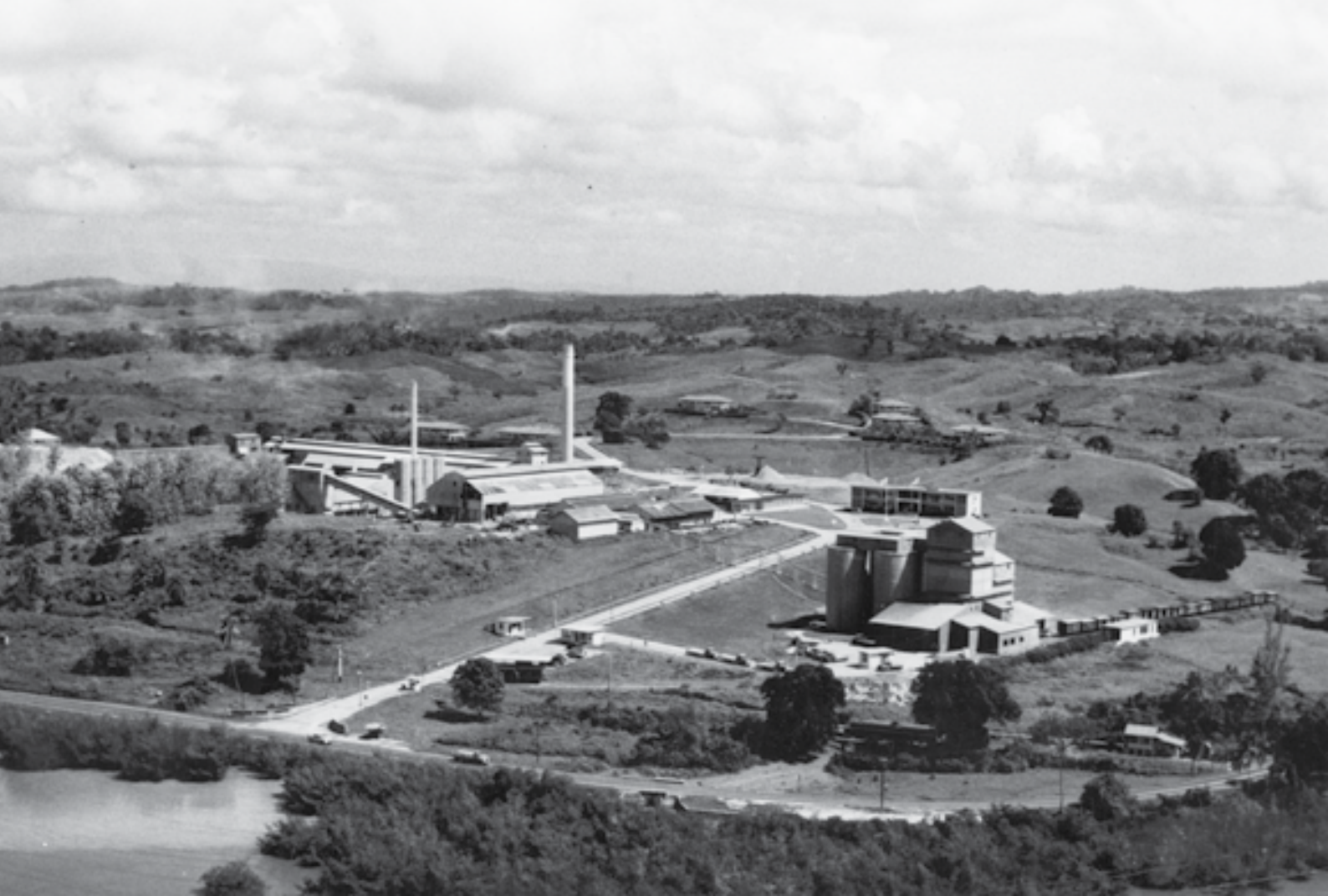




ONE CARIBBEAN...
ONE COMPANY

2011
Annual Report 2011
Building from the Ground Up





Vision Statement

We are a World Class Group of Companies, committed to leadership in the regional business community and progressive partnering with all our stakeholders through:

- A focus on customer satisfaction with quality products and services;
- Superior financial performance and rate of return to our shareholders;
- Growth through diversification and expansion in our core competency and through nurturing strategic alliances;
- The continuous empowerment of our family of employees participating in a network of mutual support.



ONE CARIBBEAN...
ONE COMPANY

Annual Report 2011



Mission Statement

To be a World Class Group of Companies providing quality products and services to our customers and generating a superior rate of return to our shareholders through the optimisation of our human, technological and natural resources.

BUILDING FROM THE GROUND UP



ONE CARIBBEAN...
ONE COMPANY

www.tclgroup.com

Contents

Corporate Information	3
Notice of Annual Meeting	5
10-Year Consolidated Financial Review	8
Consolidated Financial Summary	9
Share and Performance Highlights	10
Board of Directors	13
About our Board of Directors	14
Corporate Governance	16
Group Chairman's Review	17
Group Executive Committee	20
About our Group Executive Committee	21
Group CEO's Report & Management Discussion	23
TCL Subsidiaries - Principal Officers	31
Management Proxy Circular	39
Directors' Report	40

Financial Statements

Independent Auditors' Report	43
Consolidated Statement of Financial Position	44
Consolidated Statement of Income	46
Consolidated Statement of Comprehensive Income	47
Consolidated Statement of Changes in Equity	48
Consolidated Statement of Cash Flows	49
Notes to the Consolidated Financial Statements	50
Proxy Form	

Corporate Information

Board of Directors of Trinidad Cement Limited

Mr. Andy J. Bhajan (Chairman)
Dr. Rollin Bertrand
Ms. Eutrice Carrington
Mr. Bevon Francis
Mr. Carlos Hee Hounq
Mr. Jean Michel Allard
Dr. Leonard Nurse
Mr. George Thomas
Mr. Brian Young
Mr. Luis Miguel Cantú Pinto

Company Secretary

Mr. Alan Nobie

Group Chief Executive Officer

Dr. Rollin Bertrand

Registered Office

Trinidad Cement Limited
Southern Main Road, Claxton Bay,
Trinidad & Tobago, W.I.
Phone: (868) 659-0787/88/0800
Fax: (868) 659-0818
Website: www.tclgroup.com

Bankers

(Local)
Republic Bank Limited
High Street, San Fernando,
Trinidad & Tobago, W.I.

Bankers

(Foreign)
CITIBANK N.A.
111 Wall Street,
New York, NY 10043,
U.S.A.

Auditors

Ernst & Young
5/7 Sweet Briar Road,
St. Clair,
Trinidad & Tobago, W.I.

Registrar & Transfer Agent

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad and Tobago, W.I.

Sub-Registrars

Barbados Central Securities Depository Inc.
8th Avenue, Belleville,
St. Michael, Barbados, W.I.

Jamaica Central Securities Depository
40 Harbour Street,
Kingston, Jamaica, W.I.

Eastern Caribbean Central Securities Registry Limited
Bird Rock, Basseterre,
St. Kitts, W.I.

Trust Company (Guyana) Limited
230 Camp & South Streets,
Georgetown,
Guyana, South America.

Stock Exchanges on which the Company is listed:

Barbados Stock Exchange
8th Avenue, Belleville,
St. Michael,
Barbados, W.I.

Jamaica Stock Exchange
40 Harbour Street,
Kingston,
Jamaica, W.I.

