TRINIDAD CEMENT LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2008

TRINIDAD CEMENT LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008

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INDEPENDENT AUDITORS' REPORT

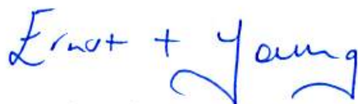
TO THE SHAREHODERS OF TRINIDAD CEMENT LIMITED

The accompanying summarized consolidated financial statements have been derived from the consolidated financial statements of Trinidad Cement Limited and its subsidiaries (the Group) for the year ended 31st December, 2008. These summarized consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on whether these summarized consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

We have audited the consolidated financial statements of the Group for the year ended 31st December, 2008 from which these summarized consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 12th March, 2009 we expressed an unqualified opinion on the consolidated financial statements from which the summarized consolidated financial statements were derived.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all materials respects, with the consolidated financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the year and the scope of our audit, the summarized consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarized consolidated financial statements were derived and our audit report thereon.



Port of Spain
TRINIDAD
12th March, 2009

TRINIDAD CEMENT LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2008 $	2007 $
Non-current assets			
Property, plant and equipment	7	2,534,510	2,187,429
Goodwill	8	215,831	221,236
Pension plan asset	9 (b)	216,821	202,558
Deferred tax asset	5 (d)	194,285	137,494
		3,161,447	2,748,717
Current assets			
Inventories	10	581,843	491,887
Receivables and prepayments	11	216,200	204,395
Short term deposits	12	7,516	129,175
Cash at bank		27,727	47,419
		833,286	872,876
Current liabilities			
Bank overdraft and advances	13	214,500	144,713
Payables and accruals	14	460,759	359,889
Current portion of borrowings	15	92,639	87,271
		767,898	591,873
Net current assets		65,388	281,003
Non-current liabilities			
Borrowings	15	1,352,183	1,308,252
Swap obligation	15	42,684	12,673
Post-retirement obligations	9 (b)	12,376	10,494
Deferred tax liability	5 (d)	315,314	256,047
		1,722,557	1,587,466
Total net assets		1,504,278	1,442,254

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

TRINIDAD CEMENT LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

	Notes	2008 $	2007 $
Equity attributable to the parent			
Stated capital	16 (a)	466,206	466,206
Unallocated ESOP shares	18	(30,421)	(31,554)
Other reserves	16 (b)	(205,652)	(142,427)
Retained earnings		1,142,020	1,021,510
		1,372,153	1,313,735
Minority interests		132,125	128,519
Total equity		1,504,278	1,442,254

On 12th March, 2009 the Board of Directors of Trinidad Cement Limited authorised these financial statements for issue and were signed on their behalf by:

Andy J. Bhajan Director

Director

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

TRINIDAD CEMENT LIMITED

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	**2008** **$**	**2007** **$**
Revenue	24.1	2,074,428	1,922,957
Operating profit before provision for fuel rebate	3	328,259	349,392
Provision for fuel rebate receivable	3	(21,072)	–
Operating profit after provision for fuel rebate		307,187	349,392
Finance costs	4	(111,295)	(103,666)
Profit before taxation		195,892	245,726
Taxation	5	(39,573)	(34,283)
Profit after taxation		156,319	211,443
Attributable to:			
Shareholders of the parent		137,388	187,795
Minority interests		18,931	23,648
		156,319	211,443
Earnings per share:			
Basic and diluted (cents)	6	56	77

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

TRINIDAD CEMENT LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	Equity attributable to the parent						
		Stated capital $	Unallocated ESOP shares $	Other reserves $	Retained earnings $	Total $	Minority interests $	Total equity $
Year ended 31st December, 2008								
Balance at 1st January, 2008		466,206	(31,554)	(142,427)	1,021,510	1,313,735	128,519	1,442,254
Currency translation and other adjustments	16	–	–	(41,142)		(41,142)	(13,576)	(54,718)
Change in fair value of swap (net of tax)	16	–	–	(22,083)	–	(22,083)	–	(22,083)
Total income and expense for the year recognized directly in equity		–	–	(63,225)	–	(63,225)	(13,576)	(76,801)
Profit after taxation		–	–	–	137,388	137,388	18,931	156,319
Total income and expense for the year		–	–	(63,225)	137,388	74,163	5,355	79,518
Allocation to employees and sale of ESOP shares net of dividends	18	–	1,133	–	606	1,739	–	1,739
Dividends	17	–	–	–	(17,484)	(17,484)	(1,749)	(19,233)
Balance at 31st December, 2008		466,206	(30,421)	(205,652)	1,142,020	1,372,153	132,125	1,504,278
Year ended 31st December, 2007								
Balance at 1st January, 2007		466,206	(34,770)	(121,137)	848,682	1,158,981	108,513	1,267,494
Currency translation and other adjustments	16	–	–	(12,043)	–	(12,043)	(2,802)	(14,845)
Change in fair value of swap (net of tax)	16	–	–	(9,247)	–	(9,247)	–	(9,247)
Total income and expense for the year recognized directly in equity		–	–	(21,290)	–	(21,290)	(2,802)	(24,092)
Profit after taxation		–	–	–	187,795	187,795	23,648	211,443
Total income and expense for the year		–	–	(21,290)	187,795	166,505	20,846	187,351
Allocation to employees and sale of ESOP shares net of dividends	18	–	3,216	–	19	3,235	–	3,235
Dividends	17	–	–	–	(14,986)	(14,986)	(840)	(15,826)
Balance at 31st December, 2007		466,206	(31,554)	(142,427)	1,021,510	1,313,735	128,519	1,442,254

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

TRINIDAD CEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2008 $	2007 $
Cash from operations	20	414,585	433,689
Pension contributions paid	9 (c)	(9,372)	(7,451)
Post-retirement benefits paid	9 (d)	(404)	(425)
Taxation paid		(24,469)	(17,985)
Net interest paid		(81,120)	(99,592)
Net cash generated by operating activities		299,220	308,236
Investing activities			
Additions to property, plant and equipment	7	(558,415)	(449,013)
Proceeds from disposal of property, plant and equipment		3,134	16,577
Acquisition of additional equity in subsidiary	8	–	(993)
Net cash used in investing activities		(555,281)	(433,429)
Financing activities			
Proceeds from new borrowings		235,500	202,220
Repayment of borrowings		(186,200)	(63,988)
Proceeds/(repayments) of short term advances (net)		56,963	(29,367)
Dividends paid to equity holders of the parent	17	(17,484)	(14,986)
Dividends paid to minority interests		(1,749)	(840)
Net cash generated by financing activities		87,030	93,039
Decrease in cash and cash equivalents		(169,031)	(32,154)
Cash and cash equivalents - beginning of year		139,354	168,635
Exchange rate adjustment		14,855	2,873
Cash and cash equivalents - end of year		(14,822)	139,354
Represented by:			
Short term deposits	12	7,516	129,175
Cash at bank		27,727	47,419
Bank overdrafts	13	(50,065)	(37,240)
		(14,822)	139,354

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

1. Incorporation and activities

Trinidad Cement Limited (the "Parent Company") is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago and its shares are publicly traded on Trinidad and Tobago Stock Exchange (TTSE), Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE), Eastern Caribbean Securities Exchange (ECSE) and the Guyana Association of Securities Companies and Intermediaries Inc. (GASCI). The Group (Trinidad Cement Limited and Consolidated Subsidiaries) is involved in the manufacture and sale of cement and lime, premixed concrete, packaging materials and the winning and sale of sand, gravel and gypsum. The registered office of the Parent Company is Southern Main Road, Claxton Bay,Trinidad.

