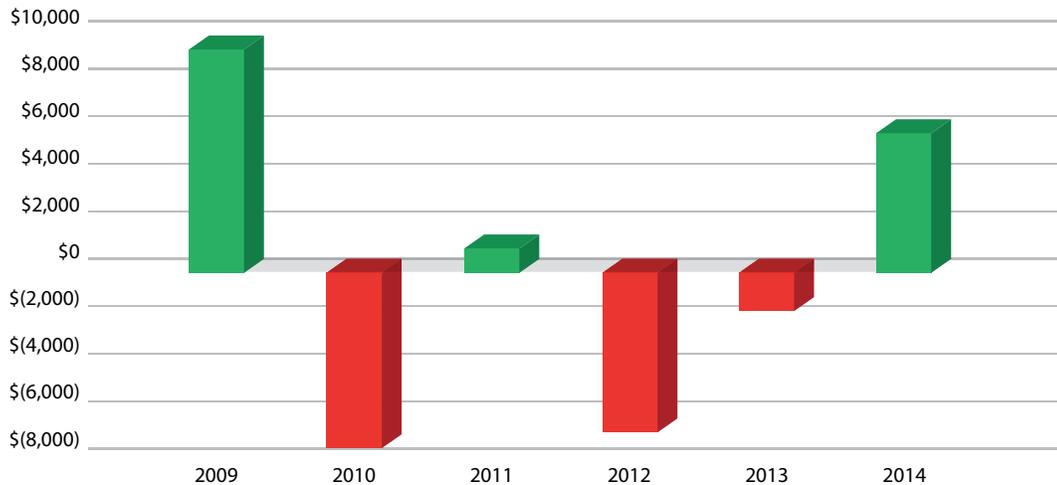


Figure 1.0: RML's 6-year P&L "Snapshot"

In 2014, RML maintained its leadership position with 20% market share, despite the entrance of 10 new concrete suppliers, which increased the competition to 32 players. RML's ongoing lead in market share is due to its continued focus on quality products and services, an aggressive sales force, and a highly skilled and experienced technical team. Further, the operational efficiency of the batching plants and the introduction of 12 new concrete mixer trucks into the system also contributed to the achievement of the sales target.

In the aggregate sector, demand was also strong and RML achieved a 7% growth in sales volumes, compared to the previous year. This was largely due to effective strategies pursued by Management, in consultation with the commission agent.

Liquidity ratios continue to be positive for the Group, with tremendous improvement in the current ratio of 2.6 compared to 1.78 in 2013.

#### **Improving our Operations:**

In 2014, we made a commitment to our shareholders to rationalize unprofitable operations and concentrate our resources in those areas with the greatest potential. Due to depressed economic conditions in the Barbados market, our subsidiary, Premix & Precast Concrete Inc., (PPCI), sustained losses over a consecutive 6-year period. As a consequence, after 12 years in that market, the Board and Management took

the decision to cease operations, in order to minimise the impact of losses on the profitable operations of the Group. A cost of \$5.7 million was incurred in 2014, inclusive of all impairments, severance and shut down costs.

One of the positive initiatives that was undertaken to improve safety in the last quarter of 2014, was the structural improvement of the 'old' wash plant (wash plant #1). This wash plant was deemed necessary to the Group, as its ability to wash organic pitrun is highly efficient, leading to enhanced production of sand and stone at the quarry. The increased supplies adequately supported the operations of the concrete plants and sales to external customers.

Whilst Management remains committed to fostering and supporting a culture of Health, Safety, Security and Environment (HSSE) awareness and compliance, the year 2014 was unfortunately marred by 3 loss time accidents (LTAs). To address the situation, there were increased safety talks and tool box sessions. These heightened measures, along with defensive driving programmes for employees, will continue throughout 2015.

At the end of 2014, a new collective agreement for Bargaining Unit 1 employees remained outstanding for the period 2009-2011 and 2012-2014. RML's Management, supported significantly by our Parent Company, TCLG, have recommenced discussions with the Union, with the expectation of reconciling by June 2015.

## **BUILDING FOUNDATIONS FOR A SUSTAINABLE FUTURE**

As discussed in this report, the RML Group is making significant progress. The Group is accelerating its efforts to build effectiveness, control costs and improve its brand power. Our human capital will be more fully engaged to facilitate our objectives of creating a more profitable enterprise.

### **Guanapo Land Development Initiative:**

In 2014, RML registered a Real Estate subsidiary, RML Property Development Limited. The core business of this entity is the development of the Guanapo Lands. Management was able to obtain Certificate of Environmental Clearance (CEC) approval from the Environmental Management Authority (EMA), for the construction of 1,200 housing units. The TCL Group's New Business Development Team is currently leading the development of this project, with a focus on assessing the mode of construction, such as the use of concrete roads and roofing as building solutions. This project is a strategic initiative that is expected to enable the RMLG to expand its product range and garner the inherent benefits.

### **Strategic Partnering with our Parent Company:**

On August 19th, 2014, RML's Parent Company, Trinidad Cement Limited (TCL), embarked on a journey that ushered in a new era in the history of the TCL Group. Shareholders held a Special 'Compulsory' Meeting which facilitated the institution of a new Board of Directors, following the resignation of 6 members of TCL's Parent Board. Thereafter, Mr. Alejandro A. Ramirez Cantu was appointed Acting Chief Executive Officer (CEO) of the TCL Group.

The primary objective of the new Board is to ensure viability. Moreover, its focus at this time is on the key stakeholders, namely: creditors, employees, the Union and shareholders. Therefore, the Board will seek to renegotiate the debt and conclude negotiations with the Union. Additionally, arrangements are being sought for an injection of capital by Shareholders and a review of non-performing and non-core assets. The new Board's agenda is in alignment with RML's restructuring initiatives as both Groups have accepted that transformation plays a critical role in viability. We have already commenced the process of strategically working together and consolidating our approach.

### **Future Prospects:**

Your Board is pleased with the 2014 results. Going forward, as a collective, your Board is committed to adopting appropriate measures, to ensure the delivery of shareholder value.

In 2015, Global outlook is likely to strengthen, especially with the recovery of the US economy. The IMF, in its latest forecast, puts global economic growth at 3.5% in 2015, with emerging and developing economies continuing to contribute to the bulk of global growth. As advanced economies continue to expand, the Caribbean region is likely to benefit from increased tourist arrivals. Downside risks to global growth include increased geopolitical tensions, financial market shocks in response to the normalization of monetary policy in the US, and macroeconomic disappointments in systemically important countries.

Locally, with the expectation of slightly higher levels of domestic energy production, real GDP is expected to increase to 1.3% in 2015. However, the collapse of oil prices and softening gas prices pose downward risk to the rate of economic expansion.

In January 2015, recalibration of the National Budget signals a downturn in Government expenditure. Given that spending in critical areas such as health care, education, housing and security will continue, the impact on growth is uncertain.

At the RMLG, as fiscal 2015 unfolds, we will confront the challenges with robust dynamism. Our brand is stronger and we have greater competitive separation in the marketplace. Our continued focus on excellence will lead to further improvements in our ability to deliver quality concrete and deeper brand connections.

We remain focused on our goal to serve our customers with excellence, and to bring to market, products that will excite consumers. As a Board, we maintain our full commitment to driving sustainable and profitable growth, for you, our shareholders.

## CELEBRATING MILESTONES



Manan Deo

We take this opportunity to acknowledge the significant contribution of Mr. Manan Deo, in his role as General Manager of the RML Group over the last 9 years. Mr. Deo has been with the TCL Group for over 20 years and elected to proceed on vacation leave in March 2015, leading up to his retirement in October 2015. We sincerely thank him for his years of dedicated service with us and wish him the best in all his future endeavours.

We also acknowledge the achievement of our Parent Company, Trinidad Cement Limited, in celebrating their "Diamond" Anniversary milestone in the year 2014.

*"When we long for life without difficulties, remind us that oaks grow strong in contrary winds and diamonds are made under pressure", (Peter Marshall).*

Congratulations TCL: 60 years and still going strong!



## CORPORATE INFORMATION

**Company Secretary**  
Mrs. Diane Warwick

**Registered Office:**  
Tumpuna Road, Guanapo  
Arima, Trinidad, W.I.  
Tel: (868) 643-2429/2430  
Fax: (868) 643-3209  
Email: rmlinfo@tclgroup.com

**Registrar:**  
Trinidad & Tobago Central Depository Ltd.  
10th Floor, Nicholas Tower  
63-65 Independence Square  
Port of Spain, Trinidad, W.I.

**Auditors:**  
Ernst & Young  
5-7 Sweet Briar Road, St. Clair  
Port of Spain, Trinidad, W.I.

**Attorneys At Law:**  
J.D. Sellier & Company  
129-131 Abercromby Street  
Port of Spain, Trinidad, W.I.

## DIRECTORS' & SUBSTANTIAL INTERESTS

### DIRECTORS' INTERESTS:

In accordance with the provisions of Section 64 of the Securities Industry Act 1981 and the provisions of our Listing Agreement with the Stock Exchange, particulars of the interest of each Director in the Share Capital of the Company are set out below:

<i>Directors</i>	<i>Ordinary Shares</i>
E. Carrington	Nil
A. Goyal	Nil
H. Hosein	Nil
A. Ramcharan	Nil
C.H. Wayne Manning	Nil
A. Ramirez	Nil
P. Heerah	5,645

### SUBSTANTIAL INTERESTS:

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

	<b>No. of Shares</b>	<b>% of Issued Share Capital</b>
Trinidad Cement Ltd.	8,531,977	71.10%
Republic Bank Limited – 1162	1,551,953	12.93%
Colonial Life Ins. Co. Trinidad Ltd.	670,646	5.59%

### CONTRACTS:

No Director of the Company had any material interest in any contract relating to the business of the Company during or at the end of the financial year.