Trinidad & Tobago Stock Exchange
10th Floor, Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad & Tobago, W.I.

Eastern Caribbean Securities Exchange
Bird Rock, Basseterre,
St. Kitts, W.I.

Guyana Association of Securities Companies and Intermediaries Inc.
Hand in Hand Building,
1 Avenue of the Republic,
Georgetown,
Guyana, South America.

Attorneys-At-Law

The Law Offices of Dr. Claude Denbow S.C.
13-15 St. Vincent Street,
Port of Spain,
Trinidad & Tobago, W.I.

M.G. Daly and Partners
115A Abercromby Street,
Port of Spain,
Trinidad & Tobago, W.I.

Girwar & Deonarine
Harris Court, 17-19 Court Street,
San Fernando,
Trinidad & Tobago, W.I.

Johnson, Camacho & Singh
First Floor, Briar Place,
10 Sweet Briar Road,
St. Clair,
Port-of-Spain,
Trinidad & Tobago, W.I.

Clarke, Gittens, Farmer
Parker House, Wildey Business Park,
Wildey Road,
St. Michael,
Barbados, W.I.

Hughes, Fields & Stoby
62 Hadfield & Cross Streets,
Werk-en-rust,
Georgetown,
Guyana, South America.

Kelsick, Wilkin & Ferdinand
P.O. Box 174,
Fred Kelsick Building,
Independence Square South,
Basseterre,
St. Kitts, W.I.

Caribbean Juris Chambers
Hannah-Waverhouse,
P.O. Box 801,
The Valley,
Anguilla, W.I.

Patterson Mair Hamilton
63-67 Knutsford Boulevard,
Kingston 5,
Jamaica, W.I.

BUILDING FROM THE GROUND UP

Building on Tradition From the Ground Up

In all parts of the world, cement is a valuable raw material, which has many uses in the construction, transport, agricultural, and civil sectors of a country.

Cement and concrete form the building blocks that hold societies together and facilitate convenience and accessibility through infrastructure.

For close to sixty years, the TCL Group has been providing cement and ready-mix concrete products to many countries in the Caribbean and in the Americas.



Notice of Annual Meeting

Notice is hereby given that the ANNUAL MEETING of TRINIDAD CEMENT LIMITED for the year ended 31 December, 2011 will be held at the Training Room, TCL Compound, Southern Main Road, Claxton Bay on Friday 12 October, 2012 at 4:30 p.m. for the transaction of the following business:

A. SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

Articles of Continuance:

1. Be it resolved that Article 8 of TCL's Articles of Continuance be amended by deleting the sentence: "The Company shall have a minimum of three (3) and a maximum of ten (10) directors" and replacing it by the sentence: "The Company shall have a minimum of three (3) and a maximum of twelve (12) directors."

By-Law No. 1:

2. Be it resolved that the amendments to TCL's By-Law No.1 set out in the attached Appendix 1, effected by resolution of the Board of Directors on the 2nd day of March, 2012 be and are hereby confirmed in accordance with section 66 of the Company Act Chap. 81:01 of the laws of Trinidad and Tobago.

Abridgement of Term of Directors:

3. Be it resolved that the term of office of directors elected at TCL's Annual General Meetings held in 2010 and 2011 respectively, be and are hereby abridged in the manner set out in the amendment to TCL's paragraph 4.6.1 of By-Law No.1 set out in the attached Appendix 1.

B. ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended 31 December, 2011, with the Report of the Auditors thereon.
2. To elect Directors.
3. To appoint Auditors and authorise the Directors to fix their remuneration for the ensuing year.
4. To transact any other business which may be properly brought before the meeting.

Notes

1. Record Date

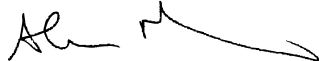
The Directors have fixed Monday 3 September, 2012 as the record date for shareholders entitled to receive notice of the Annual Meeting. Formal notice of the Meeting will be sent to shareholders on the Register of members as at the close of business on that date. A list of such shareholders will be available for examination by shareholders at the registered office of the Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, during usual business hours and at the Annual Meeting.

2. Proxies

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

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

BY ORDER OF THE BOARD



ALAN NOBIE
SECRETARY

24 August, 2012

BUILDING FROM THE GROUND UP

Notice of Annual Meeting (continued)

APPENDIX 1

- (a) That the existing clause 4.1 be repealed and replaced by the following revised clause 4.1:

"4.1 Number

The number of directors or the minimum and maximum number of directors of the Company shall be as set out in the Articles of the Company, of which there shall be no more than five executive directors, provided always that the number of non-executive directors shall at all times exceed the number of executive directors by two. The majority of directors must be persons resident in the West Indies."

- (b) That the existing clause 4.4.2 be repealed and replaced by the following revised clause 4.4.2:

"4.4.2 Subject to paragraph 4.6.1 of the by-laws and section 77 of the Act, the directors shall have the power at any time to appoint any person as a director to fill a casual vacancy, or as an addition to the Board, but so that the total number of directors shall not at any time exceed the maximum number fixed. But any directors so appointed, save as set out in paragraph 4.6.1 of the by-laws, shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election."

- (c) That the existing clause 4.6.1 be repealed and replaced by the following revised clause 4.6.1:

"4.6.1 At the annual meeting next following the annual meeting held on the 15th day of July, 2011, the following shall occur:

- (a) In the case of directors elected at the annual meeting held on the 15th day of July, 2011, they shall retire at the close of the second annual meeting following such election;
- (b) In the case of directors elected at the annual meeting held on the 2nd day of June, 2010, they shall retire at the close of the second annual meeting following such election;
- (c) In the case of directors elected at the annual meeting held on the 12th day of May, 2009, and offering themselves for re-election at the annual meeting next following the annual meeting held on the 15th day of July, 2011, they shall be eligible for re-election until the close of the second annual meeting following such election;
- (d) In the case of directors appointed by the board of directors to fill a casual vacancy following the annual meeting held on the 15th day of July, 2011, one-half of such directors shall hold office until the close of the first annual meeting following such election and the other one-half of such directors shall hold office until the close of the second annual meeting following such appointment.

Thereafter, the term of office applicable on election or re-election of all directors shall be two (2) years."



Building Communities From the Ground Up

Strong core values can help produce strong communities. This is what the TCL Group strives for in two ways.

On the one hand, our quality products help to build homes, schools, roads, jetties, airports, and many other amenities of modern community life.

On the other hand, TCL also plays a direct role in helping the communities in which we operate to improve. We assist with UWI scholarships and partner with Habitat for Humanity to build homes for low-income families across the region.