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

2. Significant accounting policies

a) Basis of preparation

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

(i) Statement of compliance

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

(ii) 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 new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of 1st January, 2008:

IFRIC 11 – IFRS 2 Group and Treasury Share Transactions
IFRIC 12 – Service Concession Arrangements
IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Group.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

IFRS 8 Operating Segments (effective from 1st January, 2009) requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group.

IAS 23 Borrowing Costs was amended (effective 1st January, 2009) and requires capitalization of borrowing costs that relate to a qualifying asset. The transitional provisions of the standard require prospective application from the effective date.

IAS 32 Financial Instruments: Presentation was amended (effective from 1st July, 2009) regarding Puttable Financial Instruments and Obligations Arising on Liquidation, and requires entities to classify certain types of financial instruments as equity provided they have particular features and meet specific conditions.

IAS 39 Financial Instruments: Recognition and Measurement was amended (effective 1st July, 2009) regarding Hedging portions of risk, and clarifies the principles associated with designating a portion of cash flows or fair values of a financial instrument as a hedged item.

IFRS 2 Share-based Payment was amended (effective 1st January, 2009) regarding Vesting Conditions and cancellations, and clarifies that vesting conditions are service conditions and performance conditions only, while other features of a share-based payment are not vesting conditions.

IFRS 3 Business Combinations was amended (effective 1st July, 2009). The amendments were the result of a joint project with the US FASB, and certain fundamental changes and improvements were made to reinforce the existing standard and remedy problems that have emerged with its application.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective (continued):

IFRS 1 First-time Adoption and IAS 27 Consolidated and Separate Financial Statements was amended (effective 1st January, 2009) and provides guidance on determining the cost of investments in subsidiaries, jointly controlled entities and associates in the financial statements of a parent entity that prepares separate financial statements.

IAS 1 Presentation of Financial Statements was revised (effective 1st January, 2009) and separates owner and non-owner changes in equity, through the introduction of a Statement of Comprehensive Income.

IFRIC 13 Customer Loyalty Programmes (effective 1st July, 2008) requires that award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. Banks often grant customers award credits (or points) as part of their credit card programme, which may be redeemed for free or discounted goods. Such banks would need to consider whether their customer loyalty programme falls under the scope of the IFRIC.

IFRIC 15 Agreements for the Construction of Real Estate (effective 1st January, 2009) regarding when and how revenue and related expenses from the sale of real estate as construction progresses should be recognized, and addresses the divergence in accounting treatment arising from such arrangements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective from 1st October, 2008) provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment. It also provides guidance on where within the group the hedging instrument can be held in the hedge of a net investment, and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective (continued):

IFRIC 17 Distributions of Non-cash Assets to Owners (effective from 1st July, 2009) provides guidance on how to account for such transactions. It also provides guidance on when to recognize a liability and how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so.

IFRIC 18 Transfers of Assets from Customers (effective from 1st July, 2009) provides guidance on when and how an entity should recognize items of property, plant and equipment received from their customers.

In May 2008 the International Accounting Standards Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments primarily became effective for annual periods beginning on or after 1st January, 2009. These have not been adopted early by the Group or are not applicable to the activities of the Group:

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

IAS 16 Property, Plant and Equipment:

- Replace the term “net selling price” with “fair value less costs to sell”.
- Items of Property, Plant and Equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of ‘borrowing costs’ into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective (continued):

IAS 28 Investment in Associates: If an associate is accounted for at fair value in accordance with IAS 39 only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loan applies.

IAS 31 Interest in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the service.

IFRS 7 Financial Instruments: Disclosures: Removal of the reference to 'total interest income' as a component of finance costs.

IAS 8 Accounting Policies, Change in Accounting Estimates and Errors: Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 10 Events after the Reporting Date: Clarification that dividends declared after the end of the reporting period are not obligations.

IAS 18 Revenue: Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective (continued):

IAS 19 Employee Benefits: Revision to the definition of ‘past service costs’, ‘return on plan assets’ and ‘short term’ and ‘other long term’ employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment. Reference to the recognition of contingent liabilities deleted to ensure consistency with IAS 37.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant.

IAS 27 Consolidated and Separate Financial Statements: When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 29 Financial Reporting in Hyperinflationary Economies: Reference to the exception to measure assets and liabilities at historical costs revised, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.

IAS 34 Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 39 Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, ‘fair value through profit or loss’ classification after initial recognition. Reference in IAS 39 to a ‘segment’ when determining whether an instrument qualifies as a hedge removed. The use of the revised effective interest rate when re-measuring a debt instrument on the cessation of fair value hedge accounting is required.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

(ii) Changes in accounting policy and disclosures (continued)

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective (continued):

IAS 40 Investment Property: Revision of the scope such that property under construction or development for future use as an investment property is classified as an investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as a fair value can be determined or construction is complete. Also, revision of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

IAS 41 Agriculture: Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced the term ‘point-of-sale costs’ with ‘costs to sell’.

b) Basis of consolidation

These consolidated financial statements comprise the financial statements of Trinidad Cement Limited (the Parent) and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. Subsidiary undertakings, being those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights, are fully consolidated from the date of acquisition being the date on which the Group obtained control. All intercompany transactions, balances, and unrealised surpluses and deficits on transactions between Group companies are eliminated.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of income and within equity in the consolidated balance sheet.

2. Significant accounting policies (continued)

c) Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting 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 judgements, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

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

Deferred tax assets

In recognizing a deferred tax asset for unused tax losses and deductible temporary diffence, management uses judgment to determine the probability that future taxable profits will be available to facilitate utilisation of these unused tax losses and deductible temporary difference.

Pension and post-retirement benefits

The cost of defined benefit pension plans and other post retirement benefits is determined using actuarial valuations. The actuarial valuation involves making judgements and assumptions in determining discount rates, expected rates of return on assets, future salary increases and future pension increases. Due to the long term nature of these plans, such assumptions are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

2. Significant accounting policies (continued)

c) 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.

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

d) Business combinations and goodwill

Business combinations are accounted for using the purchase method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. From the acquisition date goodwill is allocated to these cash generating units or groups of cash generating units which benefit from the synergies of the combination.

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

2. Significant accounting policies (continued)

e) Property, plant and equipment

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

Depreciation is provided on the straight line or reducing balance basis at rates estimated to write-off the assets over their 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. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Current rates of depreciation are:

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

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

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

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

2. Significant accounting policies (continued)

f) Inventories

Plant spares, raw materials and consumables are valued at the lower of weighted average cost and net realisable value. Net realisable value is arrived at after review by technical personnel.

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

g) Foreign currency translation

Foreign currency transactions
The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the Group's functional and presentation currency. This is the currency of the primary economic environment in which the Group operates. 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.