### DIRECTORS' REPORT:

The Directors present their Report to the Members together with the Financial Statements for the year ended 31st December, 2014.

### FINANCIAL RESULTS:

	<i>TT\$'000</i>
Turnover	210,900
Net Profit for the year	6,033
Translation Difference	(40)
Dividends	NIL
Retained Earnings Carried Forward	83,699

### DIVIDENDS:

Given the existing challenges, your Board of Directors does not consider it prudent to approve a dividend for 2014.

### DIRECTORS:

In accordance with Clause 4.6.1 of By Law No. 1, Messrs. Arun Goyal and Anton Ramcharan retire by rotation and being eligible, offer themselves for re-election for a period up to the conclusion of the third Annual Meeting following.

In accordance with Clause 4.4.2 of By Law No. 1, Messrs. Alejandro Alberto Ramirez Cantu and Parasram Heerah, having been appointed by the Board to fill casual vacancies, are subject to re-election at the Annual Meeting for a period up to the conclusion of the third Annual Meeting following.

### AUDITORS:

The Auditors, Ernst & Young will retire at the Annual Meeting.

### BY ORDER OF THE BOARD

*Diane Warwick*

**DIANE WARWICK**  
Secretary



## INDEPENDANT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF READYMIX (WEST INDIES) LIMITED

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

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

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

#### Auditor's responsibility

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

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

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

#### Opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



**TO THE SHAREHOLDERS OF READYMIX (WEST INDIES) LIMITED (continued)**

**Emphasis of matter**

*Going Concern*

Without qualifying our opinion, we draw attention to Note 2 (b) to the consolidated financial statements which states that the RML Group has reported a profit before taxation from continuing operations of \$15.7 million for the year ended 31 December 2014 (2013: \$6.7 million). At 31 December 2014 the Group reduced borrowings due to third parties to an amount of \$4.7 million versus the balance as at 31 December 2013 of \$8.6 million.

Note 2 (b) also indicates that RML's ultimate parent company, Trinidad Cement Limited and its subsidiaries (the "TCL Group") has \$1.8 billion in outstanding debt obligations as presented within current liabilities in its consolidated statement of financial position as at 31 December 2014. On 29 September 2014 the TCL Group suspended principal debt repayments due under the restructured loan agreement (the "Override Agreement"), which had the effect of creating a condition of default. This resulted in all outstanding debt covered by this agreement to become due immediately resulting in the reclassification of all long-term debt principal outstanding to current liabilities. RML's borrowings are not governed under the said Override Agreement.

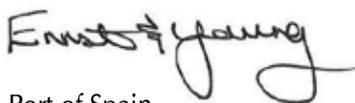
Should the lenders for the TCL Group execute their legal rights to enforce their security there may be a significant risk that the TCL Group, inclusive of the RML Group would be unable to continue as a going concern.

As disclosed in Note 25, the issued shares of RML including the ownership interest in its subsidiary, Premix and Precast Concrete Incorporated ("PPCI"), are pledged to secure loans taken by the TCL Group.

The above factors indicate the existence of conditions which may present a going concern risk to the RML Group.

The consolidated financial statements have been prepared on the going concern basis because, as described in Note 2 (b), based on the current plans and strategies being pursued by the TCL Group, the expectation is that the TCL Group will generate adequate cash flows and profitability to allow the TCL Group, inclusive of the RML Group, to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements.

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



Port of Spain  
TRINIDAD:  
19 February 2015



READYMIX (WEST INDIES) LIMITED AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Non-current assets</b>			
Property, plant and equipment	7	36,598	38,430
Employee benefits asset	14	–	1,110
Deferred tax assets	15 (b)	1,665	2,415
Receivables	10	<u>12,327</u>	<u>13,491</u>
		<u>50,590</u>	<u>55,446</u>
<b>Current assets</b>			
Inventories	9	31,291	45,028
Receivables and prepayments	10	37,150	36,386
Cash and cash equivalents	11	<u>15,036</u>	<u>6,265</u>
		<u>83,477</u>	<u>87,679</u>
Assets directly associated with the discontinued operation	24	<u>226</u>	<u>–</u>
		<u>83,703</u>	<u>87,679</u>
<b>Current liabilities</b>			
Payables and accruals	12	27,281	40,594
Borrowings	13	<u>4,778</u>	<u>8,615</u>
		32,059	49,209
Liabilities directly associated with the discontinued operation	24	<u>1,630</u>	<u>–</u>
		<u>33,689</u>	<u>49,209</u>
<b>Net current assets</b>		<u>50,014</u>	<u>38,470</u>

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

AS AT 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Non-current liabilities</b>			
Employee benefits liability	14	4,947	311
Deferred tax liabilities	15 (b)	<u>4,771</u>	<u>5,712</u>
		<u>9,718</u>	<u>6,023</u>
<b>Total net assets</b>		<u>90,886</u>	<u>87,893</u>
<b>Equity attributable to the parent</b>			
Stated capital	16	12,000	12,000
Retained earnings		<u>83,699</u>	<u>78,394</u>
		95,699	90,394
<b>Non-controlling interest</b>	23	<u>(4,813)</u>	<u>(2,501)</u>
<b>Total equity</b>		<u>90,886</u>	<u>87,893</u>

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

These consolidated financial statements were approved by the Board of Directors on 19 February 2015 and signed on their behalf by:

 _____ Director	 _____ Director
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READYMIX (WEST INDIES) LIMITED AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME

15

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Continuing operations</b>			
Revenue	3, 18	<u>210,900</u>	<u>165,084</u>
Operating profit	3	16,453	9,575
Impairment of goodwill	8	–	(1,764)
Finance costs	4	(1,268)	(1,777)
Interest income		<u>547</u>	<u>640</u>
<b>Profit before taxation from continuing operations</b>		15,732	6,674
Taxation	5	<u>(3,983)</u>	<u>(2,647)</u>
<b>Profit for the year from continuing operations</b>		<u>11,749</u>	<u>4,027</u>
<b>Discontinued operations</b>			
Loss before taxation from discontinued operations	24	(5,754)	(5,098)
Taxation	5 (b)	<u>38</u>	<u>(515)</u>
<b>Loss for the year from discontinued operations</b>	24	<u>(5,716)</u>	<u>(5,613)</u>
<b>Profit/(loss) for the year</b>		<u>6,033</u>	<u>(1,586)</u>
Attributable to:			
Equity holders of the Parent		8,319	677
Non-controlling interest	23	<u>(2,286)</u>	<u>(2,263)</u>
		<u>6,033</u>	<u>(1,586)</u>
Basic and diluted earnings/(loss) per share: (expressed in \$ per share)			
From continuing operations	6	\$0.98	\$0.34
From discontinued operations	6	<u>(\$0.29)</u>	<u>(\$0.28)</u>
Total		<u>\$0.69</u>	<u>\$0.06</u>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Profit/(loss) for the year</b>		6,033	(1,586)
<b>Other comprehensive (loss)/income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement (losses)/gains on defined benefit plans	14 (a)	(3,995)	3,590
Income tax effect		995	(889)
		<u>(3,000)</u>	<u>2,701</u>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(40)</u>	<u>(12)</u>
<b>Total comprehensive income for the year, net of tax</b>		<u>2,993</u>	<u>1,103</u>
<b>Attributable to:</b>			
Equity holders of the Parent		5,305	3,342
Non-controlling interest	23	<u>(2,312)</u>	<u>(2,239)</u>
		<u>2,993</u>	<u>1,103</u>

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



READYMIX (WEST INDIES) LIMITED AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

17

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	<u>Equity attributable to the Parent</u>			Non- controlling interest	Total equity
	Stated capital \$	Retained earnings \$	Total \$		
<b>Year ended 31 December 2014</b>					
Balance at 1 January 2014	12,000	78,394	90,394	(2,501)	87,893
Currency translation	–	(24)	(24)	(16)	(40)
Other comprehensive loss	–	(2,990)	(2,990)	(10)	(3,000)
Profit/(loss) after taxation	–	8,319	8,319	(2,286)	6,033
Total comprehensive income/(loss)	–	5,305	5,305	(2,312)	2,993
<b>Balance at 31 December 2014</b>	<u>12,000</u>	<u>83,699</u>	<u>95,699</u>	<u>(4,813)</u>	<u>90,886</u>
<b>Year ended 31 December 2013</b>					
Balance at 1 January 2013 (Restated)	12,000	75,052	87,052	(262)	86,790
Currency translation	–	(7)	(7)	(5)	(12)
Other comprehensive income	–	2,672	2,672	29	2,701
Profit/(loss) after taxation	–	677	677	(2,263)	(1,586)
Total comprehensive income/(loss)	–	3,342	3,342	(2,239)	1,103
<b>Balance at 31 December 2013</b>	<u>12,000</u>	<u>78,394</u>	<u>90,394</u>	<u>(2,501)</u>	<u>87,893</u>