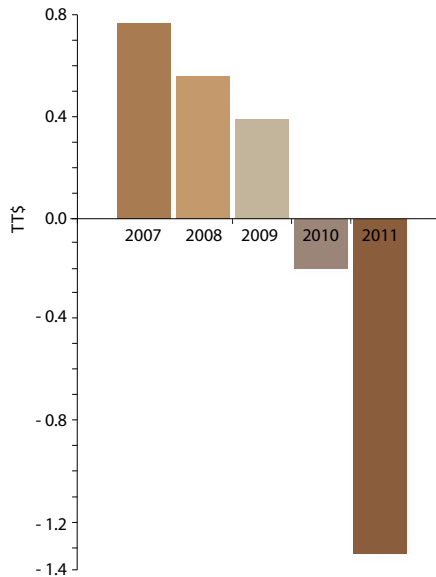
BUILDING FROM THE GROUND UP

10-year Consolidated Financial Review

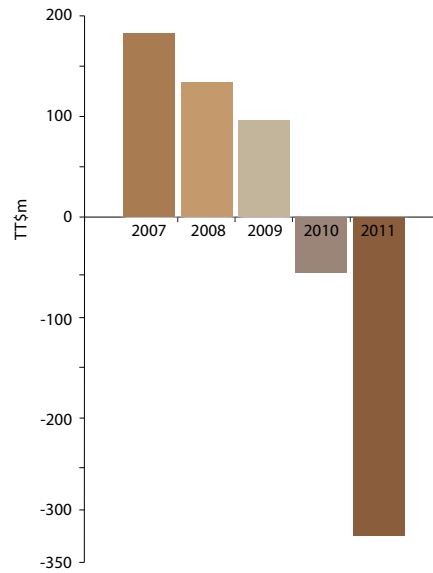
	UOM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Group Third Party Revenue	TT\$m	1,131.80	1,155.70	1,329.90	1,429.80	1,719.00	1,923.00	2,074.40	1,755.80	1,561.10	1,560.86
Operating Profit	TT\$m	246.70	264.00	304.10	183.90	264.80	349.40	307.20	248.10	(1.20)	(167.77)
Group Profit before Taxation	TT\$m	160.30	173.20	199.30	86.80	160.50	245.70	195.90	84.00	(149.60)	(447.84)
Group Profit attributable to Shareholders	TT\$m	118.50	121.40	162.30	160.30	145.70	187.80	137.40	95.80	(48.50)	(325.32)
Foreign Exchange Earnings	TT \$m	176.20	184.00	192.80	162.30	231.80	292.30	362.40	327.70	239.30	271.90
Earnings per Share (EPS)	TT\$	0.49	0.50	0.67	0.66	0.60	0.77	0.56	0.39	(0.20)	(1.32)
Ordinary Dividend per Share	TT\$	0.18	0.18	0.20	0.15	0.06	0.07	-	-	-	-
Issued Share Capital – Ordinary	TT \$m	466.20	466.20	466.20	466.20	466.20	466.20	466.20	466.20	466.20	466.20
Shareholders' Equity	TT\$m	765.30	804.40	939.40	1,031.80	1,159.00	1,313.70	1,372.20	1,459.70	1,424.90	1,125.72
Group Equity	TT\$m	960.80	905.60	1,061.70	1,139.10	1,267.50	1,442.30	1,504.30	1,579.30	1,517.30	1,168.13
Total Assets	TT \$m	2,320.90	2,239.40	2,394.50	2,948.20	3,230.00	3,621.60	3,994.70	4,034.40	4,120.90	3,953.05
Net Assets per Share	TT\$	3.85	3.63	4.25	4.56	5.07	5.77	6.02	6.32	6.07	4.68
Return on Shareholders' Equity	%	16.20	15.50	18.60	15.50	12.60	14.30	10.00	6.60	(3.40)	(28.90)
Share Price (Dec 31)	TT\$	5.70	6.00	8.05	10.00	7.01	7.35	4.00	3.85	2.80	1.79
No. of Shares Outstanding (Dec 31)	'000	249,765	249,765	249,765	249,765	249,765	249,765	249,765	249,765	249,765	249,765
Market Capitalisation (Dec 31)	TT\$m	1,423.70	1,498.60	2,010.60	2,497.70	1,750.90	1,835.80	999.10	961.60	699.30	447.08
Total Long Term Debt	TT\$m	922.10	832.30	848.00	1,181.60	1,253.90	1,395.60	1,444.80	1,359.00	1,674.40	1,678.40
Total Long Term Debt/Equity Ratio	%	96.00	91.90	79.90	103.70	98.90	96.80	96.00	86.10	110.40	143.68

Consolidated Financial Summary

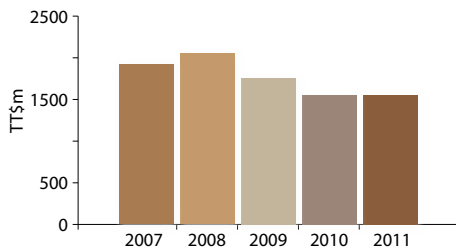
Earnings Per Share - 2007 - 2011



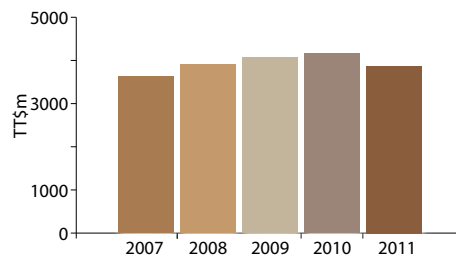
Group Profit Attributable to Shareholders - 2007 - 2011



Group Third Party Revenue - 2007 - 2011



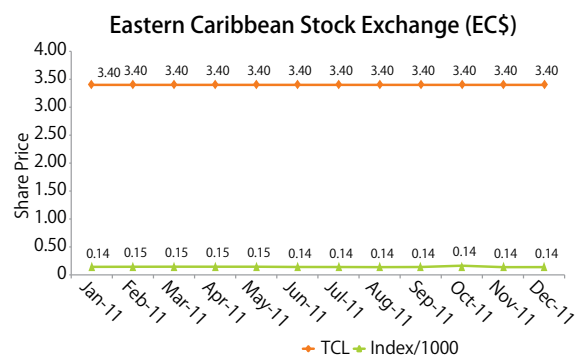
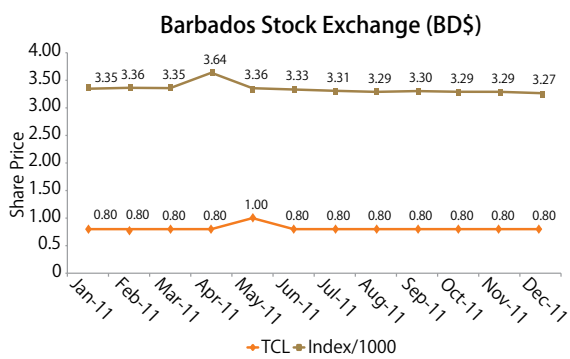
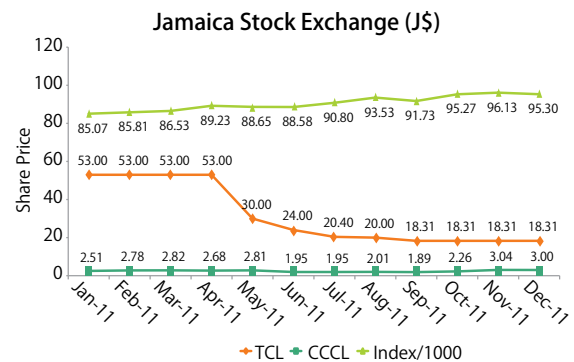
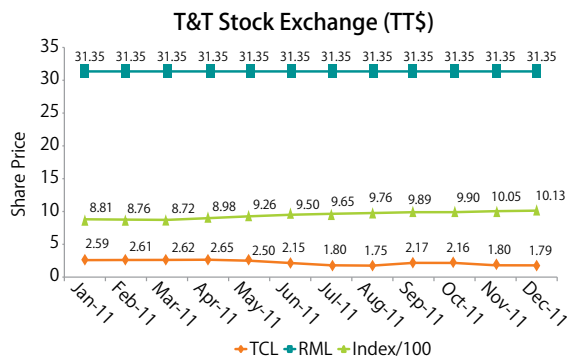
Total Assets - 2007 - 2011



