Trinidad Cement Company Limited. 1999

CHAIRMAN'S STATEMENT

Total Revenue for the nine months ended September 30, 1999 increased by $178.8M (42.5%) over the comparative period last year. TCL Group revenue, excluding Caribbean Cement (CCCL) declined by $21.8M due to the loss of $46.1 M in revenue as a result of the price reduction in Trinidad. This was partially offset by higher local cement sales in Barbados. Revenue at CCCL, consolidated for the five months from May 1, 1999, was $200.6M, increasing the TCL Group revenue to $599.5M. On October 4 TCL returned to regular prices in Trinidad subsequent to the favourable ruling by the Ministry of Trade and Industry in TCL's antidumping claim.

EBITDA for the nine months ended September 30, 1999 increased by $45.3M (31.9%) over the comparative period last year reflecting the larger revenue base, although the full operational potential of CCCL is yet to be realised.

Finance costs rose significantly as a result of two factors: (1) the increase in debt to finance the CCCL acquisition and its subsequent rights issue and (2) the consolidation of the high interest expense on the debt of CCCL prior to refinancing. This refinancing was completed on August 25 at much lower rates, after a delay of two months pending regulatory approvals.

As a consequence of the above, Group Net Profit declined by $23.7M (35.9%) to $42.3M at September 30, 1999 when compared with the same period in 1998. CCCL returned a profit of TT$ 1.9M (Jca$12M) for the quarter ended September 30, 1999, following the refinancing at lower rates and initial improvements in plant operations. This turnaround at CCCL is very favourable when compared with the losses of TT$136.9M Jca$842M) incurred for the half-year ended June 30, 1999.

With the return to regular cement prices in Trinidad, our buoyant domestic and export cement markets and with continuing improvement to plant operations in Jamaica, the Group is well poised for the fourth quarter of 1999 and for the future.

CONSOLIDATED STATEMENT OF EARNINGS

	TT$000 UNAUDITED NINE MTHS. ENDED 30.9.99	TT$000 UNAUDITED NINE MTHS. ENDED 30.9.98	TT$000 AUDITED YEAR ENDED 31.12.98
Revenue:			
TCL Group (excl. CCCL)	398,953	420,767	548,674
CCCL (from May 1st 1999)	200,584	-	-
	599,537	420,767	548,674
EBITDA	187,362	142,062	186,956
Depreciation	40,147	26,369	35,514
Finance cost - net	97,256	24,736	34,540
Profit before taxation	49,959	90,957	116,902
Taxation - current and deferred	8,028	21,573	27,315
Profit after taxation	41,931	69,384	89,587
Attributable to Minority Interests	340	-3,454	-4,343
GROUP NET PROFIT	42,271	65,930	85,244
Earnings per Ordinary stock unit (cents)			
- Basic & Diluted	20	31	41
Dividends per Ordinary stock unit (cents)	6	8	16

Andy J Bhajan
Chairman

Group Chief Executive Officer's Review

The year 1999 has been a year of major transformation for the TCL Group as the world prepares to usher in a new millenium. We undertook to position the Group for the long term with many years of substantial growth in profitability and shareholder value. The acquisition of a majority stake (74.1%) in Caribbean Cement Company Limited, notwithstanding the many challenges that this venture presented, will transform the Group into a truly regional enterprise that is capable of addressing the needs of the Caribbean's 7.0 million consumers. In so doing, the Group's cement production capacity has increased by 70% to 1.7m tonnes per annum with the consequential doubling of the Group's annual revenue stream to more than $ 1.0 billion.

In pursuing our initiatives for the future, we have experienced some short term setbacks. The dumping of cement from Thailand into our Trinidad market, necessitated the Group's response that included the reduction in our selling prices by 44% and the vigorous pursuit of an anti-dumping complaint with the authorities. Only after a preliminary ruling imposed 199% duty on the dumped cement, the Group reverted to regular pricing, from October 4. The effect of the reduced prices has been a loss of revenue of $46.1M with the resultant negative impact on profits. The experience was used to develop strategies to fight dumped cement anywhere in our Caribbean markets as well as strengthen all Group companies in order to deal more effectively with fair competition if it arises.

Some of the challenges of Caribbean Cement Company Limited have proven to be more protracted than originally anticipated. The refinancing of their high cost debt was delayed by two months due to pending regulatory approvals. This was, however, completed on August 25, so that future related interest cost will be reduced by 50%. Operationally, production bottlenecks have prevented a more significant contribution from Caribbean Cement Company Limited towards defraying the financing costs associated with the acquisition of the company. Consequently, the Group's profitability was adversely impacted in the period. Although many substantial milestones have already been achieved at the company, including a profitable third quarter, the full potential of the acquisition is yet to be realised and accordingly the Group has committed resources including the postings of our best technical personnel, to achieve this full potential in the shortest possible timeframe. The Group is confident that the turnaround successes achieved at Arawak Cement

Company Limited and Readymix (West Indies) Limited will be duplicated at Caribbean Cement Company Limited.

The Group is also confident of a return to substantial growth in our profits in 2000 and investors can look forward to attractive returns, as the acquisition of Caribbean Cement Company Limited will contribute significantly to profitability for many years ahead. The setbacks experienced so far in 1999 are short-term and we have renewed our resolve and commitment to make the Group a truly outstanding Caribbean enterprise that is exceeding the expectations of its employees, customers and shareholders.

OPERATING COMPANIES

Percentage Ownership

Trinidad Cement Limited - Parent
Arawak Cement Company Limited - 100%
TCL Trading Limited - 100%
TCL Packaging Limited - 80%
Readymix (WI.) Limited - 70%
TCL Ponsa Manufacturing Limited - 65%
Caribbean Cement Company Limited - 74.1%

CARIBBEAN CEMENT COMPANY LIMITED

. A rights issue was completed in July, eliminating US$36.OM of debt.
. US$65.OM of other debts was refinanced on August 25, two months later than expected.
. TCL staff postings have been made to instigate a cultural shift.
. The electricity problem has been resolved.
. A twenty year electricity supply contract was signed - cost reduced by 45%
. A three year fixed price coal supply contract was executed - cost reduced by 40%
. Efforts at resolving production bottlenecks are continuing.
. Performance is progressively improving.

LOOKING FORWARD - 4th QUARTER & YR2000

. The Group has mobilised resources to combat imported cement.
. The Group is directing intensive effort at turning around CCCL.
. The Group is anticipating full contribution from CCCL pending resolution of the remaining production bottlenecks.

- GOTT's heightened construction spending will impact favourably on the Group's performance.
- Arawak Cement is nearing full production.
- TCL is expected to continue with excellent production levels.
- The adoption of IAS 19 will impact positively on the 1999 year end earnings.
- The contemplated rights issue by TCL is under review.

CARIBBEAN CEMENT COMPANY LIMITED
EARNINGS FOR THE 2ND & 3RD QUARTERS

J$M	1999 Q3	1999 Q2
REVENUE	696.5	733.8
EBITDA	247.3	(222.9)
Depreciation	(40.1)	(53.8)
Finance Cost	(195.0)	(244.6)
PROFIT BEFORE TAXES	12.2	(521.3)
TAXATION	-	-
PROFIT/(LOSS) AFTER TAXES	12.2	(521.3)

Dr. Rollin Bertrand
Group CEO