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Operating activities</b>			
Profit before taxation from continuing operations		15,732	6,674
Loss before taxation from discontinued operations		<u>(5,754)</u>	<u>(5,098)</u>
Profit before taxation		9,978	1,576
Adjustments to reconcile profit before taxation to net cash generated by operating activities:			
Depreciation	7	6,774	6,622
Increase in provision for doubtful debts		215	2,230
Decrease in provision for obsolete spares		–	(1,231)
Impairment of goodwill	8	–	1,764
Interest expense		1,284	1,889
Employee benefits expense	14 (a)	3,871	2,793
Other non-cash items		63	(584)
Gain on disposal of long term assets		<u>(19)</u>	<u>(201)</u>
		22,166	14,858
<b>Changes in net current assets</b>			
Decrease in inventories		13,737	13,394
Decrease/(increase) in receivables and prepayments		254	(1,641)
Decrease in payables and accruals		<u>(11,770)</u>	<u>(7,101)</u>
<b>Cash generated by operations</b>		24,387	19,510
Taxation (paid)/received net of payments		(3,041)	1,306
Net interest paid		(1,289)	(1,916)
Pension contributions paid		<u>(2,251)</u>	<u>(2,027)</u>
<b>Net cash generated by operating activities</b>		<u>17,806</u>	<u>16,873</u>

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



READYMIX (WEST INDIES) LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2014 \$	2013 \$
<b>Investing activities</b>			
Additions to property, plant and equipment	7	(5,032)	(6,249)
Proceeds from sale of property, plant and equipment		<u>19</u>	<u>479</u>
<b>Net cash used in investing activities</b>		<u>(5,013)</u>	<u>(5,770)</u>
<b>Financing activities</b>			
Repayment of borrowings		<u>(3,837)</u>	<u>(8,521)</u>
<b>Net cash used in financing activities</b>		<u>(3,837)</u>	<u>(8,521)</u>
<b>Increase in cash and cash equivalents</b>		8,956	2,582
<b>Cash and cash equivalents</b>			
– beginning of year		<u>6,265</u>	<u>3,683</u>
<b>Cash and cash equivalents</b>			
– end of year		<u>15,221</u>	<u>6,265</u>
<b>Represented by:</b>			
Cash at bank and in hand	11	<u>15,221</u>	<u>6,265</u>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 1. Incorporation and activities

Readymix (West Indies) Limited (the "Company" or "RML") is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago and its shares are publicly listed on the Trinidad and Tobago Stock Exchange. The registered office of the Company is Tumpuna Road, Guanapo, Arima. Trinidad Cement Limited, also incorporated in the Republic of Trinidad and Tobago, is the ultimate parent company and as at 31 December 2014 holds 71% (2013: 71%) of the issued ordinary shares of the Company. Readymix (West Indies) Limited has a 60% shareholding in Premix & Precast Concrete Incorporated ("PPCI"), a company incorporated and operating in Barbados.

Readymix (West Indies) Limited and its subsidiaries (the "Group") operate in Trinidad and Tobago and Barbados. The principal business activities of the Group are the manufacture and sale of pre-mixed concrete and the winning and sale of sand and gravel.

Effective September 2014, the Board of Directors discontinued the operations of Premix & Precast Concrete Incorporated ("PPCI"), the subsidiary operating in Barbados.

On the 23 May 2014, RML Property Development Limited, a limited liability company was incorporated under the Companies Act, 1995 in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the parent company Readymix (West Indies) Limited. This subsidiary had no trading activities during the year.

### 2. Significant accounting policies

#### (a) Basis of preparation

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

#### *Statement of compliance*

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

#### *Changes in accounting policy and disclosures*

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

#### ***New and amended standards and interpretations***

- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
- IFRIC 21 Levies
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- Improvements to IFRSs – 2010-2012 cycle:
  - Amendments to IFRS 13 – Short-term receivables and payables
- Improvements to IFRSs – 2011-2013 cycle:
  - Amendments to IFRS 1 – Meaning of 'effective IFRSs'

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**2. Significant accounting policies (continued)****(a) Basis of preparation (continued)***Changes in accounting policy and disclosures (continued)****New and amended standards and interpretations (continued)***

The adoption of the standards or interpretations is described below:

**Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27**

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

**IFRIC 21 Levies**

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

**Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32**

These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

**Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36**

These amendments clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments are applied retrospectively, in accordance with the requirements of IAS 8 for changes in accounting policy. Earlier application is permitted when the entity also applies IFRS 13 and must be disclosed. This amendment to IAS 36 has no impact on the Group.

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

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

**Annual Improvements 2010-2012 Cycle**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (a) Basis of preparation (continued)

*Changes in accounting policy and disclosures (continued)*

***New and amended standards and interpretations (continued)***

The adoption of the standards or interpretations is described below: (continued)

#### **Annual Improvements 2011-2013 Cycle**

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

#### **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.

- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions – Effective 1 July 2014
- IFRS 14, 'Regulatory Deferral Accounts' – Effective 1 January 2016
- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations – Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2017

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

#### *Annual Improvements to IFRSs 2010-2012 Cycle – Published December 2013*

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

- IFRS 2, 'Share-based Payment'
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating Segments'
- IFRS 13, 'Fair Value Measurement'
- IAS 16, 'Property, Plant and Equipment'
- IAS 24, 'Related Party Disclosures'
- IAS 38, 'Intangible Assets'

These improvements are effective for annual periods beginning on or after 1 July 2014.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**2. Significant accounting policies (continued)****(a) Basis of preparation (continued)***Changes in accounting policy and disclosures (continued)***Standards issued but not yet effective (continued)***Annual Improvements to IFRSs 2011-2013 Cycle – Published December 2013*

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

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3, 'Business Combinations'
- IFRS 13, 'Fair Value Measurement'
- IAS 40, 'Investment Property'

These improvements are effective for annual periods beginning on or after 1 July 2014.

**(b) Going concern**

The economic environment shows significant improvement in the construction industry, as a result, the Group has reported a profit before taxation from continuing operations of \$15.7 million for the year ended 31 December 2014 (2013: \$6.7 million). As at 31 December 2014 the Group reduced borrowings due to third parties to an amount of \$4.7 million versus the balance as at 31 December 2013 of \$8.6 million.

RML's ultimate parent company, Trinidad Cement Limited and its subsidiaries (the "TCL Group"), has \$1.8 billion in outstanding debt obligations as presented within current liabilities in its consolidated statement of financial position as at 31 December 2014. On 29 September 2014 the TCL Group suspended principal debt repayments due under the restructured loan agreement (the "Override Agreement"), which had the effect of creating a condition of default, rendering all outstanding debt covered by this agreement to become due immediately. This resulted in the reclassification of all long-term debt principal outstanding to current liabilities (in accordance with International Financial Reporting Standards). RML's borrowings are not governed under the said Override Agreement.

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

As disclosed in Note 25, the issued shares of RML and its ownership interest in its subsidiary, Premix and Precast Concrete Incorporated ("PPCI") are pledged to secure loans taken by the TCL Group.

The above factors indicate the existence of conditions which may present a going concern risk to the TCL Group, inclusive of the RML Group.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (b) Going concern (continued)

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

Furthermore, RML's borrowings are not included as part of the TCL Group's Override Agreement and therefore is not party to the current TCL Group restructuring negotiations as referenced above. In 2012 RML negotiated separately with its lenders on the restructuring of its borrowings and have been making its debt repayments in accordance with the agreed terms.

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

#### (c) Basis of consolidation

These consolidated financial statements comprise the financial statements of Readymix (West Indies) Limited (the "Parent") and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (c) Basis of consolidation (continued)

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The financial statements of the subsidiary are prepared for the same reporting period as the Parent, using consistent accounting policies. All intra-group transactions, balances and unrealized surpluses and deficits on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income, comprehensive income and within equity in the consolidated statement of financial position.

#### (d) Significant accounting judgments, estimates and assumptions

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

##### *Going concern*

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

##### *Deferred tax assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment 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.

##### *Pension benefits*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (d) Significant accounting judgments, estimates and assumptions (continued)

##### *Property, plant and equipment*

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

Management also exercises judgment in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation charge determined thereon.

##### *Provision for doubtful debts*

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

##### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value-in-use' of the cash generating units to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are provided in Note 8.

#### (e) Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in the consolidated statement of income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**2. Significant accounting policies (continued)**

**(e) Business combinations and goodwill (continued)**

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

**(f) Property, plant and equipment**

It is the Group's policy to account for property, plant and equipment at cost, net of accumulated depreciation and/or accumulated impairment losses, if any (Note 7). Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. 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 repairs and maintenance are recognized in the consolidated statement of income.

Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate.

Current rates of depreciation are:

Buildings	-	2%	-	4%
Plant, machinery and equipment	-	3%	-	40%
Motor vehicles	-	10%	-	20%
Office furniture and equipment	-	10%	-	25%

Property, plant and equipment acquired under finance lease or leasehold improvements are depreciated over the shorter of the useful life of the asset and the lease term. Land and capital work in progress are not depreciated.

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 the derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the consolidated statement of income in the year the asset is derecognized.