BUILDING FROM THE GROUND UP



Share & Performance Highlights



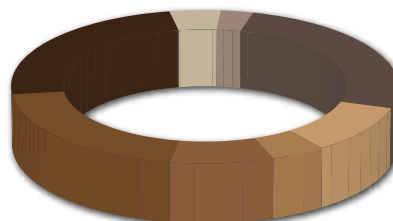
Trading Volumes

		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
T'dad	TCL	201,938	238,875	332,665	58,188	137,078	39,256	418,492
	RML	-	-	-	-	-	-	-
BSE	TCL	-	-	-	-	2,500	1,000	-
	J'ca	-	-	1,000	-	100	92,000	339,012
ECSE	CCCL	1,692,013	915,301	853,637	257,245	144,361	617,856	1,528,496
	TCL	-	-	-	-	-	-	-
			Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	TOTAL
T'dad	TCL		309,457	244,880	251,160	473,547	170,881	2,876,417
	RML		-	-	-	-	-	-
BSE	TCL		-	-	-	-	-	3,500
J'ca	TCL		500	137,071	-	-	-	569,683
	CCCL		834,704	5,264,349	3,494,167	3,002,713	1,478,233	20,083,075
ECSE	TCL		-	-	-	-	-	-

Share & Performance Highlights (continued)

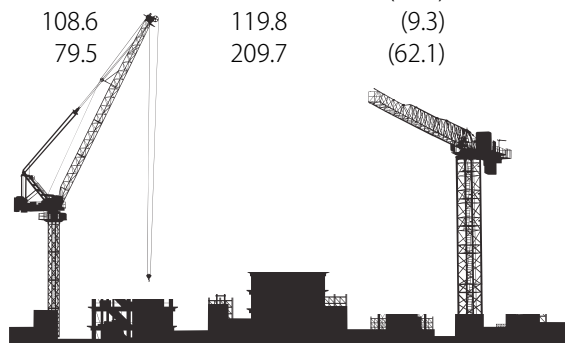
Distribution of Shareholding

Category	% Distribution
● Individuals	24.30%
● Sierra Trading	20.00%
● Baleno Holding	8.21%
● Unit Trust	4.49%
● NIB	10.16%
● Banks / Pension Funds	25.76%
● Insurance Companies	2.85%
● Other Foreign Investors	4.23%
Total	100.00%



Group Performance Highlights

		2011	2010	% Change	
Income Statement					
Group Third Party Revenue	\$m	1,560.86	1,561.1	0	
Group (Loss)/Profit attributable to Shareholders	\$m	(325.32)	(48.5)	(570.8)	
Foreign Exchange Earnings	\$m	271.9	239.3	13.6	
Balance Sheet					
Total Assets	\$m	3,953.0	4,120.9	(4.1)	
Shareholders' Equity	\$m	1,125.7	1,424.9	(21.0)	
Net Assets per Share	\$	4.7	6.1	(23.0)	
Total Long Term Debt	\$m	1,678.4	1,674.4	(4.0)	
Total Long Term Debt to Equity Ratio	%	143.7	110.4	(30.2)	
Operational Highlights					
TCL	Clinker production	'000 tonnes	656.4	622.4	5.5
	Cement sales - Local	"	535.2	548.4	(2.4)
	Cement sales - Export	"	292.2	245.0	19.3
	Cement sales - Total	"	827.4	793.4	4.3
CCCL	Clinker production	'000 tonnes	628.3	629.4	(0.2)
	Cement sales - Local	"	553.1	531.6	4.0
	Cement sales - Export	"	216.8	195.2	11.1
	Cement sales - Total	"	769.9	726.8	5.9
ACCL	Clinker production	'000 tonnes	184.1	194.1	(5.2)
	Cement sales - Local	"	110.4	112.5	(1.9)
	Cement sales - Export	"	112.2	127.8	(12.2)
	Cement sales - Total	"	222.6	240.3	(7.4)
TPL	Paper sack production	millions	31.8	29.7	7.1
	Paper sack sales	"	32.8	31.6	3.8
TPM	Sling production	thousands	393.5	375.0	4.9
	Sling sales	"	375.4	346.5	8.3
	Jumbo bag sales	"	33.5	79.4	(57.8)
RML Group	Concrete sales – T&T, Barbados	'000m ³	108.6	119.8	(9.3)
JGQ	Gypsum sales	'000 tonnes	79.5	209.7	(62.1)



BUILDING FROM THE GROUND UP

Building Urbanity

From the Ground Up

Just as cities are imperative for a country's economic growth, so too are cement and concrete for the growth of these cities. Buildings, roads, parking lots, schools and restaurants all employ cement as both a literal and figurative building block. With an assurance of quality and safety in hand, the TCL Group is devoted to aiding in the construction of infrastructure that will stand the test of time.

The TCL Group continues to provide the Caribbean region with the highest quality of infrastructure.



Board of Directors

Andy J. Bhajan

Chairman, Trinidad Cement Limited



Eutrice Carrington

Chairman, Readymix (West Indies) Limited; Director, Trinidad Cement Limited



Dr. Rollin Bertrand

Group Chief Executive Officer; Director, Trinidad Cement Limited; Caribbean Cement Company Limited; Arawak Cement Company Limited; TCL Packaging Limited; TCL Ponsa Manufacturing; Readymix (West Indies) Limited; TCL Trading Limited; TCL Guyana Incorporated; TCL Leasing Limited; TCL Service Limited; TCL (Nevis) Limited.



Carlos Hee Hong

Chairman, TCL Trading Limited; Director, Trinidad Cement Limited



Dr. Leonard Nurse

Director, Trinidad Cement Limited



Brian Young

Chairman, Caribbean Cement Company Limited; Director, Trinidad Cement Limited



Bevon Francis

Director, Caribbean Cement Company Limited



Jean Michel Allard

Director, Trinidad Cement Limited



George Thomas

Director, Trinidad Cement Limited



Luis Miguel Cantú Pinto

Director, Trinidad Cement Limited



BUILDING FROM THE GROUND UP



About our Board of Directors

Mr. Andy J. Bhajan, Chairman

Mr. Andy J. Bhajan was first appointed a Director of TCL in 1987. He was subsequently appointed Group Chairman in October 1995 and served in that capacity until he retired in March 2003. He was re-appointed a Director and Group Chairman of the TCL Board of Directors in October 2005 and continues to serve in that capacity. Mr. Bhajan is an Attorney-at-Law with considerable experience in business and in law and conducts a private practice.

Dr. Rollin Bertrand, Group CEO

Group Chief Executive Officer: Director, Trinidad Cement Limited; Caribbean Cement Company Limited, Arawak Cement Company Limited, TCL Packaging Limited, TCL Ponsa Manufacturing, Readymix (West Indies) Limited, TCL Trading Limited, TCL Guyana Incorporated, TCL Leasing Limited, TCL Service Limited, TCL (Nevis) Limited

Dr. Rollin Bertrand is the Chief Executive Officer of the TCL Group. He is Chairman of the Board of Trustees of the Caribbean Court of Justice Trust Fund and Chairman of Trinidad Aggregate Products Limited. He was formerly the General Manager of Arawak Cement Company Limited (1994–1998), President of the Association of Cement Producers for Latin America and the Caribbean, President of the Caribbean Association of Industry and Commerce (2003–2005), Chairman of the Water and Sewerage Authority (2006–2008) and a Director of the Trinidad and Tobago Stock Exchange (2002–2011).