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 balance sheet 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 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 balance sheet date and the statement of income are translated at the weighted average exchange rates for the year. The exchange differences arising on re-translation are taken directly to reserves.

h) Deferred expenditure

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

2. Significant accounting policies (continued)

i) Segment information

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

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

j) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances including advances/overdrafts, short term deposits, accounts receivables, accounts payables, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

k) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets or liabilities. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the statement of income.

The Group has entered into a cashflow hedge relationship to hedge its exposure to variability in cashflows arising from a portion of floating rate debt. Gains or losses on derivatives that meet the strict criteria for hedge accounting are taken to equity from where amounts are transferred to the statement of income to offset fluctuations in revenue or expense from the underlying hedged item as it is recognised.

l) Leases

Operating leases

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

2. Significant accounting policies (continued)

l) Leases (continued)

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.

m) 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 balance sheet date.

Deferred income tax

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

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

n) Pension plans and post-retirement medical benefits

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

2. Significant accounting policies (continued)

n) Pension plans and post-retirement medical benefits (continued)

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the annual cost of providing pensions is charged to the statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of independent professional actuaries who carry out a full valuation of the plans every three years.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturities approximating the terms of the related liabilities. All actuarial gains and losses to be recognised are spread forward over the average remaining service lives of employees.

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

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

o) Revenue recognition

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

Sales of goods

Revenue from the sale of goods 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 and investment income

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

p) Trade and other receivables

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

2. Significant accounting policies (continued)

q) Trade and other payables

Liabilities for trade and other payables, 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 or not billed to the Group.

r) Interest bearing loans and borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. In subsequent periods, borrowings are stated at amortised cost using the effective interest method, any differences between proceeds and the redemption value is recognised in the statement of income over the period of the borrowings.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes 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.

t) Provisions

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

u) 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 dilutive potential ordinary shares in issue.

v) Cash and short term deposits

Cash and short term deposits in the balance sheet comprise cash at banks and on hand and short term deposits readily convertible to cash. For the purpose of the cash flow statement, cash and cash equivalents include all cash and bank balances, short term deposits, and overdraft balances with maturities of less than three months from date of establishment.

2. Significant accounting policies (continued)

w) Equity compensation benefits

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

x) 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 statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the 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. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amounts.

2. Significant accounting policies (continued)

x) Impairment of assets (continued)

Financial assets

The carrying value of all financial assets not carried at fair value through the income statement is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

3. Operating profit

	2008 $	2007 $
Revenue	2,074,428	1,922,957
Less expenses:		
Personnel remuneration and benefits	434,924	388,447
Raw materials and consumables	419,425	327,722
Fuel and electricity	338,251	306,770
Operating expenses	249,921	227,675
Repairs and maintenance	118,086	137,202
Depreciation	133,813	133,633
Equipment hire and haulage	104,871	85,276
Changes in finished goods and work in progress	(40,113)	3,987
	315,250	312,245
Other income (see note below)	13,009	37,147
Operating profit before provision for fuel rebate	328,259	349,392
Personnel remuneration and benefits include:		
Salaries and wages	367,270	342,033
Other benefits	46,662	34,277
Statutory contributions	20,190	15,822
Pension costs – defined contribution plan	4,506	3,746
Termination benefits	1,535	1,748
Net pension income – defined benefit plans (Note 9a)	(5,239)	(9,179)
	434,924	388,447

3. **Operating profit** (continued)	**2008 $**	**2007 $**
Operating profit is stated after deducting directors' fees of:		
Directors' fees	2,001	2,225
Other income includes:		
(Loss)/gain from disposal of property, plant and equipment	(184)	12,933
Delivery and trucking services	10,053	11,474
Net insurance claim recoveries	–	7,560
Miscellaneous income	3,140	5,180
	13,009	37,147

In 2008, a full provision was made for the 2007 rebate on fuel costs of US$3.4 million claimed from a former supplier in Venezuela. Whilst management is actively continuing its efforts to collect the said rebate, a full provision has been established in compliance with the Group's policy on bad and doubtful debts.

4. **Finance costs**	**2008 $**	**2007 $**
Interest expense	104,508	121,796
Interest income	(1,490)	(3,210)
Accretion in value of bond redemption options	(15,163)	(24,200)
	87,855	94,386
Foreign currency exchange loss	23,440	9,280
	111,295	103,666

5. Taxation

a) Taxation charge

	2008 $	2007 $
Deferred taxation (Note 5c)	15,029	15,249
Current taxation	24,544	19,034
	39,573	34,283

	2008	2007
5. Taxation (continued)	$	$

b) Reconciliation of applicable tax charge to effective tax charge

	2008 $	2007 $
Profit before taxation	195,892	245,726
Tax calculated at 25%	48,973	61,432
Net effect of other charges and disallowances	20,076	(3,664)
Impact of income not subject to tax	(36,256)	(30,203)
Business and green fund levies	3,558	2,301
Effect of different tax rates outside Trinidad and Tobago	3,222	4,417
Taxation charge	39,573	34,283

Trinidad Cement Limited has tax losses of $470 million (2007: $278 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of $31.4 million (2007: $39.3 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of $35.1 million (2007: $30.0 million) available for set off against future taxable profits.

c) Movement in deferred tax net balance:

	2008 $	2007 $
Net balance at 1st January	(118,553)	(108,145)
Exchange rate and other adjustment	5,208	1,637
Credit to hedging reserve	7,345	3,204
Charge to earnings	(15,029)	(15,249)
Net balance at 31st December	(121,029)	(118,553)

	2008 $	2007 $
5. Taxation (continued)		
d) Components of the deferred tax asset/(liability) are as follows:		
Deferred tax liability:		
Property, plant and equipment	(259,711)	(205,740)
Pension plan assets	(55,603)	(50,307)
Balance at 31st December	(315,314)	(256,047)
Deferred tax asset:		
Tax losses carry forward	117,965	84,448
Capital allowances carry forward	42,537	42,820
Others	23,239	7,064
Swap obligation	10,544	3,162
Balance at 31st December	194,285	137,494
Net deferred tax liability	(121,029)	(118,553)

6. Earnings per share

	2008	2007
Net profit attributable to shareholders of the Parent	137,388	187,795
Weighted average number of ordinary shares issued (thousands)	245,245	245,050
Earnings per share – basic and diluted (cents)	56	77

Effective December 2001, balances of the TCL Employee Share Ownership Plan relating to the unallocated shares held by the Plan have been consolidated with the financial statements of the Group. The weighted average number of unallocated shares of 4.52 million (2007: 4.715 million) held by the Plan during the year is deducted in computing the weighted average number of ordinary shares in issue. The Group has no dilutive potential ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