**(g) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Work in progress and finished goods include attributable production overheads. Net realizable value is the estimate of the selling price less costs of completion and direct selling expenses.

**(h) Foreign currency translation**

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (h) Foreign currency translation (continued)

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognized in the consolidated statement of income.

##### *Foreign entities*

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date and their income statements are translated at exchange rates at the date of the transaction. The exchange differences arising on re-translation are recognized in other comprehensive income. On disposal of the foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

#### (i) Taxation

##### *Current income tax*

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

##### *Deferred income tax*

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

Deferred tax assets are 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 profit will be available against which these deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

#### (j) Employee benefits

The Parent company's employees are members of the Trinidad Cement Limited Employee's pension plan, while Premix & Precast Concrete Incorporated's employees are members of the Arawak Cement Limited Employee's pension plan. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

The Group accounts for this defined benefit plan using the projected unit credit method. Under this method, the cost of providing pensions is calculated based on the advice of independent professional actuaries. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of long term government securities.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**2. Significant accounting policies (continued)****(j) Employee benefits (continued)**

Past service costs are recognized in profit or loss on the earlier of:

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

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

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

**(k) Financial instruments**

Financial instruments carried on the consolidated statement of financial position include cash and bank balances including advances/overdrafts, accounts payables, accounts receivables and borrowings.

***Financial assets******Initial recognition and measurement***

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

***Derecognition***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Financial liabilities******Initial recognition and measurement***

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include accounts payable and accruals and borrowings which are recognized initially at fair value.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (k) Financial instruments (continued)

##### *Financial liabilities (continued)*

##### *Derecognition (continued)*

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### (l) Cash and cash equivalents

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

#### (m) 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 sales taxes. The following specific recognition criteria must be met before revenue is recognized:

##### *Sales of concrete and other materials*

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

##### *Interest income*

Interest income is recognized as interest accrues.

#### (n) Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

#### (o) Trade and other payables

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

#### (p) Earnings per share

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**2. Significant accounting policies (continued)****(q) 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 will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

**(r) Leases***Operating leases*

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

*Finance leases*

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

**(s) Interest bearing loans and borrowings**

Borrowings are initially stated at cost, being the fair value of the consideration received, net of issue costs associated with the borrowings. After initial recognition, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the consolidated statement of income over the period of the borrowings.

**(t) Borrowing costs**

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

**(u) Impairment of assets***Non-financial assets*

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

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

#### (u) Impairment of assets (continued)

##### *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 estimates 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 been recognized for the asset in prior years. Such reversal is treated as a revaluation increase.

##### *Financial assets*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization 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.

#### (v) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its statement of financial position. The fair value of assets and liabilities which are measured at amortized cost is presented in Note 19.

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 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.

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 2. Significant accounting policies (continued)

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

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

#### (x) Comparative information

Certain changes in the presentation of the comparative information were amended in the consolidated statement of income and related notes to reflect the separate presentation of the results of the discontinued operations as described in Note 24. These changes had no effect on the net assets or operating results of the previous year (2013).

### 3. Operating profit – continuing operations

	2014 \$	2013 \$
Revenue	<u>210,900</u>	<u>165,084</u>
Less expenses:		
Raw materials and consumables	70,805	47,308
Personnel remuneration and benefits (see below)	40,502	32,936
Equipment hire	28,245	23,529
Changes in raw materials and work in progress	21,987	23,530
Other operating expenses	18,849	14,798
Repairs and maintenance	6,866	5,761
Depreciation	5,579	5,082
Fuel and electricity	2,106	2,055
Provision for obsolete spares	–	(1,493)
Insurance	866	1,037
Provision for doubtful debts	(929)	1,982
Gain on disposal of long term assets	–	(167)
Foreign exchange loss/(gain)	<u>91</u>	<u>(200)</u>
	15,933	8,926
Other income	<u>520</u>	<u>649</u>
Operating profit	<u>16,453</u>	<u>9,575</u>
<b>Personnel remuneration and benefits include:</b>		
Salaries and wages	34,528	26,365
Pension cost – defined benefit plan	2,810	3,253
Other benefits	1,817	2,256
National insurance	<u>1,347</u>	<u>1,062</u>
	<u>40,502</u>	<u>32,936</u>

During the year, the Group discontinued the operations of its Barbados subsidiary. The Group incurred expenditures amounting to \$4.4 million associated with the winding up of the operations and these costs have been deducted in arriving at the operating profit for the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>4. Finance costs</b>		
Interest costs on borrowings	618	864
Bank and other finance charges	650	913
	<u>1,268</u>	<u>1,777</u>
<b>5. Taxation</b>		
<b>a) Taxation charge – continuing operations</b>		
Deferred taxation	841	2,154
Current taxation	3,142	493
	<u>3,983</u>	<u>2,647</u>
<b>b) Reconciliation of applicable tax charge to effective tax charge</b>		
Profit before tax from continuing operations	15,732	6,674
Loss before tax from discontinued operations	(5,754)	(5,098)
Profit before taxation	9,978	1,576
Tax calculated at the rate of 25%	2,495	394
Effect of different tax rates outside Trinidad & Tobago	459	(108)
Business levy and green fund levy	212	493
Prior year underprovision	40	–
Effect of disallowed expenses	1,002	1,827
Net effect of allowances and other write-back	(225)	41
Taxation charge reported in the consolidated income statement – continuing operations	3,983	2,647
Taxation (credit)/charge attributable to discontinued operations	(38)	515
	<u>3,945</u>	<u>3,162</u>

The Group has off set its tax losses of \$6.6 million (2013: \$7.5 million) against the current year taxable profits.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>6. Earnings per share</b>		
The following reflects the income and share data used in the earnings per share computation:		
Net profit for the year attributable to equity holders of the Parent – continuing operations	11,749	4,027
Net loss for the year attributable to equity holders of the Parent – discontinued operations	(3,430)	(3,350)
Net profit for the year attributable to equity holders – total company	<u>8,319</u>	<u>677</u>
Weighted average number of ordinary shares issued (thousands)	<u>12,000</u>	<u>12,000</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	2014 \$	2013 \$
<b>6. Earnings per share</b> (continued)		
Basic and diluted earnings per share – continuing operations (expressed in \$ per share)	<u>\$0.98</u>	<u>\$0.34</u>
Basic and diluted loss per share – discontinued operations (expressed in \$ per share)	<u>(\$0.29)</u>	<u>(\$0.28)</u>
Basic and diluted earnings per share – total company (expressed in \$ per share)	<u>\$0.69</u>	<u>\$0.06</u>
The Group has no dilutive potential ordinary shares in issue.		

### 7. Property, plant and equipment

	Land & buildings \$	Plant machinery & equipment & motor vehicles \$	Office furniture & equipment \$	Capital WIP \$	Total \$
<b>At 31 December 2014</b>					
Cost	24,777	106,581	5,117	3,084	139,559
Accumulated depreciation	<u>(13,358)</u>	<u>(86,168)</u>	<u>(3,435)</u>	–	<u>(102,961)</u>
<b>Net book amount</b>	<u>11,419</u>	<u>20,413</u>	<u>1,682</u>	<u>3,084</u>	<u>36,598</u>
1 January 2014	11,858	23,382	983	2,207	38,430
Additions	648	2,294	553	1,537	5,032
Transfer from WIP	16	119	525	(660)	–
Disposals and adjustments	–	(90)	–	–	(90)
Depreciation charge	<u>(1,103)</u>	<u>(5,292)</u>	<u>(379)</u>	–	<u>(6,774)</u>
<b>31 December 2014</b>	<u>11,419</u>	<u>20,413</u>	<u>1,682</u>	<u>3,084</u>	<u>36,598</u>
<b>At 31 December 2013</b>					
Cost	24,113	104,375	4,039	2,207	134,734
Accumulated depreciation	<u>(12,255)</u>	<u>(80,993)</u>	<u>(3,056)</u>	–	<u>(96,304)</u>
<b>Net book amount</b>	<u>11,858</u>	<u>23,382</u>	<u>983</u>	<u>2,207</u>	<u>38,430</u>
1 January 2013	12,153	15,709	873	10,386	39,121
Additions	514	3,438	346	1,951	6,249
Transfer from WIP	–	10,101	–	(10,101)	–
Disposals and adjustments	–	(290)	1	(29)	(318)
Depreciation charge	<u>(809)</u>	<u>(5,576)</u>	<u>(237)</u>	–	<u>(6,622)</u>
<b>31 December 2013</b>	<u>11,858</u>	<u>23,382</u>	<u>983</u>	<u>2,207</u>	<u>38,430</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 8. Goodwill

In accordance with International Financial Reporting Standard 3: "Business Combinations", goodwill acquired through business combinations has been allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash generating units to which goodwill relates. Goodwill arose from the acquisition of Premix & Precast Concrete Incorporated (PPCI) in 2002 as follows:

	2014 \$	2013 \$
Goodwill at cost	–	1,764
Accumulated impairment (See below)	–	(1,764)
Net carrying amount	–	–

#### Impairment testing of goodwill

As required by IAS 36: Impairment of assets, goodwill is subject to an annual impairment review. The following table highlights the goodwill and impairment information used in the impairment test performed at 31 December 2013:

Carrying amount of goodwill	\$1,764
Basis of recoverable amount	Value in use
Discount rate	12.54%
Cash flow projection term	5 years
Growth rate (extrapolation period)	1.0%

The goodwill of \$1.764 million held in Premix & Precast Concrete Inc. (PPCI) was impaired and hence was written off in 2013. With the continued deteriorated performance of the subsidiary as a result of market competition and a challenging Barbados economy, the Board of Directors took the decision to discontinue the operations of the subsidiary in September 2014.