Dr. Bertrand obtained a BSc (Sp. Hons. 1979) Degree and PhD in Geology (1984) from the University of the West Indies, Mona, Jamaica as well as an Executive Masters Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine. He was among fifty distinguished alumni who were recognised at UWI's 50th Anniversary Celebrations for excellence in career achievements.

Ms. Eutrice Carrington

Chairman, Readymix (West Indies) Limited; Director, Trinidad Cement Limited

Ms. Eutrice Carrington is the Executive Director at the Trinidad and Tobago Unit Trust Corporation, the largest mutual fund service provider in Trinidad and Tobago and the Caribbean region. She holds a BSc (honours) and an MSc in Economics. Her career in investments spans a period of over twenty years and during her tenure, she has held positions of Chief Executive Officer - Financial Services, Executive Manager - Asset Management, Manager

- Investment Management Services, Portfolio Manager and Research and Security Analyst. Ms. Carrington also worked as a Policy Analyst II in the Ministry of the Economy and spent several years in the domestic banking sector.

Ms. Carrington has served as Secretary of the Economics Association of Trinidad and Tobago. She was a member of the Technical Committee appointed by the Cabinet of Trinidad and Tobago to assist in the formulation of Mutual Fund Legislation.

Mr. Carlos Hee Houng

Chairman, TCL Trading Limited; Director, Trinidad Cement Limited

Mr. Carlos Hee Houng is a Chemical Engineer with over forty-three years' experience in the energy sector. He is regarded as one of the pioneers in the development of the gas-based industries in Trinidad and Tobago. He was a member of the Government of Trinidad and Tobago team responsible for the acquisition and expansion of Trinidad Cement Limited in 1975–1976. Mr. Hee Houng is involved in sports, culture and community work and was honoured by the UWI Faculty of Engineering at its 25th anniversary for outstanding contribution to national development. He was also recognised among fifty distinguished alumni at UWI's 50th anniversary celebrations.

Dr. Leonard Nurse

Director, Trinidad Cement Limited

Dr. Leonard Nurse is a Senior Lecturer at the Centre for Resource Management and Environmental Studies at the University of the West Indies, Cave Hill Campus, Barbados and an Associate of the Centre for Coastal Engineering and Management, UWI, St. Augustine. He graduated with a PhD from McGill University, and is currently Chairman of Barbados National Oil Group of Companies and a Director of the Barbados Cane Industry Corporation. Dr. Nurse is also the Chairman, Board of Governors of the Caribbean Community Climate Change Centre, which is headquartered in Belize.

In 2000, Dr. Nurse was awarded the Certificate of Merit by the Future Centre for outstanding work in support of preservation of natural reefs, and in 2001 he was awarded the Barbados Centennial Honours followed by the Governor-General's Award for the Environment. He also received Barbados' second highest national award, the Companion of Honour of Barbados, in 2007. He is a member of United Nations Intergovernmental Panel on Climate Change, which was awarded a Nobel Prize in 2007 for its scientific research on climate change.

About our Board of Directors (continued)

Mr. Brian Young

Chairman, Caribbean Cement Company Limited; Director, Trinidad Cement Limited

Mr. Brian Young is a Chartered Accountant and had been with PriceWaterhouse for over thirty years before retiring as a senior partner in 1995. Since then, he has served as Interim Executive Chairman of the National Water Commission (Jamaica). He is currently Chairman of the Caribbean Cement Company Limited (based in Jamaica) and serves on the Board of Directors of the Neal and Massy Group, Bermudez Group Limited (based in Trinidad). He is also on the Board of Directors of Neal and Massy Holdings Jamaica Limited, Jamaica Biscuit Company Limited, Trade Winds Limited (Jamaica) and CRIF NM Credit Assure Limited.

Mr. Bevon Francis

Director, Trinidad Cement Limited; Director, Caribbean Cement Company Limited

Mr. Bevon Francis was appointed to TCL's Board of Directors on 3 December, 2010. He also serves as a Director on the Board of Caribbean Cement Company Limited (CCCL).

Mr. Francis graduated from the University of the West Indies, St. Augustine with a degree in Electrical Engineering and subsequently attained a Diploma in Management Studies from the University of the West Indies, Mona and an MBA (Finance) from the University of Manchester and the University of Wales. Mr. Francis has held the position of Senior Executive Manager at several manufacturing companies in Jamaica and is currently the Executive Chairman of Peak Bottling Company Limited and Deputy Chairman on the Board of IGL Ltd.

Mr. Jean Michel Allard

Director, Trinidad Cement Limited

Mr. Jean Michel Allard is an independent expert in the cement industry. He was appointed to the Board of Directors of TCL on 29 March, 2012.

Mr. Allard gained extensive experience during his forty-year tenure with Vicat Group, an International Cement Organisation. He served as the Deputy CEO for twenty-two years and prior to that appointment, he held several managerial positions within the company. His ancillary assignments included membership on the Board of Directors of Syndicat Français Industrie Ciment (SFIC) and Chairman of the National Commission on Safety for the French Cement Profession.

Mr. George Thomas

Director, Trinidad Cement Limited

Mr. George Thomas was appointed to the Board of Directors on 29 March, 2012. He has over forty-three years' experience within the cement and building materials sector.

In 1968, Mr. Thomas graduated from the Indian Institute of Technology (IIT), Bombay, with a Master's Degree in Structural Engineering. He is also certified in the areas of project management, communications, human resources development, industrial economics and business management.

Mr. Thomas started his cement industry-related career at the Cement Research Institute of India (now the National Council for Cement and Building Materials). Subsequently, he worked for the Holcim Group (headquartered in Switzerland), Rambøll (the largest Nordic consulting firm headquartered in Denmark) and at the International Finance Corporation (IFC) of the World Bank Group in Washington DC as their Principal Industry Specialist. He has worked in over sixty countries spread over Asia, Europe, Africa, North and South Americas. He has interacted with most of the major cement sector-specific multinational groups and bilateral/multilateral lending institutions.

Mr. Thomas currently serves as an independent Director on the Boards of Zuari Cement Limited (India), Asia Cement Company (Thailand), and Fuping Cement Company (China). He has also served as independent Director on the Boards of Obajana Cement Limited of Dangote Group (Nigeria) and Austroplan Engineers (Austria).

Prior to joining the Board of TCL, Mr. Thomas attended the Directors' Education and Accreditation Programme (DEAP) organised by the Institute of Chartered Secretaries and Administrators (ICSA) and the Eastern Caribbean Securities Exchange (ECSE).

Mr. Luis Miguel Cantú Pinto

Director, Trinidad Cement Limited

Mr. Luis Miguel Cantú Pinto has been Cemex's nominee on the board since 30 April, 2010. His term ends at the next annual meeting and Cemex has proposed Mr. Alejandro Alberto Ramirez Cantu as his successor.