7. Property, plant and equipment

	Land and buildings $	Plant, machinery and equipment and motor vehicles $	Office furniture and equipment $	Capital work in progress $	Total $
At 31st December, 2008					
Cost	445,800	2,950,597	116,372	173,436	3,686,205
Accumulated depreciation	(134,546)	(941,800)	(75,349)	–	(1,151,695)
Net book amount	311,254	2,008,797	41,023	173,436	2,534,510
Net book amount					
1st January, 2008	323,684	1,179,355	31,755	652,635	2,187,429
Exchange rate adjustments	(21,505)	(31,277)	(1,133)	(20,288)	(74,203)
Additions	19,675	202,692	19,965	316,083	558,415
Disposals and adjustments	2,714	768,625	337	(774,994)	(3,318)
Depreciation charge	(13,314)	(110,598)	(9,901)	–	(133,813)
31st December, 2008	311,254	2,008,797	41,023	173,436	2,534,510
At 31st December, 2007					
Cost	452,209	2,037,771	99,862	652,635	3,242,477
Accumulated depreciation	(128,525)	(858,416)	(68,107)	–	(1,055,048)
Net book amount	323,684	1,179,355	31,755	652,635	2,187,429
Net book amount					
1st January, 2007	314,570	1,208,681	30,631	344,934	1,898,816
Exchange rate adjustments	(7,686)	(7,828)	(447)	(7,162)	(23,123)
Additions	25,789	82,926	7,107	333,191	449,013
Disposals and adjustments	4,495	6,019	4,170	(18,328)	(3,644)
Depreciation charge	(13,484)	(110,443)	(9,706)	–	(133,633)
31st December, 2007	323,684	1,179,355	31,755	652,635	2,187,429

7. Property, plant and equipment (continued)

The net carrying value of assets held under finance leases within property, plant and equipment amounted to $12.8 million (2007: $17.7 million) as at 31st December, 2008.

In 2008, the total borrowing costs capitalised was $52.6 million (2007: $50.3 million).

8. Goodwill

	2008 **$**	**2007** **$**
Cost	269,147	269,147
Accumulated impairment	(53,316)	(47,911)
Net book amount	215,831	221,236
Net book amount		
1st January, 2008	221,236	223,262
Goodwill arising from additional shares in acquisition of minority interests	–	474
Impairment charge	(5,405)	(2,500)
	215,831	221,236

Based on the results of an impairment test in 2008, an impairment charge of $5.4 million (2007: $2.5 million) was recorded against goodwill arising from the acquisition of a subsidiary of Readymix (West Indies) Limited, as a result of continuing operational challenges being experienced by the entity.

Effective 1st August, 2007, the Parent Company acquired an additional 132,483 shares in Readymix (West Indies) Limited at a cost of $0.993 million. This increased its shareholding to 71% and resulted in the recognition of goodwill amounting to $0.474 million derived as follows:

	$
Consideration paid	993
Share of net assets acquired	(519)
Goodwill arising	474

8. Goodwill (continued)

Impairment testing of goodwill

Goodwill was acquired through business combinations with Caribbean Cement Company Limited and subsidiaries of Readymix (West Indies) Limited. The recoverable amount of business units has been determined using cash flow projections approved by the Board of Directors and applying sensitivity analysis to the data.

The recoverable amount of the cash generating units was determined using value in use calculations. The calculation of value in use is most sensitive to assumptions regarding market share and gross margins:

Market share - It is assumed that the respective business units will at least maintain their current levels of market share over the projection period.

Gross margins - It is assumed that the business units will be able to at least maintain their current gross margins over the projection period with the ability to adjust selling prices to compensate for increasing price of inputs which are reliably supplied.

The following highlights the goodwill and impairment information for each cash-generating unit:

	Caribbean Cement Company Limited	**Subsidiaries of Readymix (West Indies) Limited**
Carrying amount of goodwill	$214 million	$1.8 million
Basis for recoverable amount	Value in use	Value in use
Discount rate	15.7%	11.75% - 12%
Cash flow projection term	5 years	5 years
Growth rate (extrapolation period)	1.5%	1%

	2008 $	2007 $
9. Pension plans and other post-retirement benefits		

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

a) Amounts recognised in the statement of income in respect of pension costs/(income)

	2008 $	2007 $
Current service cost	22,853	16,545
Interest cost	38,969	34,811
Expected return on plan assets	(67,082)	(60,551)
Amortised net loss	21	16
Total, included in personnel remuneration and benefits (Note 3)	(5,239)	(9,179)
Actual return on plan assets	6,386	68,150

b) Pension plan assets and liabilities and other post retirement obligations:

	2008 $	2007 $
Pension plan assets	216,821	202,558
Pension plan liabilities and post retirement obligations:		
Retiree's medical benefit obligations	(12,376)	(10,146)
Pension plan liabilities	–	(348)
Total plan liabilities and post retirement obligations	(12,376)	(10,494)

c) Movement in pension plan assets/(liabilities)

	2008 $	2007 $
Balance at 1st January	202,210	185,580
Net pension income for the year	5,239	9,179
Contributions paid	9,372	7,451
Balance at 31st December	216,821	202,210
Pension plan assets	216,821	202,558
Pension plan liabilities	–	(348)
Pension plan assets - net	216,821	202,210

9. **Pension plans and other post-retirement benefits** (continued)	**2008** **$**	**2007** **$**
c) **Movement in pension plan assets/(liabilities)** (continued)		
Net pension plan asset		
Defined benefit obligation	(534,627)	(454,549)
Fair value of plan assets	673,640	677,462
Surplus	139,013	222,913
Unrecognised actuarial loss/(gain)	77,808	(20,703)
Net pension plan asset	216,821	202,210
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at 1st January	(454,549)	(407,527)
Interest cost	(38,969)	(34,811)
Current service cost	(20,274)	(17,601)
Actuarial loss	(29,623)	(9,124)
Benefits paid	16,471	17,851
Employer and employees' contribution	(5,216)	(4,426)
Expense allowance	1,374	1,179
Past service cost	(4,027)	–
Exchange differences	186	(90)
Defined benefit obligation at 31st December	(534,627)	(454,549)
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at 1st January	677,462	615,131
Expected return	67,082	60,551
Actuarial loss	(68,097)	8,343
Benefits paid	(16,471)	(17,851)
Employer and employees' contribution	15,599	12,365
Expense allowance	(1,374)	(1,179)
Exchange differences	(561)	102
Fair value of plan assets at 31st December	673,640	677,462

The Group expects to contribute $10.3 million to its defined benefit plan in 2009.

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

c) Movement in pension plan assets/(liabilities) (continued)

Major categories of plan assets as a percentage of fair value:

Equities	42%	48%
Debt securities	44%	40%
Property	0%	1%
Other	14%	11%

Experience history for the current and previous three periods are as follows:

	2008 **$**	**2007** **$**	**2006** **$**	**2005** **$**
Defined benefit obligation	(534,627)	(454,549)	(407,527)	(388,218)
Fair value of plan assets	673,640	677,462	615,131	630,055
Surplus	139,013	222,913	207,604	241,837
Experience adjustments on plan liabilities	(29,623)	(9,124)	16,508	13,857
Experience adjustments on plan assets	(68,097)	8,343	(68,895)	(24,022)

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

The Parent Company's employees and employees of TCL Packaging Limited and Readymix (West Indies) Limited are members of the Trinidad Cement Limited Employees' Pension Fund Plan. This is a defined benefit Pension Plan which provides pensions related to employees' length of service and basic earnings at retirement. The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent professional actuary. The last such valuation was carried out as at 31st December, 2006 and the results revealed that the Trinidad Cement Limited section was in surplus by $212.7 million but the TCL Packaging Limited and Readymix (West Indies) Limited sections were in deficit by $1.1 million and $0.7 million respectively.