### 9. Inventories

	2014 \$	2013 \$
Finished goods	18,075	32,168
Raw materials and work in progress	4,427	4,151
Plant spares and consumables	8,789	8,709
	<u>31,291</u>	<u>45,028</u>

Inventories are shown net of provisions of \$2.856 million (2013: \$2.856 million) in relation to plant spares and consumables. Inventories charged against operating profit/(loss) are disclosed in Note 3.

### 10. Receivables and prepayments

	2014 \$	2013 \$
Trade receivables	56,424	60,400
Less: provision for doubtful debts	(20,191)	(23,397)
Trade receivables (net)	36,233	37,003
Sundry receivables and prepayments	3,177	3,048
Due from related parties (Note 17 (a))	8,122	7,881
Corporation tax recoverable	1,945	1,945
	<u>49,477</u>	<u>49,877</u>

#### Presented in the statement of financial position as follows:

Non-current	12,327	13,491
Current	37,150	36,386
	<u>49,477</u>	<u>49,877</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**10. Receivables and prepayments (continued)**

Included within trade receivables are balances due from three (3) customers with agreed repayment terms over one year and therefore \$4.6 million (2013: \$6.3 million) is presented as a non-current asset. Additionally, \$7.7 million (2013: \$7.1 million) due from related parties has been classified as a non-current asset (See Note 17 (a) for further explanation).

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

	Total \$	Neither past due nor impaired \$	Past due but not impaired		
			1-90 days \$	91-180 days \$	Over 180 days \$
2014	36,233	2,988	19,343	1,725	12,177
2013	37,003	5,907	10,417	1,796	18,883

As at 31 December, trade receivables at a value of \$20.2 million (2013: \$23.4 million) were considered impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2014 \$	2013 \$
At 1 January	23,397	21,157
Charge for the year	1,294	2,771
Unused amounts reversed	(2,223)	(531)
At 31 December	22,468	23,397
Discontinued operations	(2,277)	–
Non-current portion	<u>20,191</u>	<u>23,397</u>

**11. Cash and cash equivalents**

	2014 \$	2013 \$
Cash at bank and on hand - continuing operations	15,036	6,129
Cash at bank and on hand (Note 24) – discontinued operations	185	136
	<u>15,221</u>	<u>6,265</u>

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

**12. Payables and accruals**

	2014 \$	2013 \$
Due to related parties (Note 17 (a))	1,156	10,022
Sundry payables and accruals	18,812	20,930
Trade payables	7,313	9,642
	<u>27,281</u>	<u>40,594</u>

**13. Borrowings**

	2014 \$	2013 \$
Amounts payable within:		
One year	4,778	8,615
	4,778	8,615
Current portion	<u>(4,778)</u>	<u>(8,615)</u>
Non-current portion	<u>–</u>	<u>–</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**13. Borrowings (continued)**

During 2011 debt service payments were stopped as part of a debt restructuring exercise being undertaken by the ultimate parent company. RML negotiated separately from the TCL Group with its lenders on the restructuring of all its borrowings both short term and long term. In 2012 new repayment terms were agreed with RML's bankers and are in effect.

Borrowings comprise:

- A previous bank overdraft converted to medium-term loan for \$7.6 million (2013: \$8.6 million) for three and a half years bearing interest at a rate of 9.50%. This loan would be repaid by 1 June 2016 with equal monthly payments of \$0.285 million which commenced January 2013. The outstanding loan balance of \$4.7 million has been classified as a current liability due to the fact that it is considered callable at the reporting date.
- The loan of \$18.5 million with the original ten (10) year term with an outstanding balance of \$1.0 million at the end of 2013 was fully settled in 2014.

**14. Employee benefits**

Defined benefit liability

2014	2013
\$	\$
<u>(4,947)</u>	<u>(311)</u>

The Parent company participates in a defined benefit pension plan which is a final salary Plan for its employees, which requires contributions to be made to a separately administered fund.

This Plan is governed by the employment laws of Trinidad and Tobago, which require final salary payments to be adjusted for the consumer price index once in payment during retirement. The level of benefits provided depends on the members' length of service and salary at retirement age.

The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer's and employee's representatives. The Board of Trustees is responsible for the administration of the Plan's assets and for the definition of the investment strategy.

The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent actuary. The Actuarial Valuation report as at 31 December 2012 revealed that the Company's section of the Plan was in deficit of \$1.1 million and the Company would need to increase its contributions above the current rate of 15.2% of pensionable earnings to reverse the existing deficit. The next triennial Actuarial Valuation is due as at 31 December 2015.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints and the availability of suitable investments.

Defined benefit asset

2014	2013
\$	\$
<u>—</u>	<u>1,110</u>

The Barbados subsidiary participates in a defined benefit pension plan which is a final salary Plan for the Company's employees, which requires contributions to be made to a separately administered fund.

The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent actuary. The next full review will be performed by 1 January 2016.

During the year PPCI ceased its operations and therefore the Pension Plan was partially terminated effective 31 December 2014.

Upon the partial termination of the Arawak Cement Company Limited Pension Plan (as it relates to the employees of Premix & Precast Concrete Inc. only), the Company (including the parent) did not benefit from the surplus, which is to be distributed amongst the employees of Premix & Precast Concrete Inc. only.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**14. Employee benefits (continued)**

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

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit liability \$
Defined benefit asset	(1,609)	2,174	565
Defined benefit liability	(43,446)	40,856	(2,590)
<b>Balance at 1 January 2013</b>	<b>(45,055)</b>	<b>43,030</b>	<b>(2,025)</b>
<b><i>Pension cost charged to profit or loss</i></b>			
Current service cost	(3,063)	–	(3,063)
Past service cost	530	–	530
Expenses	–	(236)	(236)
Net interest	(2,277)	2,253	(24)
<b>Sub-total included in profit or loss</b>	<b>(4,810)</b>	<b>2,017</b>	<b>(2,793)</b>
<b><i>Re-measurement gains/(losses) in OCI</i></b>			
Return on plan assets	–	2,833	2,833
Actuarial changes arising from changes in financial assumptions (loss)	9	(69)	(60)
Experience adjustments	817	–	817
<b>Sub-total included in OCI</b>	<b>826</b>	<b>2,764</b>	<b>3,590</b>
<b><i>Other movements</i></b>			
Contributions by employees	(770)	770	–
Contributions by employer	–	2,027	2,027
Benefits paid	1,060	(1,060)	–
Other movements	–	–	–
<b>Sub-total – other movements</b>	<b>290</b>	<b>1,737</b>	<b>2,027</b>
Defined benefit asset	(580)	1,690	1,110
Defined benefit liability	(48,169)	47,858	(311)
<b>Balance at 31 December 2013</b>	<b>(48,749)</b>	<b>49,548</b>	<b>799</b>
Defined benefit asset	(580)	1,690	1,110
Defined benefit liability	(48,169)	47,858	(311)
<b>Balance at 1 January 2014</b>	<b>(48,749)</b>	<b>49,548</b>	<b>799</b>
<b><i>Pension cost charged to profit or loss</i></b>			
Current service cost	(2,681)	–	(2,681)
Past service cost	(569)	–	(569)
Expenses	(48)	(219)	(267)
Net interest	(2,391)	2,443	52
Plan settlement	1,188	(1,594)	(406)
<b>Sub-total included in profit or loss</b>	<b>(4,501)</b>	<b>630</b>	<b>(3,871)</b>
<b><i>Re-measurement gains/(losses) in OCI</i></b>			
Return on plan assets	–	(639)	(639)
Experience adjustments	(3,356)	–	(3,356)
<b>Sub-total included in OCI</b>	<b>(3,356)</b>	<b>(639)</b>	<b>(3,995)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**14. Employee benefits (continued)**

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

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit liability \$
<b>Other movements</b>			
Contributions by employees	(843)	793	(50)
Contributions by employer	–	2,106	2,106
Benefits paid	737	(737)	–
Other movements	76	(12)	64
<b>Sub-total – other movements</b>	<b>(30)</b>	<b>2,150</b>	<b>2,120</b>
Defined benefit asset	–	–	–
Defined benefit liability	(56,636)	51,689	(4,947)
<b>Balance at 31 December 2014</b>	<b>(56,636)</b>	<b>51,689</b>	<b>(4,947)</b>

The weighted average duration of the defined benefit obligation as at 31 December 2014 is 19.4 years (2013: 19.4 years).

**b) Major categories of plan assets as a percentage of fair value:**

<b>Trinidad &amp; Tobago Plan (RML)</b>	<b>2014</b>	<b>2013</b>
Equities - quoted	30%	31%
- unquoted	10%	10%
Debt securities	52%	52%
Other assets	8%	7%

Debt securities and other assets are all unquoted investments.

<b>Barbados Plan (PPCI)</b>	<b>2014</b>	<b>2013</b>
Equities – quoted	41%	39%
Bonds	52%	31%
Other assets	7%	30%

Bonds and other assets are all unquoted investments.