BUILDING FROM THE GROUND UP



Corporate Governance

TCL Group – Board Sub-Committees

Governance Committee

Members: Mr. A. J. Bhajan (Chairman)
Mr. B. Young

Audit Committee

Members: Mr. B. Young (Chairman)
Ms. E. Carrington
Mr. J.M. Allard
Mr. C. Hee Houng

Finance Committee

Members: Ms. E. Carrington (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. L. Parmasar (Group Finance Manager)
Mr. B. Young
Mr. G. Thomas

Human Resource Committee

Members: Ms. E. Carrington (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. D. Caesar (Group Human Resource Manager)

Board Marketing Committee

Members: Mr. C. Hee Houng (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. E. Daniel (General Manager – International Business & Marketing)

Board Technical Committee

Members: Dr. R. Bertrand (Chairman)
Mr. G. Thomas
Mr. J.M. Allard
Mr. J. Maharaj
Mr. S. Bachew
Mr. F.L.A. Haynes
Mr. R. Greene
Mr. H. Dipnarine
Mr. K. Wiltshire
Mr. D. Sutherland

TCL Board Operating Committee

Members: Mr. H.N. Hosein (Chairman)
Dr. R. Bertrand (Group CEO)
Mr. L. Parmasar (Group Finance Manager)
Mr. A. Ramcharan

Group Chairman's Review



Andy J. Bhajan - Group Chairman

The year 2011 was one of the most difficult years in the recent history of the TCL Group. It followed a challenging 2010, in which weak economic conditions in global and regional markets led to declining cement sales and production, resulting in the Group suffering its first loss since 1987.

In 2011, domestic sales volumes remained relatively stagnant as regional economic growth rates continued to be anaemic. Faced with higher production costs, particularly higher energy costs as well as with constrained revenues, high debt service obligations and weak market conditions, Trinidad Cement Limited (TCL) on 14 January, 2011 declared a moratorium on debt service payments due by all member companies of the Group.

The moratorium was declared at the commencement of discussions with a majority of the Group's lenders aimed at restructuring the debt portfolio in order to ensure adequate liquidity and allow for continuation of business operations. Unfortunately, the process of finalisation of the terms of the debt restructuring was somewhat protracted, with the agreements being signed on 10 May, 2012, and closure being formally certified on 15 June, 2012, more than a year after the commencement of discussions.

During this period the performance of the Group was negatively affected as credit lines were frozen and access to fresh working capital was severely constrained. This

meant that the ability of Group companies to acquire spare parts for maintenance and to purchase critical production inputs on a timely basis was impaired, resulting in less than optimal production availabilities and efficiencies. The stringent liquidity situation eased somewhat at the end of the second quarter 2012 with the execution of two sales contracts, which resulted in advance payments of US\$12 million to the Group.

While Group third party revenue remained unchanged from the prior year at TT\$1.6 billion, Earnings before Taxation and Depreciation declined by 50%, largely due to a 21% increase in fuel and electricity expenses and a 14% increase in the cost of raw material and consumables. More significantly, however, the Group incurred debt restructuring expenses of \$103.2 million and impairment charges and write-offs of \$79.4 million. Along with finance costs of \$188.0 million, these were the major contributors to the Loss for the year from Continuing Operations of \$384.4 million. A more detailed analysis of the Group's financial performance is provided in the Group CEO's Report and Management Discussion, which follows on

BUILDING FROM THE GROUND UP

page 23. Regrettably, the Board is unable to approve the payment of a dividend in light of the Group's financial performance for 2011.

It must be pointed out that the experience of the TCL Group is not unique for companies operating in the international building materials sector. The global cement majors have also had to chart a course through turbulent economic waters. They have had to adopt strategies similar to the ones being pursued by the TCL Group to ensure survival and sustainability. Companies have adopted programmes involving debt restructuring, manpower rationalisation, asset divestment and plant closures. These are processes that are ongoing since growth remains elusive in the global economy, particularly for the developed countries.

Our Strategic Intent—the Way Forward

In spite of the recent challenges, the TCL Group remains the premier regional manufacturer and marketer of cement. Over a period spanning some 50 years, the Group has become a veritable West Indian institution, with operations spreading from Jamaica in the north to Guyana in the south, servicing the needs of millions of people in thousands of communities across the Caricom region.

The major strategic thrust for the Group encompasses four main elements:

- Expansion and growth in the Group's core business and closely related activities
 - new products / services
 - market penetration (existing/new markets)
 - clinker capacity expansion and increased operational efficiencies (from 1.8 million tonnes in 2010 to 2.5 million tonnes by 2014)
- Co-ordinated extension of the Group's business domain in the region, inclusive of the Spanish and French-speaking territories
- Structured development of the core competency requirements for existing and new businesses
- Harnessing information technology as an enabler for organisational transformation

Our Process and Progress

Whereas in the immediate future the emphasis is upon consolidation, the Board and management has not lost sight of the strategic objectives outlined above. In this regard, there are initiatives currently being pursued to advance these objectives.

Having completed the debt restructuring, the development of new markets and the adoption of cost reduction strategies continue to be areas of focus. Progress has been made on each of these fronts.

Regarding new market entry, there has been success in exports from Carib Cement (CCCL) into Haiti and from TCL into Brazil. Arawak Cement also made initial shipments into the French West Indies, with regular shipments to follow. During the second quarter of 2012, TCL was able to commence shipments on a contractual basis into Venezuela to supply cement to a dam construction project in that country. Other opportunities are being pursued, which will bear fruit in the future.

Regarding cost reduction strategies, several initiatives are being pursued across the Group, which are aimed at ensuring that operational costs fall within the range of acceptable industry benchmarks. Accordingly, the efficiency and cost of energy utilisation and the cost-effective use of technology have been areas of focus. Additionally, manpower levels are under review at all companies in an effort to reduce unit labour cost. In that context, the Board acknowledges the sterling efforts of TCL's management in the face of an extended strike in not acceding to unreasonable wage demands from the representative trade union. The strike commenced on 27 February, 2012 and ended on 26 May, 2012, with the matter being referred for adjudication by the Industrial Court of Trinidad and Tobago. While it has had a negative impact on the Group's financial performance, the strike also yielded some valuable insights into opportunities for achieving improvements in productivity and efficiency of business processes. Consequently, a programme of restructuring is underway, which is intended to make the Group more cost competitive.

We are of the view that with new markets being entered, and arrangements for new strategic alliances being completed, as well as the reformulation of our strategic thrust, the TCL Group will emerge as a stronger and more profitable enterprise.

Board Changes

New Directors and Resignations

Effective 29 March, 2012 two new Directors joined the TCL Board in compliance with the terms of the debt restructuring agreement. Messrs. Jean Michel Allard and George Thomas were appointed in accordance with Clause 4.4.2 of By-Law No 1 to fill casual vacancies created by the resignations of Dr. Leonard Nurse and Mr. Jeffrey Mc Farlane to facilitate successful completion of the debt restructuring. Messrs. Allard and Thomas have extensive cement industry experience and relevant biographical data on them is provided on page 15 of this report. Subsequently, Dr. Nurse was reappointed to the Board on 3 August, 2012 to fill a casual vacancy arising from the resignation of Dr. Aleem Mohammed effective 31 July, 2012. Dr. Mohammed had indicated that the demands of his business made it difficult for him to continue serving as a TCL Director. We thank him sincerely for his period of service with the Group and wish him well in his future endeavours. Co-incidentally, the term of Mr. Luis Miguel Cantú Pinto expires at the end of this Annual Meeting and he has not offered himself for re-election. We thank Mr. Cantú Pinto for his service as a Director. CEMEX has nominated Mr. Alejandro Alberto Ramirez Cantu as his replacement. Mr. Ramirez Cantu has a wealth of international experience, mainly Asia, the Caribbean and South America, in the management of business units and the development and implementation of operative and corporate strategy.