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

c) Movement in pension plan assets/(liabilities) (continued)

The service contribution rates for TCL, TPL and RML as a percentage of salaries will remain at 5.7%, 23.5% and 15.7% respectively.

Employees of Arawak Cement Company Limited are members of a defined benefit pension plan, which became effective in September 1994. The plan is established under an irrevocable trust and its assets are invested through an independently administered segregated fund policy. The triennial actuarial valuation was last carried out as at January 2007 and showed a funding surplus of $10.0 million. The actuary has recommended that the company and employees fund this liability and future service benefits at 7% of members' earnings.

A roll-forward valuation in accordance with IAS 19 “Employee Benefits”, using assumptions indicated below, was done as at 31st December, 2008 for the sole purpose of preparing these financial statements.

Principal actuarial assumptions used are as follows:

	2008	**2007**
Discount rate	8.00% - 8.75%	8.00% - 8.75%
Expected return on plan assets	8.00% - 10.00%	8.00% -10.00%
Rate of future salary increases	7.00% - 7.75%	7.00% - 7.75%
Rate of future pension increases	3.50% - 4.00%	3.50% - 4.00%

Caribbean Cement Company Limited operates a defined contribution Pension Plan for all permanent employees. This plan is managed by an independent party.

d) Other post-retirement benefits

	2008 **$**	**2007** **$**
The retirees' medical benefit liabilities are derived as follows:		
Defined benefit obligation	20,991	16,209
Unrecognised loss	(8,615)	(6,063)
Defined benefit obligation	12,376	10,146

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

d) Other post-retirement benefits (continued)

	2008 $	2007 $
Movement in the retirees' medical benefit liabilities:		
Opening balance	10,146	8,197
Total expense for the year	2,634	2,374
Benefits paid	(404)	(425)
Retirees' medical benefit liabilities	12,376	10,146

Changes in the present value of the benefit obligation are as follows:

	2008 $	2007 $
Defined benefit obligation at January 1	(16,209)	(15,009)
Benefit improvement	(4,070)	–
Interest cost	(1,341)	(1,230)
Current service cost	(834)	(638)
Actuarial loss	1,059	243
Benefits paid	404	425
Defined benefit obligation at December 31	(20,991)	(16,209)

Expected benefits to be paid in 2009 amounts to $0.542 million.

Principal actuarial assumptions as at December 31 were:

	2008	2007
Discount rate	8.75%	8.75%
Medical expense inflation	7.75%	7.75%

10. Inventories

	2008 $	2007 $
Plant spares	168,541	186,385
Raw materials and work in progress	173,462	140,581
Consumables	147,769	103,390
Finished goods	92,071	61,531
	581,843	491,887

Inventories are shown as net of provision of $7.7 million (2007: $5.1 million).

11. Receivables and prepayments

	2008 $	2007 $
Trade receivables	160,707	136,349
Less: provision for doubtful debts	(20,358)	(20,702)
Trade receivables (net)	140,349	115,647
Sundry receivables and prepayments	60,144	64,201
Deferred expenditure	8,131	14,656
Taxation recoverable	7,576	9,891
	216,200	204,395

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

			Past due but not impaired		
	Total $	Neither past due nor impaired $	1-90 days $	91-180days $	Over 180 days $
2008	140,349	65,361	54,084	7,841	13,063
2007	115,647	55,985	43,306	6,354	10,002

As at 31st December, an impairment provision of $20.4 million (2007: $20.7 million) was made for trade receivables assessed to be doubtful. Movements in the provision for impairment of receivables were as follows:

	2008 $	2007 $
At 1st January	20,702	17,412
Charge for the year	4,032	3,290
Unused amounts reversed	(4,376)	–
As at 31st December	20,358	20,702

12. Short term deposits

This represents cash held for the financing of the Group's operation, expansion and modernization projects. These deposits are normally in the form of cash instruments or bank balances which are readily convertible into cash. These instruments consist of TT$ and US$ denominated call deposits, money market funds and bank accounts which bear interest at rates ranging from 2% to 4.86% per annum.

13. Bank overdraft and advances

	2008 $	2007 $
Bankers' acceptances and other advances	164,435	107,473
Bank overdrafts	50,065	37,240
	214,500	144,713

Bank advances of $14.5 million are secured by certain fixed assets of the Group, all other advances are unsecured. The advances are denominated in Trinidad and Tobago dollars, Jamaican dollars, Barbados dollars and United States dollars with rates of interest in the range of 6.8% to 22% per annum. The 22% rate of interest relates to overdraft borrowings by the subsidiary in Jamaica.

14. Payables and accruals

	2008 $	2007 $
Sundry payables and accruals	276,395	226,673
Trade payables	157,863	114,500
Statutory obligations – Jamaica Subsidiary	22,150	12,126
Taxation payable	4,351	6,590
	460,759	359,889

15. Borrowings

	2008	2007
Maturity of borrowings:		
One year	92,639	87,271
Two years	308,288	428,737
Three years	150,347	124,649
Four years	149,248	126,553
Five years and over	744,300	628,314
	1,444,822	1,395,524
Current portion	(92,639)	(87,271)
Non-current portion	1,352,183	1,308,252

15. Borrowings (continued)

	2008 $	2007 $
Type of borrowings:		
Bonds	631,613	701,498
Project financing	634,904	650,515
Term loans	169,561	30,229
Finance lease obligations	8,744	13,282
	1,444,822	1,395,524
Currency denomination of borrowings		
US dollar	480,608	353,437
Local currencies	964,214	1,042,087
	1,444,822	1,395,524
Interest rate profile		
Fixed rates	1,127,930	1,370,842
Floating rates	316,892	24,682
	1,444,822	1,395,524
The weighted average effective interest rate for medium and long term financing is:	8.2%	8.4%

a. Bonds

(i) Barbados $50 million Bond

This bond, with current book value of TT$139.3 million (2007: TT$153.1 million), is secured by a charge on the fixed and floating assets of Arawak Cement Company Limited and is repayable by 18 equal semi-annual instalments commencing in March 2008. The rates of interest are fixed in the range 7.4% to 9.45% for four tranches.

(ii) TT$346.5 million Bond

This bond, with current book value of TT$206.2 million (2007: TT$240.4 million), is secured by a charge on the fixed and floating assets of the Group and is repayable by 20 equal semi-annual installments of TT$17.3 million ending in August 2014 and carries a fixed rate of interest of 6.87% per annum.

15. Borrowings (continued)

a. Bonds (continued)

(iii) TT$247.6 million Bond

This bond, with current book value of TT$192.3 million (2007: TT$205.1 million), is secured by a charge on the fixed and floating assets of the Group. It carries a fixed effective rate of interest of 14.08% per annum payable semi-annually with principal repayable by one lumpsum amount of TT$185.2 million in June 2009. The Group issued a new 10-year TT$187.0 million bond in January 2009 at a fixed rate of 8.95%, the proceeds of which were placed in an escrow account until June 2009 when they will be used to retire the existing bond.