**c) The principal actuarial assumptions used for accounting purposes for the pension plans are:**

Discount rate	5.0 – 7.75%	5.0 – 7.75%
Rate of future salary increases	5.0 – 7.75%	5.0 – 7.75%
Rate of future pension increases	0.0 – 3.75%	0.0 – 3.75%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**14. Employee benefits (continued)**

d) A quantitative sensitivity analysis for significant assumptions as at 31 December 2014 is as shown below:

Assumptions	Discount rate		Future salary increases		Life expectation of pensioners
	increase	decrease	increase	decrease	
Sensitivity level	\$	\$	\$	\$	\$
Impact on the net defined benefit obligation	(9,271)	12,077	5,060	(4,366)	688

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

The Group expects to contribute \$2.2 million to its defined benefit plan in 2014.

**15. Deferred taxation**

**(a) Movement in deferred taxation (net)**

	2014 \$	2013 \$
Balance as at 1 January	3,297	(228)
Other movements	1	(33)
(Credit)/charge to other comprehensive income	(995)	889
Charge to income:		
Continuing operations	841	2,154
Discontinued operations	(38)	515
Balance at 31 December	<u>3,106</u>	<u>3,297</u>

**(b) Components of deferred taxation**

*Deferred tax assets:*

Tax losses	–	(1,881)
Employee benefits liability	(1,237)	(78)
Provisions	(428)	(456)
	<u>(1,665)</u>	<u>(2,415)</u>

*Deferred tax liabilities:*

Accelerated tax depreciation	4,235	4,850
Finance leases	304	484
Deferred expenditure	232	211
Employee benefits asset	–	167
	<u>4,771</u>	<u>5,712</u>
Net balance at 31 December	<u>3,106</u>	<u>3,297</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**16. Stated capital**

**Authorized**

An unlimited number of ordinary shares of no par value

**Issued and fully paid**

12,000,000 ordinary shares of no par value	<u>12,000</u>	<u>12,000</u>
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**17. Related party disclosures**

Related party balances arose from transactions with fellow subsidiaries of the Trinidad Cement Limited Group.

**(a) Related party balances**

Amounts due from related parties (Note 10):

	<b>2014</b>	<b>2013</b>
	\$	\$
Trinidad Cement Limited	7,824	7,377
TCL Ponsa Manufacturing Limited	23	12
Awarak Cement Company Limited	<u>275</u>	<u>492</u>
	<u>8,122</u>	<u>7,881</u>

The amount due from the ultimate parent company, Trinidad Cement Limited (TCL), includes advances with interest amounting to \$7.7 million (2013: \$7.1 million) which earn interest at rates ranging from 7.5% to 9.75% per annum (2013: 7.5% to 9.75%). The \$7.7 million (2013: \$7.1 million) has been reclassified to non-current assets as revised repayment terms include no scheduled repayment of this balance before December 2018. Interest continues to accrue on the outstanding balance.

Amounts due to related parties (Note 12):

	<b>2014</b>	<b>2013</b>
	\$	\$
Trinidad Cement Limited	1,152	9,758
Caribbean Cement Company Limited	4	4
Awarak Cement Company Limited	<u>—</u>	<u>260</u>
	<u>1,156</u>	<u>10,022</u>

Except as described above, related party balances are unsecured and carry no fixed repayment terms.

**(b) Related party transactions**

	<b>2014</b>	<b>2013</b>
	\$	\$
Purchases of goods	47,875	38,246
Management fees expenses	2,300	2,250
Interest income	547	547

Related party transactions were conducted with the ultimate parent company, Trinidad Cement Limited, and its subsidiaries. These transactions were consummated on terms no less favourable than those that could have been obtained from other parties providing goods and services.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 17. Related party disclosures (continued)

Compensation of key management personnel:

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

	2014 \$	2013 \$
Short-term employment benefits	4,850	3,609
Pension plan benefits	178	144

In 2014, the total remuneration of the directors was \$0.324 million (2013: \$0.317 million).

### 18. Segmental information

The Group derived 75% (2013: 75%) of its revenue from the sale of pre-mixed concrete in Trinidad & Tobago and Barbados. The sale of aggregates in Trinidad and Tobago accounts for the remaining 25% (2013: 25%) of the Group's revenue and forms part of the sales strategy for RML and hence it is incorporated in the Group's business activities. Accordingly, the Group's assets and liabilities are associated with the pre-mixed concrete and aggregates business.

For management purposes the Group considers operating segment information with reference to the geographical location. The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Operating segments are reported in a manner consistent with the internal reporting framework. The General Manager monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

The following table presents information regarding the Group's geographical segments for the years ended 31 December 2014 and 2013:

	Trinidad and Tobago \$	Barbados \$	Adjustments & eliminations \$	Total \$
<b>Year ended 31 December 2014</b>				
Total revenue	210,900	1,739	–	212,639
Inter-segment revenue	–	–	–	–
Third party revenue	<u>210,900</u>	<u>1,739</u>	<u>–</u>	<u>212,639</u>
Profit/(loss) before taxation	11,816	(5,754)	–	9,978
Segment assets	134,067	226	–	134,293
Non-current assets	50,590	–	–	50,590
Capital expenditure	5,032	–	–	5,032
<b>Year ended 31 December 2013</b>				
Total revenue	165,084	10,496	–	175,580
Inter-segment revenue	–	–	–	–
Third party revenue	<u>165,084</u>	<u>10,496</u>	<u>–</u>	<u>175,580</u>
Profit/(loss) before taxation	1,145	(5,142)	5,573	1,576
Segment assets	138,148	4,977	–	143,125
Non-current assets	53,130	2,316	–	55,446
Capital expenditure	6,249	–	–	6,249

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**18. Segmental information (continued)**

	Concrete		Aggregate		Adjustments & eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	159,571	130,872	53,068	44,708	–	–	212,639	175,580
Profit/(loss) - before tax	(6,024)	(10,964)	16,002	12,540	–	–	9,978	1,576

**19. Fair value**

The fair value of short term financial assets and liabilities comprising cash and bank balances, receivables and payables approximate their carrying amounts because of the short term maturities of these instruments. The fair value and carrying amounts of financial assets and liabilities is presented below:

	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	15,221	15,221	6,265	6,265
Receivables and due from related parties	44,355	44,355	44,884	44,884
<b>Financial liabilities</b>				
Payables and due to related parties	8,748	8,748	19,664	19,664
Borrowings	4,778	4,778	8,615	8,615

**20. Commitments and contingencies**

**(a) Capital commitments**

There was one (1) capital commitment as at 31 December 2014. A contractual arrangement was entered into in December 2014 with Edson James for the structural refurbishment and modification of the scrubber on the old wash plant at the Melajo Quarry for \$0.490 million to be completed in the first quarter of 2015.

**b) Operating lease commitments**

Future minimum rentals payable under operating leases entered into with various companies in respect of motor vehicles and property rentals are as follows:

	2014	2013
	\$	\$
Due within one year	1,052	1,519
Due after one year but not more than five years	1,880	1,014
More than five years	3,478	2,353
	<u>6,410</u>	<u>4,866</u>

Operating lease expenses amounting to \$1.519 million (2013: \$1.519 million) are included within the other operating expenses (refer to Note 3).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 20. Commitments and contingencies (continued)

#### (c) Contingent liabilities

At 31 December 2014 the Parent company had contingent liabilities as follows:

- Performance Bond dated 12 December 2013 for road access with the San Fernando City Corporation amounting to \$50,000 (2012: \$50,000)
- Performance Bond (\$1.448 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Melajo at Tapana Road, Valencia. Expiry: 15 April 2018
- Rehabilitation Bond (\$1.448 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Melajo at Tapana Road, Valencia. Expiry: 15 April 2019
- Performance Bond dated 12 December 2013 for a supply contract with Bouygues Batiment Trinidad and Tobago Construction Company Limited amounting to \$0.60 million
- Performance Bond (\$0.295 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Bermudez at Valencia Old Road, Tapana, Valencia. Expiry: 15 April 2018
- Rehabilitation Bond (\$0.295 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Bermudez at Valencia Old Road, Tapana, Valencia. Expiry: 15 April 2019

#### (d) Other contingencies:

- The Parent company was assessed by the Board of Inland Revenue (BIR) for additional corporation taxes of principal and interest for income tax year 2004. The Company has formally objected to this assessment. No provision has been recorded for the exposure of \$0.36 million inclusive of interest as at 31 December 2014 as the directors are of the opinion that the liability is not considered probable.
- During 2011 Readymix (W.I.) Limited (RML) received a notification of outstanding claims amounting to \$2.6 million. RML has since written to the relevant party asking for further information and clarification on the nature of the claim. The relevant party has acknowledged receipt of RML's letter and has advised that their legal department is looking into the matter. Owing to the uncertainty of this possible liability no provision has been recorded.