Proposed Board Changes

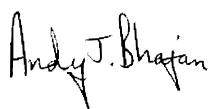
At the Annual Meeting on 12 October, 2012 shareholder approval is being sought for an expansion of the number of Directors on the TCL Board from the existing ten to

twelve and for the shortening of Directors' terms of office from the current three years to two years with appropriate provisions for rotation. These amendments are intended to fulfill obligations arising under the debt restructuring agreement. The specific resolutions to be adopted by shareholders to implement these structural changes are detailed in the enclosed proxy form.

Acknowledgements

The challenges of 2011 carried over into 2012, as the Group continued to experience the effects of a shortage of working capital and was impacted by the strike at TCL, which lasted for 90 days. Consequently, the Group's performance for the first half of the year was disappointing. Nevertheless, with the conclusion of the debt restructuring, there is every expectation of a performance turnaround in the second half of 2012, as this will enable a re-focusing of attention upon the business, the return to full production and the resumption of exports at TCL, together with improvement in the Group's working capital situation.

I wish to thank my fellow Directors, the Group CEO and the Management, and all employees for their dedication to duty in very difficult circumstances. I also wish to thank our loyal customers for their support, our shareholders for their patience and all of our stakeholders for their continued understanding.



Andy J. Bhajan
Group Chairman

BUILDING FROM THE GROUND UP



Group Executive Committee

Dr. Rollin Betrand
Chief Executive Officer,
TCL Group

Jinda Maharaj
Group Manufacturing Development
Manager, TCL Group

Rupert Greene
General Manager,
Arawak Cement Company
Limited

David Caesar
Group Human Resource Manager,
TCL Group



Derrick Isaac
General Manager,
TCL Packaging Limited,
TCL Ponsa Manufacturing
Limited

Satnarine Bachew
General Manager,
Trinidad Cement Limited

Egwin Daniel
General Manager - International
Business and Marketing, TCL
Group

Alan Nobie
Manager -
Investor Relations
and Corporate
Communications/
Company Secretary



F.L. Anthony Haynes
General Manager,
Caribbean Cement
Company Limited

Lincoln Parmasar
Group Finance Manager,
TCL Group

Manan Deo
General Manager,
Readymix (W.I.) Limited



About our Group Executive Committee

Dr. Rollin Bertrand

Dr. Rollin Bertrand is the Chief Executive Officer of the TCL Group. He is Chairman of the Board of Trustees of the Caribbean Court of Justice Trust Fund and Chairman of Trinidad Aggregate Products Limited. He was formerly the General Manager of Arawak Cement Company Limited (1994–1998), President of the Association of Cement Producers for Latin America and the Caribbean, President of the Caribbean Association of Industry and Commerce (2003–2005) and Chairman of the Water and Sewerage Authority (2006–2008) and a Director of the Trinidad and Tobago Stock Exchange (2002–2011).

Dr. Bertrand obtained a BSc (Sp. Hons. 1979) Degree and PhD in Geology (1984) from the University of the West Indies, Mona, Jamaica as well as an Executive Master's Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine. He was among fifty distinguished alumni who were recognised at UWI's 50th Anniversary Celebrations, for excellence in career achievements.

Mr. Jinda Maharaj

Mr. Jinda Maharaj was appointed Group Manufacturing Development Manager on 1 May, 2012. He was formerly the Group Energy Optimisation Manager, a position he held from 1 October, 2010. Mr. Maharaj possesses a wealth of knowledge and experience, having been with the TCL Group for more than twenty years. He has held various positions throughout the Group, including Engineering Services Manager, Materials Manager, Production Manager, Operations Manager (all at Trinidad Cement Limited) as well as General Manager and Operations Manager at Arawak Cement Company Limited and, Operations Manager at Caribbean Cement Company Limited.

Mr. Maharaj holds a BSc in Mechanical Engineering and an MSc in Production Engineering and Management, both from the University of the West Indies, St. Augustine.

Mr. Rupert Greene

Mr. Rupert Greene assumed the position of General Manager of Arawak Cement Company Limited in June 2008. Mr. Greene has been a part of the Arawak family since April 1995, when he joined the company as an Accountant. He was then promoted to Finance Manager in July 1997, a position he held for eleven years. He has several years of accounting experience, having held various senior positions before joining Arawak Cement Company Limited.

Mr. Greene graduated with honours from the University of the West Indies with a Bachelor's Degree in Accounting.

Mr. David Caesar

Mr. David Caesar joined the TCL Group on 1 March, 2010 in the position of Group Human Resource Manager. He possesses over fifteen years' experience in the Human Resource field, enabling him to bring a wealth of knowledge and expertise to the Group, particularly in the areas of organisational change, cultural transformation and performance management.

Mr. Caesar holds an MSc in Organisational Development from the American University, Washington DC, a Post-Graduate Diploma in Business Management from the Heriot-Watt University, Scotland and a BSc in Mathematics and Economics from the University of the West Indies.

Mr. Derrick Isaac

Mr. Derrick Isaac, General Manager of TCL Packaging Limited & TCL Ponsa Manufacturing Limited has been with the Group for over sixteen years and has held managerial positions at Caribbean Cement Company Limited, Jamaica and Trinidad Cement Limited, Trinidad. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). He holds a Masters of Business Administration from the University of New Orleans, and is also an Associate Member of the Association of Certified Fraud Examiners (ACFE).

BUILDING FROM THE GROUND UP



About our Group Executive Committee (continued)

Mr. Satnarine Bachew

Mr. Satnarine Bachew, General Manager of Trinidad Cement Limited, has been with the TCL Group for the past twenty-three years. He has held various positions such as Quarry Foreman, Process Engineer, Quarry Manager, Production Manager and Marketing Manager (all at Trinidad Cement Limited) as well as Operations Manager and General Manager at Arawak Cement Company Limited, Barbados. He holds a BSc in Geology and Mathematics from the University of the West Indies, Jamaica and is a graduate of the Master's programme at Dalhousie University, Nova Scotia, Canada. He also holds a Masters in Business Administration from the Arthur Lok Jack School of Business, Trinidad.

Mr. Egwin Daniel

Mr. Egwin Daniel, TCL's General Manager (International Business and Marketing), has extensive international marketing and financial experience, having worked in these fields in Canada, USA and throughout the Caribbean for nineteen years, seven of which were spent in the French and Spanish Caribbean, providing senior management expertise in the international money markets and distribution. He holds an MBA from the University of Concordia, Canada and a BSc from Mc Gill University, Canada. Currently, he is finalising requisites for membership in the USA National Association of Securities Dealers (NASD) and the USA National Futures Association (NFA).

Mr. Alan Nobie

Mr. Alan Nobie, Manager, Investor Relations and Corporate Communications at the TCL Group, is also Company Secretary of Trinidad Cement Limited and TCL Guyana Inc. He has been with the TCL Group since 1990. He is a fellow member of the Chartered Association of Certified Accountants (FCCA), and the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). Mr. Nobie obtained a BSc in Management Studies as well as an Executive MBA from the University of the West Indies. Mr. Nobie is a former Vice-President of Trade and Trade Related Matters of the South Trinidad Chamber of Industry and Commerce.