(iv) TT$100 million Bond

In February 2008, the principal balance on the previous TT$127.4 million bond was repaid by a lump sum amount of TT$96.8 million under a refinancing agreement with a financial institution. The new bond, with current book value of TT$93.7 million, is secured by a charge on the fixed and floating assets of the Group. It carries a fixed interest rate of 8.5% per annum and is to be repaid by twenty equal semi-annual principal repayments commencing August 2008.

b. Project financing

The Group has secured a loan package amounting to US$105 million for funding of the expansion and modernisation capital projects at Trinidad Cement Limited and at Caribbean Cement Company Limited. The loans are secured by a first charge on the specific plants to be constructed and a second ranking charge on the other fixed and floating assets of the Group in addition to the maintenance of several financial ratios and covenants. The components of the funding package are:

(i) TT$315 million Project Bond

This bond, with current book value of TT$310.6 million (2007: TT$309.7 million), is secured by a charge on certain fixed assets of the Group and is repayable by 24 equal semi-annual installments of TT$13.1 million commencing in March 2010 and carries a fixed rate of interest of 9.1% per annum.

15. Borrowings (continued)

b. Project financing (continued)

(ii) US$25 million Project 'A' Loan

This loan, with current book value of TT$145.3 million (2007: TT$154.2 million), is secured by a charge on certain fixed assets of the Group and is repayable by 18 equal semi-annual installments of US$1.389 million commencing in October 2008 and carries a floating rate of interest of 6-month Libor plus 225 basis points.

(iii) US$10 million Project 'C' Loan

This loan, with current book value of TT$61.4 million (2007: TT$61.6 million), is secured by a charge on certain fixed assets of the Group and is repayable by 2 installments of US$5 million each in April 2016 and in April 2017. It carries a floating rate of interest of 6-month Libor plus 100 basis points.

In addition to interest, the lender is entitled to an additional annual margin to be paid from April 2009 to the end of the loan capped at 800 basis points above Libor calculated on the excess Earnings before Interest, Taxes, Depreciation and Amortisation ('Ebitda') of Caribbean Cement Company Limited over US$20.0 million.

(iv) US$20 million Project 'Parallel' Loan

This loan, with current book value of TT$117.5 million (2007: TT$125 million), is secured by a charge on certain fixed assets of the Group and is repayable by 24 equal semi-annual installments of TT$5.0 million commencing in April 2010 and carries a floating rate of interest of 6-month Libor plus 275 basis points.

Interest rate swap

In order to hedge against the floating interest rate risk of the 'Project' US$ loans, the Group has entered into interest rate swap agreements for the full value and period of the loans. Under the swap agreements, the Group agreed to pay or receive from a counter party, at semi-annual intervals, the difference between the fixed and variable interest amounts, the effect of which is to effectively fix the rates of interest on the loans as follows: US$25 million Project 'A' Loan – 7.308%; US$10 million Project 'C' Loan – 6.11%; US$20 million Project 'Parallel' Loan – 7.36%. The hedge relationship and resulting cash-flows are expected to arise over the full period of the loans.

15. Borrowings (continued)

b. Project financing (continued)

Interest rate swap (continued)

The swap instruments are carried at market values representing the present values of all future settlements under the swaps as determined by a specific formula based upon current market conditions. The carrying values, which will vary in response to changes in market conditions, are recorded as assets or liabilities with the resultant charge or credit recorded as a 'Hedging Reserve' directly in shareholders equity. At each balance sheet date, the swap instruments are marked to market and the change in value recorded in the Hedging Reserve. For each accounting period, an amount is transferred from the Hedging Reserve and charged or credited in the statement of income such that the overall interest expense on the related project loans is reflective of the fixed interest rates. As at December 31st, 2008, the swaps carried an aggregate value of a $42.7 million (2007: $12.7 million) liability in the books of the Group.

c. Term loans

(i) US$25 million Commercial Paper

The loan obtained in December 2008 with current book value of TT$156.3 million, is unsecured and carries a fixed rate of interest of 7.25% per annum. It is repayable by one bullet payment in June 2010.

(ii) TT$18.5 million loan

A ten (10) year loan with an outstanding balance of $10.0 million (2007: $12.1 million), taken by Readymix (West Indies) Limited carrying rates of interest of 6%, fixed for the first five years and variable over the remaining five years. The security for this loan is a first charge on the fixed and floating assets of that company.

(iii) Other term loans

- Medium term loans, with aggregate outstanding balance of $1.9 million (2007: $3.04 million), taken by Premix & Precast Concrete Incorporated, carrying variable rate of interest in the range 7% to 9.7%, and secured by a charge over the fixed and floating assets of the company and a guarantee from Readymix (West Indies) Limited.

- A loan, with outstanding balance of $0.4 million (2007: $1.1 million), taken by Island Concrete Products N.V. carries interest at 8.5% and is secured by a charge over the fixed and floating assets of the company and by a guarantee from Readymix (West Indies) Limited.

15. Borrowings (continued)

c. Term loans (continued)

(iii) Other term loans (continued)

- Loans obtained by the Jamaica subsidiary from RBTT Bank Jamaica Limited and Bank of Nova Scotia Jamaica Limited with current book value of TT$1 million (2007: TT$1.5 million) are repayable in equal monthly installments and are secured by a bill of sale over certain of the subsidiary's motor vehicles.

- A bank loan obtained in 2007 amounting to $12.6 million represents an unsecured advance repayable by January 2009 and carried a rate of interest of six-month Libor plus 200 basis points. This was refinanced during the year through the proceeds of short term advances.

d. Finance leases

Included in total borrowings are finance leases amounting to $8.7 million (2007: $13.3 million). The minimum lease payments under these finance leases are as follows:

	2008	**2007**
	$	**$**
Due not more than one year	4,988	5,377
Due in years two to five	4,641	9,469
Total minimum lease payments	9,629	14,846
Less: Finance charges	(885)	(1,564)
Total net present value	8,744	13,282

	2008 $	2007 $
16. Stated capital and other reserves		
(a) Stated capital		
Authorised		
An unlimited number of ordinary and preference shares of no par value		
Issued and fully paid		
249,765,136 (2007: 249,765,136) ordinary shares of no par value	466,206	466,206

(b) Other reserves

	Currency translation account $	Hedging reserve $	Total other reserve $
Year ended 31st December, 2008			
Balance at 1st January, 2008	(132,961)	(9,466)	(142,427)
Currency translation and other adjustments	(41,142)	–	(41,142)
Change in fair value of swap obligation	–	(29,547)	(29,547)
Net gain on swap transferred to statement of income	–	119	119
Deferred taxation on swap obligation	–	7,345	7,345
Balance at 31st December, 2008	(174,103)	(31,549)	(205,652)
Year ended 31st December, 2007			
Balance at 1st January, 2007	(120,918)	(219)	(121,137)
Currency translation and other adjustments	(12,043)	–	(12,043)
Change in fair value of swap obligation	–	(11,801)	(11,801)
Net gain on swap transferred to statement of income	–	(650)	(650)
Deferred taxation on swap obligation	–	3,204	3,204
Balance at 31st December, 2007	(132,961)	(9,466)	(142,427)

		2008 $	2007 $
17.	**Dividends**		
	Paid 2007 Final - 7 ¢ (2006 - 6¢)	17,484	14,986
18.	**Employee share ownership plan (ESOP)**		
	Employee share ownership plan		
	Number of shares held - unallocated (thousands)	4,451	4,617
	Number of shares held - allocated (thousands)	4,032	3,866
		8,483	8,483
	Fair value of shares held - unallocated	17,804	33,935
	Fair value of shares held - allocated	16,128	28,415
		33,932	62,350
	Cost of unallocated ESOP shares	30,421	31,554
	Charge to earnings for shares allocated to employees	606	999

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

Shares acquired by the ESOP are funded by Parent Company contributions. The shares so acquired with cost of $30.4 million (2007:$31.6 million) which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. All dealings in the shares will be recognised directly in equity. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at year end.