### 21. Financial risk management

#### Introduction

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

#### Risk management structure

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**21. Financial risk management (continued)**

**Credit risk**

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

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

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

Continued exposure to credit risk is further managed through regular analysis of the ability of debtors to settle outstanding balances and by changing these credit limits when appropriate. The Group does not hold collateral as security.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, without taking account of any other credit enhancements:

	<b>Gross maximum exposure 2014</b>	<b>Gross maximum exposure 2013</b>
Cash and cash equivalents	15,221	6,265
Receivables and due from related parties	<u>44,355</u>	<u>44,884</u>
Total credit risk exposure	<u>59,576</u>	<u>51,149</u>

***Credit risk related to receivables***

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2014 the Group had five (5) individual customers (2013: 6 customers) that owed the Group more than \$1.0 million each and accounted for approximately 40% (2013: 51%) of all trade receivables outstanding. Included therein are amounts receivable from three (3) customers with an outstanding receivable balance of \$16.4 million (2013: \$8.2 million) net of provision.

***Credit risk related to cash and cash equivalents***

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 21. Financial risk management (continued)

#### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. As such, there is no material risk relating to foreign currency fluctuations.

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

2014	TTD \$	USD \$	BDS \$	Total \$
<b>ASSETS</b>				
Cash and cash equivalents	14,855	181	185	15,221
Receivables and due from related parties	44,355	—	—	44,355
	<u>61,185</u>	<u>181</u>	<u>185</u>	<u>59,576</u>
<b>LIABILITIES</b>				
Payables and due to related parties	8,469	—	279	8,748
Borrowings	4,778	—	—	4,778
	<u>13,247</u>	<u>—</u>	<u>279</u>	<u>13,526</u>
2013	TTD \$	USD \$	BDS \$	Total \$
<b>ASSETS</b>				
Cash and cash equivalents	5,887	242	136	6,265
Receivables and due from related parties	41,895	—	2,989	44,884
	<u>47,782</u>	<u>242</u>	<u>3,125</u>	<u>51,149</u>
<b>LIABILITIES</b>				
Payables and due to related parties	16,848	—	2,816	19,664
Borrowings	8,615	—	—	8,615
	<u>25,463</u>	<u>—</u>	<u>2,816</u>	<u>28,279</u>

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to borrowings.

#### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible the Group utilizes surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Group also utilizes available credit facilities such as loans, overdrafts and other financing options where required.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**21. Financial risk management (continued)**

**Liquidity risk (continued)**

The table below summarises the maturity profile of the Group's financial instruments at 31 December based on contractual undiscounted payments:

Year ended 31 December 2014	On demand \$	< 1 year \$	1 to 5 years \$	> 5 years \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	15,221	–	–	–	15,221
Receivables and due from related parties	–	23,684	12,990	7,681	44,355
	<u>15,221</u>	<u>23,684</u>	<u>12,990</u>	<u>7,681</u>	<u>59,576</u>
<b>Financial liabilities</b>					
Borrowings	4,778	319	46	–	5,143
Payables and due to related parties	–	8,748	–	–	8,748
	<u>4,778</u>	<u>9,067</u>	<u>46</u>	<u>–</u>	<u>13,891</u>
Year ended 31 December 2013	On demand \$	< 1 year \$	1 to 5 years \$	> 5 years \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	6,265	–	–	–	6,265
Receivables and due from related parties	–	31,393	13,491	–	44,884
	<u>6,265</u>	<u>31,393</u>	<u>13,491</u>	<u>–</u>	<u>51,149</u>
<b>Financial liabilities</b>					
Borrowings	8,615	619	365	–	9,599
Payables and due to related parties	–	19,664	–	–	19,664
	<u>8,615</u>	<u>20,283</u>	<u>365</u>	<u>–</u>	<u>29,263</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 21. Financial risk management (continued)

#### Credit quality per category of financial asset

The credit quality of the balance due from the Group's various counterparties are internally determined from an assessment of each counterparty based on a combination of factors.

These factors include financial strength and the ability of the counterparty to service its debts, the stability of the industry or market in which it operates and its proven track record with the Company. The categories defined are as follows:

**Superior:** This category includes balances due from the Government and Government agencies that have been secured by a letter of comfort from the Government and balances due from institutions that have been accorded the highest rating by an international rating agency or is considered to have the highest credit rating. These balances are considered risk free.

**Desirable:** These are balances due from counterparties that are considered to have good financial strength and reputation.

**Acceptable:** These are balances due from counterparties that are considered to have fair financial strength and reputation.

**Sub-standard:** Balances that are impaired.

The table below illustrates the credit quality of the Group's trade receivables as at 31 December:

	Superior \$	Desirable \$	Acceptable \$	Sub-Standard \$	Total \$
<b>2014</b>	13,282	9,049	13,902	20,191	56,424
<b>2013</b>	11,708	4,616	20,679	23,397	60,400

### 22. 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, maximize shareholder value and comply with the capital requirements set by the regulators of the markets where the Group operates.

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

### 23. Material partly owned subsidiaries

Financial information of the subsidiary with a material non-controlling interest and the related percentage of equity interest held by a non-controlling interest are shown below:

Name	Country of incorporation and operation	2014	2013
Premix & Precast Concrete Inc. (PPCI)	Barbados	40%	40%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>23. Material partly owned subsidiaries (continued)</b>		
<b>Accumulated balances of material non-controlling interest:</b>		
Premix & Precast Concrete Inc.	<u>(4,813)</u>	<u>(2,501)</u>
<b>Loss for the year allocated to material non-controlling interest:</b>		
Premix & Precast Concrete Inc.	<u>(2,286)</u>	<u>(2,263)</u>
The summarised financial information of this subsidiary is provided below:		
<b>Summarised statement of losses:</b>		
Revenue	1,739	10,496
Cost of sales	(2,490)	(13,852)
Administrative expenses	(4,987)	(1,515)
Finance cost	<u>(16)</u>	<u>(227)</u>
Loss before tax	(5,754)	(5,098)
Income tax	<u>38</u>	<u>(515)</u>
Loss for the year from discontinued operations	<u>(5,716)</u>	<u>(5,613)</u>
Other comprehensive (loss)/income	<u>(64)</u>	<u>16</u>
Total comprehensive loss	<u>(5,780)</u>	<u>(5,597)</u>
Attributable to non-controlling interest	(2,312)	(2,239)
<b>Summarised statement of financial position</b>		
Property, plant and equipment and other non-current assets	–	2,316
Receivables and other non-current assets	226	2,661
Trade payables and other current liabilities	(1,630)	(11,032)
Deferred tax liability (non-current liability)	<u>–</u>	<u>(41)</u>
Total net liabilities	<u>(1,404)</u>	<u>(6,196)</u>
Attributable to equity holders of the Parent	(842)	(3,718)
Non-controlling interest	<u>(562)</u>	<u>(2,478)</u>
Non-controlling interest	<u>(1,404)</u>	<u>(6,196)</u>
<b>Summarised cash-flow information</b>		
Operating	30	92
Investing	<u>19</u>	<u>35</u>
Net increase in cash and cash equivalents	<u>49</u>	<u>127</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

**24. Net liabilities directly associated with the discontinued operation**

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

In September 2014 the Board of Directors agreed to pursue disposal of the Subsidiary, and Management continues to explore all options in this regard.

As at 31 December 2014, the Subsidiary was classified as a disposal group held for sale and as a discontinued operation. The results of the Subsidiary for the years ended 31 December 2014 and 2013 are presented below:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Sales revenue	1,739	10,496
Operating loss	(5,738)	(4,871)
Finance costs – net	<u>(16)</u>	<u>( 227)</u>
Loss before taxation	(5,754)	(5,098)
Taxation	<u>38</u>	<u>(515)</u>
<b>Net loss for the year</b>	<b><u>(5,716)</u></b>	<b><u>(5,613)</u></b>

The major classes of assets and liabilities of Premix & Precast Concrete Incorporated (PPCI) classified as held for sale as at 31 December 2014 are as follows:

	<b>2014</b>
	<b>\$</b>
<b>Assets</b>	
Receivables and prepayments	41
Cash and cash equivalents (Note 11)	<u>185</u>
Assets directly associated with the discontinued operation	<u><u>226</u></u>
<b>Liabilities</b>	
Payables and accruals	<u>1,630</u>
Liabilities directly associated with the discontinued operation	<u>1,630</u>
<b>Net liabilities directly associated with discontinued operation</b>	<b><u><u>(1,404)</u></u></b>

The net cash flows incurred by Premix & Precast Concrete Incorporated (PPCI) for the year ended 31 December 2014 are as follows:

	<b>2014</b>
	<b>\$</b>
Operating	30
Investing	<u>19</u>
Net cash inflow	<u><u>49</u></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

### 25. Debt restructuring

On 10 May 2012, the agreements to give effect to the debt restructuring (the "Override Agreement") were executed by the ultimate parent company, Trinidad Cement Limited ("TCL") with the lenders.

Readymix West Indies Limited ("RML") and its subsidiaries ("RML Group") were excluded from the TCL Group restructuring and the resulting Override Agreement. RML completed negotiations with its lenders separately and continues to meet its debt repayments in accordance with these revised terms.

As described in Note 2 (b), on 29 September 2014, the TCL Group suspended principal debt repayments due under the Override Agreement. Accordingly, the TCL Group was in default of its loan agreement at year end.

As at 31 December 2014, RML's shares and its ownership interest in Premix & Precast Concrete Incorporated ("PPCI") were pledged to secure loans taken by the ultimate parent company, Trinidad Cement Limited and fellow subsidiaries of the ultimate parent company.