19. Capital commitments and contingent liabilities

Capital commitments

The Group has approved capital commitments amounting to $191.1 million (2007: $301 million) mainly relating to the expansion and modernisation Project.

Contingent liabilities

There are contingent liabilities amounting to $38.4 million (2007: $13.4 million) for various claims, bank guarantees, and bonds against the Group. There are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Group's attorneys at law, that if any liability should arise out of these claims it is not likely to be material. Accordingly, no provision has been made in these financial statements in respect of these matters.

20. Cash from operations

	2008 $	2007 $
Profit before taxation	195,892	245,726
Adjustments to reconcile profit before taxation to net cash generated by operating activities:		
Depreciation	133,813	133,633
Interest expense net of interest income	103,018	118,586
ESOP share allocation and sale of shares net of dividends	1,739	3,235
Impairment of goodwill	5,405	2,500
Other post-retirement benefit expense	2,634	2,374
Pension plan credit	(5,239)	(9,179)
Loss/(gain) on disposal of property, plant and equipment	184	(12,933)
Other non-cash items	(15,163)	(21,219)
	422,283	462,723
Changes in net current assets		
Increase in inventories	(89,956)	(69,402)
Increase in receivables and prepayments	(14,089)	(29,909)
Increase in payables and accruals	96,347	70,277
	414,585	433,689

21. Fair value

The fair values of cash and bank balances, short term deposits, receivables, payables and current portion of financing approximate their carrying amounts due to the short term nature of these instruments. The fair value of the long term fixed rate borrowings and other short term financial instruments is presented below:

	Carrying amount 2008 $	**Fair value 2008 $**	**Difference $**	**Carrying amount 2007 $**	**Fair value 2007 $**	**Difference $**
Financial assets:						
Cash at bank	27,727	27,727	–	47,419	47,419	–
Receivables and prepayments	216,200	216,200	–	204,395	204,395	–
Short term deposits	7,516	7,516	–	129,175	129,175	–
Financial liabilities:						
Bank overdrafts and bank advances	214,500	214,500	–	144,713	144,713	–
Borrowings	1,444,822	1,384,399	60,423	1,395,524	1,393,131	2,393
Payables and accruals	460,759	460,759	–	359,889	359,889	–

22. Subsidiary undertakings

The Group's subsidiaries are as follows:

	Country of incorporation	**Ownership level 2008**	**2007**
Readymix (West Indies) Limited	Trinidad and Tobago	71%	71%
TCL Packaging Limited	Trinidad and Tobago	80%	80%
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	65%	65%
TCL Leasing Limited	Trinidad and Tobago	100%	100%
Caribbean Cement Company Limited	Jamaica	74%	74%
Jamaica Gypsum and Quarries Limited	Jamaica	74%	74%
Rockfort Mineral Bath Complex Limited	Jamaica	74%	74%
Caribbean Gypsum Company Limited	Jamaica	74%	74%
Arawak Cement Company Limited	Barbados	100%	100%
Premix & Precast Concrete Incorporated	Barbados	43%	43%
TCL Trading Limited	Anguilla	100%	100%
TCL Service Limited	Nevis	100%	100%
TCL (Nevis) Limited	Nevis	100%	100%
Island Concrete N.V.	St. Maarten	71%	71%
Island Concrete SARL	St. Martin	71%	71%
TCL Guyana Inc.	Guyana	80%	80%

22. Subsidiary undertakings (continued)

As noted above, the Group's effective interest in Premix & Precast Concrete Incorporated is 43%. This company has been treated as a consolidated subsidiary, as the Group effectively has the power to govern the financial and operating policies of the company.

Key management compensation of the Group

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

	2008 **$**	**2007** **$**
Short-term employment benefits	23,058	14,624
Pension plan and post retirement benefits	515	456

23. Financial risk management

Introduction

The Group activities expose it to a variety of financial risks, including the effects of changes in debt prices, interest rates, market liquidity conditions, and foreign currency exchange rates which are accentuated by the Group's foreign operations, the earnings of which are denominated in foreign currencies. Accordingly, the Group's financial performance and position are subject to changes in the financial markets. Overall risk management measures are focused on minimizing the potential adverse effects on the financial performance of the Group of changes in financial markets and to this end the Group may employ various hedging strategies. Where financial risks cannot be fully hedged, the Group remains so exposed with respect to its financial performance and position.

Risk management structure

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

23. Financial risk management (continued)

Credit risk

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

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the balance sheet 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.

Exposure to credit risk is further managed through regular analysis of the ability of debtors and borrowers to settle outstanding balances, meet capital and interest repayment obligations and by changing these lending 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 balance sheet:

	Gross maximum exposure 2008	Gross maximum exposure 2007
	$	$
Receivables and prepayments	216,200	204,395
Cash and short term deposits	35,243	176,594
Credit risk exposure	251,443	380,989

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 31st December, 2008, the Group had twenty-two customers (2007: thirteen customers) that owed the Group more than $2 million each and accounted for 49% of all trade receivables owing.

23. Financial risk management (continued)

Credit risk (continued)

Credit risk related to cash and short term deposits

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

Liquidity risk

The Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations, from the settlement of financial assets such as accounts receivables and from approved bank credit facilities. The Group's objective is to fund its operations and activities within borrowing and preset financial ratio limits that include 'current ratio' and 'scheduled expenditure to cash from operations' metrics.

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

2008	**On Demand**	**1 year**	**2 to 4 years**	**> 4 years**	**Total**
	$	**$**	**$**	**$**	**$**
Bank overdraft and advances	214,500	–	–	–	214,500
Borrowings	–	92,639	607,883	744,300	1,444,822
Payables and accruals	–	460,759	–	–	460,759
	214,500	553,398	607,883	744,300	2,120,081

2007	**On Demand**	**1 year**	**2 to 4 years**	**> 4 years**	**Total**
	$	**$**	**$**	**$**	**$**
Bank overdraft and advances	144,713	–	–	–	144,713
Borrowings	–	87,271	679,939	628,314	1,395,524
Payables and accruals	–	359,889	–	–	359,889
	144,713	447,160	679,939	628,314	1,900,126

23. Financial risk management (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy financial position in order to support its business activities and maximize shareholder value. The Group is required to comply with several financial ratios and other quantitative targets in accordance with certain loan agreement. Important amongst these targets are a Current Ratio of not less than 1.0 and a Debt to EBITDA (Earnings before Interest Tax and Depreciation) of not more than 3. Refer to note 25 for details concerning compliance with financial ratios.

Foreign currency risk

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

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

	Increase/decrease in US/Euro rate	**Effect on profit before tax $**	**Effect on equity $**
2008			
US dollar	+1%	(6,782)	(5,087)
	-1%	6,782	5,087
Euro	+5%	(300)	(225)
	-5%	300	225
2007			
US dollar	+1%	(3,009)	(2,256)
	-1%	3,009	2,256
Euro	+5%	(135)	(101)
	-5%	135	101

The effect on profit is shown net of US dollar financial assets (2008 - $77.4 million, 2007 - $209 million), and liabilities (2008 - $755.7 million, 2007 - $509.8 million) and EURO net financial liabilities (2008 - $6 million, 2007 - $2.7 million).

23. Financial risk management (continued)

Foreign currency risk (continued)

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

2008	**TTD**	**USD**	**JMD**	**BDS**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
ASSETS						
Cash and short term deposits	9,198	23,018	1,026	191	1,810	35,243
Receivables and prepayments	106,714	54,409	30,580	14,151	10,346	216,200
	115,912	77,427	31,606	14,342	12,156	251,443
LIABILITIES						
Bank overdraft and advances	84,865	74,285	22,019	33,212	119	214,500
Borrowings	820,076	480,608	1,006	142,768	364	1,444,822
Payables and accruals	60,672	200,780	159,823	27,097	12,387	460,759
	965,613	755,673	182,848	203,077	12,870	2,120,081

2007	**TTD**	**USD**	**JMD**	**BDS**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
ASSETS						
Cash and short term deposits	39,582	134,521	264	155	2,072	176,594
Receivables and prepayments	71,299	74,434	28,201	21,672	8,789	204,395
	110,881	208,955	28,465	21,827	10,861	380,989
LIABILITIES						
Bank overdraft and advances	53,100	39,454	21,417	30,742	–	144,713
Borrowings	881,133	353,437	1,467	159,487	–	1,395,524
Payables and accruals	142,843	116,915	57,838	27,227	15,066	359,889
	1,077,076	509,806	80,722	217,456	15,066	1,900,126

Interest rate risk

Interest rate risk for the Group centres on the risk that debt service cash outflow will increase due to changes in market interest rates. At the balance sheet date, the Group's exposure to changes in interest rate relates primarily to bank overdraft and some loans which has a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

23. Financial risk management (continued)

Interest rate risk (continued)

The interest rate exposure of borrowings is as follows:

Total borrowings:

	2008	**2007**
	$	**$**
At fixed rate	1,127,930	1,370,842
At floating rates	531,392	169,395

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/decrease in basis points	**Effect on profit before tax**
		$
2008	+100	(5,314)
	-100	5,314
2007	+100	(1,694)
	-100	1,694

24. Financial information by segment

The Group's primary reporting segment is determined to be business segments. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of products and services provided.

24.1. Business segment information

	Cement 2008 $	Cement 2007 $	Concrete 2008 $	Concrete 2007 $	Packaging 2008 $	Packaging 2007 $	GROUP 2008 $	GROUP 2007 $
Revenue								
Total sales	2,093,256	1,890,651	301,022	295,284	94,713	80,363	2,488,991	2,266,298
Inter-segment sales	(337,436)	(275,571)	–	–	(77,127)	(67,770)	(414,563)	(343,341)
Group revenue	1,755,820	1,615,080	301,022	295,284	17,586	12,593	2,074,428	1,922,957
Segment operating profit	226,653	242,109	53,245	55,350	14,280	14,786	294,178	312,245
Other income	–	–	–	–	–	–	13,009	37,147
Group operating profit	–	–	–	–	–	–	307,187	349,392
Segment assets	3,747,760	3,397,883	172,899	158,027	74,074	65,683	3,994,733	3,621,593
Segment liabilities	2,385,331	2,067,867	64,688	79,122	40,436	32,350	2,490,455	2,179,339
Expenditure on property, plant and equipment	548,060	444,276	8,991	4,219	1,364	518	558,415	449,013
Depreciation	120,175	119,534	10,994	11,507	2,644	2,592	133,813	133,633
Impairment of goodwill	–	–	5,405	2,500	–	–	5,405	2,500

24. Financial information by segment (continued)

24.2. Geographical segment information

	Revenue 2008 $	**Revenue 2007 $**	**Total assets 2008 $**	**Total assets 2007 $**	**Additions property plant and equipment 2008 $**	**Additions property plant and equipment 2007 $**
Trinidad and Tobago	773,008	708,168	2,592,338	2,172,980	486,816	252,090
Jamaica	732,583	721,528	757,062	769,137	49,841	106,226
Barbados	206,484	201,000	524,144	544,204	21,592	82,616
Other countries	362,353	292,261	121,189	135,272	166	8,081
Group total	2,074,428	1,922,957	3,994,733	3,621,593	558,415	449,013

25. Compliance with loan covenants

In October and November, 2008, the Lenders, Republic Finance & Merchant Bank Limited and International Finance Corporation respectively, confirmed their consent to the waiver of certain loan covenants, including those relating to short term borrowings and current ratio limits, and to the relaxation of such covenants in 2009. This revision was obtained in anticipation of the financial flexibility required by the Group in order to ensure the continuity of funding for the Expansion and Modernisation Project which had experienced significant escalation in cost to complete.

At 31st December, 2008 a covenant which limits the total borrowings at Caribbean Cement Company Limited Group to US$7.5 million was exceeded by US$80,000. In accordance with the loan agreements the borrower has a period of 30 days after the date the borrower becomes aware of the non-compliance to remedy the situation before it is considered to be an event of default. This position was remedied within the 30 day grace period allowed by the relevant loan agreements and accordingly was not considered an event of default. The TCL Group was in compliance with the requirements of the loan agreements as at 31st December, 2008.

26. Subsequent events

Claim for Lost Profits against the Government of Guyana

The Group commenced legal proceedings in the Caribbean Court of Justice ('CCJ') against the Government of Guyana ('GOG') for unlawful failure and / or refusal to apply the common external tariff of cement as approved by CARICOM. In the substantive proceeding the Group is seeking declarations that the GOG's conduct was illegal and subsequent orders from the CCJ to compel the GOG to bring its regime for the imports of extra-regional cement into conformity with the Revised Treaty of Chaguaramas The Group is claiming damages in the sum of US$2.1 million for lost profits for the period January to December 2007. Additional claims are expected to be lodged until the GOG applies the common external tariff on cement or obtains a CARICOM-approved waiver.

During 2008, the CCJ heard various submissions of the claim and on 15th January, 2009 granted the Group permission to commence the substantive claim against the GOG. The substantive claim was filed on 19th January, 2009.

Compliance with loan covenants

At the end of February 2009, Caribbean Cement Company Limited had exceeded its borrowing limit of US$7.5 million by US$0.88 million as established in the loan agreement. This non-compliance was subsequently remedied within the 30 day grace period as stipulated in the loan agreement and therefore was not considered an event of default.