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

- a. Compliance with certain financial covenants for the TCL Group commencing from 31 March 2013 and quarterly thereafter. This includes a consolidated coverage ratio (ratio of EBITDA to interest), consolidated leverage ratio (ratio of Debt to EBITDA) and consolidated total liabilities to tangible net worth (ratio of total liabilities to shareholders equity).
- b. The TCL Group's capital expenditure cannot exceed US\$15 million (excluding Readymix [W.I.] Limited and TCL Packaging Limited).
- c. Dividends cannot exceed US\$3 million per annum and can only be paid when Debt/EBITDA is less than or equal to 3.
- d. At each quarter end, if cash balance is greater than US\$15 million after accounting for any impending debt service payment, the excess is payable to lenders as an additional debt service payment.

At year end the TCL Group is in default of its loan agreements and is currently engaged in the negotiation of new terms with its lenders.

### 26. Dividends

There were no dividends declared or paid for the financial year 2014 (2013: Nil).



**REPUBLIC OF TRINIDAD AND TOBAGO****The Companies Act, 1995**

(Section 144)

**1. Name of Company:**

READYMIX (WEST INDIES) LIMITED. Company No. R-84 (C).

**2. Particulars of Meeting:**

Fifty-sixth Annual Meeting of the Company to be held on Friday May 22nd, 2015 at the Nelson Mandela Hall, Dr. Joao Havelange Centre of Excellence, Macoya Road, Tunapuna, Trinidad.

**3. Solicitation:**

It is intended to vote the Proxy solicited hereby (unless the Shareholder directs otherwise) in favour of all resolutions specified therein.

**4. Any director's statement submitted pursuant to Section 76 (2):**

No statement has been received from any Director pursuant to Section 76 (2) of The Companies Act, 1995.

**5. Any auditor's statement submitted pursuant to Section 171 (1):**

No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of The Companies Act, 1995.

**6. Any shareholder's proposal and/or statement submitted pursuant to Sections 116 (a) and 117 (2):**

No proposal has been received from any Shareholder pursuant to Sections 116 (a) and 117 (2) of The Companies Act, 1995.

DATE	NAME AND TITLE	SIGNATURE
14th April, 2015	Diane Warwick, Secretary	<i>Diane Warwick</i>



**PROXY FORM**

To Registrar  
 Readymix (West Indies) Limited  
 The Trinidad and Tobago Central  
 Depository Ltd.  
 10th Floor, Nicholas Tower  
 63-65 Independence Square  
 Port of Spain

**BLOCK CAPITALS PLEASE**

I/We \_\_\_\_\_  
 of \_\_\_\_\_

being a Member/Members of the above named Company, hereby appoint  
 the Chairman of the meeting or failing him/ her,

Mr./Mrs. \_\_\_\_\_  
 NAME OF PROXY  
 of \_\_\_\_\_  
 ADDRESS

To be my/our Proxy to vote for me/us on my/our behalf at the Annual  
 Meeting of the Company to be held at 2:30 p.m. on 22nd May, 2015 and  
 any adjournment thereof.

\_\_\_\_\_  
 Signature of Shareholder(s)

\_\_\_\_\_  
 Date

Please indicate with an "X" in the spaces below how you wish your votes to be cast.

**RESOLUTIONS**

**FOR      AGAINST**

- |  |                          |                          |
|--|--------------------------|--------------------------|
| 1. Be it resolved that the Financial Statements for the year ended 31st December, 2014 and the reports of the Directors and Auditors thereon be adopted.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Election of Directors:  |                          |                          |
| i. Be it resolved that Mr. Arun Goyal, who retires by rotation and being eligible, be re-elected a director of the company, in accordance with Clause 4.6.1 of By-Law No. 1.   | <input type="checkbox"/> | <input type="checkbox"/> |
| ii. Be it resolved that Mr. Anton Ramcharan, who retires by rotation and being eligible, be re-elected a director of the company, in accordance with Clause 4.6.1 of By-Law No. 1.   | <input type="checkbox"/> | <input type="checkbox"/> |
| iii. Be it resolved that Mr. Alejandro Alberto Ramirez Cantu, having been appointed by the Board to fill a casual vacancy, be re-elected a director of the company, in accordance with Clause 4.4.2 of By-Law No. 1, until the conclusion of the third Annual Meeting following. | <input type="checkbox"/> | <input type="checkbox"/> |
| iv. Be it resolved that Mr. Parasram Heerah, having been appointed by the Board to fill a casual vacancy, be re-elected a director of the company, in accordance with Clause 4.4.2 of By-Law No. 1, until the conclusion of the third Annual Meeting following.                  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Be it resolved that the Directors be authorized to appoint Auditors and to fix their remuneration for the Year 2015.  | <input type="checkbox"/> | <input type="checkbox"/> |

**NOTES**

1. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
2. In the case of joint holders, the signature of any one holder should be stated.
3. If you do not indicate how you wish to vote the proxy will use his discretion both as to how he votes or whether or not he abstains from voting.
4. To be valid this form must be completed and deposited with the Registrar at least 48 hours before the time appointed for the meeting or adjourned meeting.
5. Any alterations made on this form should be initialled.



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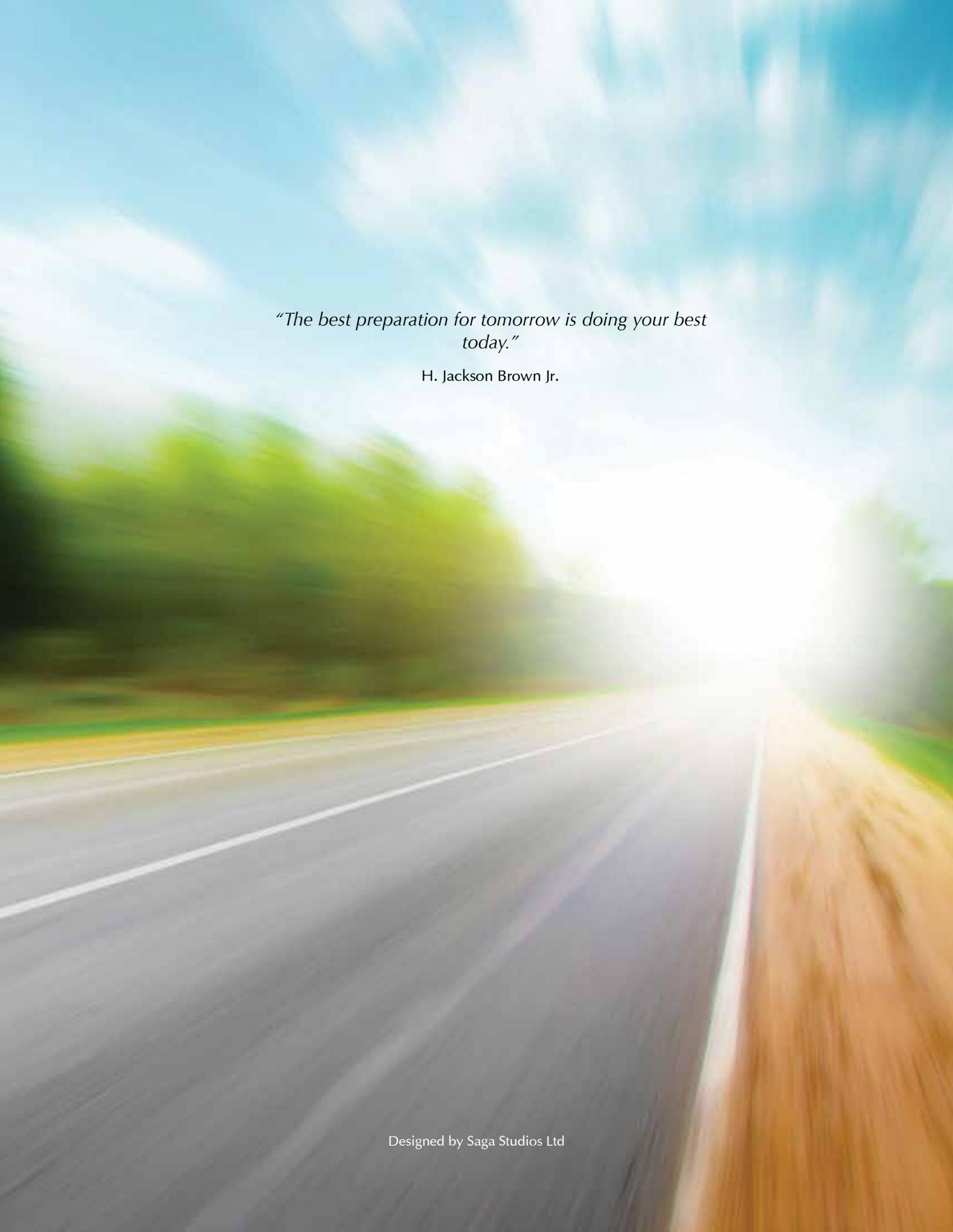
**Affix  
STAMP  
Here**



**To Registrar**

Readymix (West Indies) Limited  
The Trinidad and Tobago Central Depository Ltd.  
10th Floor, Nicholas Tower  
63-65 Independence Square  
Port of Spain

Fold here



*“The best preparation for tomorrow is doing your best today.”*

H. Jackson Brown Jr.



READYMIX (WEST INDIES) LIMITED

ONE CARIBBEAN...  
ONE COMPANY  
A member of the TCL GROUP

Build to last for Generations