Mr. F.L. Anthony Haynes

Mr. F.L. Anthony Haynes was appointed General Manager of Caribbean Cement Company Limited (CCCL), Jamaica in January 2002. Prior to this, he held the post of General Manager at Trinidad Cement Limited, Claxton Bay, during the period 1998 to 1999. Mr. Haynes possesses extensive experience in the manufacturing and energy industries. He holds a BSc in Electrical and Electronic engineering from London University, England, and was a National Scholarship winner in 1972.

Mr. Lincoln Parmasar

Mr. Lincoln Parmasar assumed the position of Group Finance Manager from 1 August, 2009. He has been with the TCL Group since April 1995, holding a number of senior positions. Mr. Parmasar has many years of experience in the field of accounting, having previously worked at a public auditing firm and in the energy sector. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT), as well as a graduate (Upper Second Class Honours) of the University of the West Indies with a Bachelor's Degree in Accounting.

Mr. Manan Deo

Mr. Manan Deo was appointed General Manager, Readymix (West Indies) Limited in 2005. He joined the TCL Group as Marketing Manager of TCL Packaging Limited in 1995 and was appointed the General Manager of both TCL Packaging Limited and TCL Ponsa Manufacturing Limited in October 1997. During his tenure, both TPL and TPM won "Exporter of the Year" awards in their respective categories, particularly as a result of market breakthroughs into Columbia, Venezuela and most significantly, Cuba.

Mr. Deo is fluent in Spanish and holds a BSc in Management Studies from UWI, St. Augustine, as well as an Executive MBA (Distinction) with an emphasis on International Marketing. He is currently the Chairman of the Presbyterian Primary Schools Board of Education and the Vice-Chairman of the Board of the JC McDonald Home for the Aged.

Group CEO's Report & Management Discussion

1.0 Health Safety and Environment (HSE)

Occupational Safety and Health (OSH) Management

The Group recorded a total of seven 'direct employees' and four 'contractor' lost-time accidents (LTAs) during 2011, an overall increase of one LTA over the total for 2010; however, there was a 40% improvement in the accident severity in terms of the significant reduction in the number of days lost resulting from the accidents.

The eleven LTAs for 2011 consisted of: 4 at Trinidad Cement Limited (TCL), 3 at Readymix (West Indies) Limited (RML), 2 at Arawak Cement Company Limited (ACCL), and 2 at Caribbean Cement Company Limited (CCCL).

TCL Ponsa Manufacturing (TPM) maintained its record of achieving over four consecutive years without an LTA, and TCL Packaging Ltd. (TPL) for over three consecutive years without an LTA. In addition, TPL received recognition in the category of 'Small and Medium Companies' at the American Chamber of Trinidad and Tobago's HSE Excellence Awards, for 2011. I take this opportunity to commend the employees of both subsidiaries for these achievements.

The Group continues to implement its holistic integrated approach to OSH Management which involves building and maintaining robust OSH systems assessed via a proactive suite of OSH Key Performance Indicators (KPIs), risk management and promotion of a positive HSE culture. Implementation of OSH Risk Assessment for the Trinidad-based subsidiaries, advanced



Dr. Rollin Bertrand - Chief Executive Officer

as matrices were developed for TCL and RML while assessments have been completed at TPL and TPM. The 8th Group HSE Forum was held in Trinidad, and key HSE personnel and Operations personnel from all the companies in the Group participated in analysing past HSE performance and recommending improvement strategies and programmes.

Following submission of the Group's Annual Monitoring Report (AMR) for OSH, Environment, Social, Security & Sustainability to the International Finance Corporation, the latter conducted its HSE surveillance visit and expressed overall satisfaction with performance.

During the year, the findings of an assessment of the Behaviour Accident Prevention Programme (BAPP) conducted by the Group HSE Manager were circulated for implementation as applicable. All the companies in the Programme—ACCL, TPL, TPM and RML—achieved a good observation rate based on the effectiveness indicator of the number of observations made per trained observer, with

BUILDING FROM THE GROUND UP

TPL and TPM registering the best performance on this indicator. The major challenges of 2011 were maintaining the enthusiasm level for the programme and the closing out of the identified barriers in a timely manner, due mainly to the industrial and financial climate at the time. Nonetheless, the efforts of the BAPP facilitators at all companies were commendable as good observation rates, on-going training and recognition sessions and BAPP promotion (e.g. via a BAPP Newsletter) were conducted at the respective companies.

Environmental Management

ISO 14001 EMS Registrar Surveillance Audits were conducted at CCCL and ACCL with each company maintaining its Environmental Management System certification. An audit was not undertaken at TCL as an Integrated Environmental and Quality Management Systems Audit was conducted by the Registrar TTBS in November 2010. Current certification for all companies will expire during 2013. Plant upgrades requiring CAPEX to further improve the environmental performance of ISO 14001 EMS-certified companies remain a challenge.

Concerns surrounding dust emissions from the cement companies resulted in environmental reports from both internal and external parties during the year, and associated increased scrutiny by regulatory agencies particularly in Jamaica. Meanwhile, RML has submitted proposals to the Environment Management Authority in Trinidad and Tobago, with regard to the 2009 Notice of Violation to the Melajo Quarry towards concluding the matter via a consent agreement.

Consistent with the Group's carbon reduction strategy, the Group continued to monitor its monthly carbon dioxide emissions in accordance with the IFC requirements. During the year, TCL and CCCL maintained on average the level of carbon dioxide emissions per tonne of cement in compliance with the benchmark recommended by the World Business Council on Sustainable Development and IFC; ACCL experienced challenges with fuel and electricity consumption efficiencies.

Discussions regarding the Group's energy optimisation projects, namely Waste Heat Recovery at CCCL and ACCL and use of Waste

Derived-Fuel at TCL and ACCL continued with key stakeholders and Government agencies during the year.

2.0 Financial Review and Analysis

The year 2011 was even more difficult than 2010. At year-end, the Group had recorded six quarters of losses, as Management navigated through flat markets, low prices, difficult access to new markets, rising energy costs, working capital challenges and a protracted and costly debt restructuring exercise. In spite of these challenges, ACCL at Barbados was able to break into the French West Indies. An agreement was also signed with the WIN Group in Haiti to establish a cement terminal at Port-au-Prince and the Group's LTAs were kept to single digit. The biggest disappointment, however, was the PetroCaribe-based arrangement for the supply of cement to Venezuela, which is yet to be finalised for CCCL in Jamaica.

Revenue

Group domestic cement sales volume was a modest 1% higher than the prior year's level while export volume increased by 9%, reversing the trend of annual declines in sales volumes recorded in recent years. Although that was a welcomed development, the Group's financial performance continued to be significantly affected by relatively low sales volumes (compared to that of the pre-global financial crisis), particularly in its three domestic markets and high energy costs.

In 2011, Group third party revenue of \$1.6 billion was materially unchanged from 2010 as the construction industry in our critical domestic markets and the wider Caricom region remained subdued. In Trinidad and Tobago, demand was stagnant in 2011 at the comparatively low level recorded for 2010, while in Barbados, cement volumes declined by 1.9%. In Jamaica, however, CCCL's sales volume increased by 4% as the total market demand also grew by 4% amid Government's action to further restrict the level of cement importation. This represented a reversal of the continuous decline in CCCL's domestic sales over the past five years.

Export cement volumes grew by 9.4%, with the increase emanating from TCL and CCCL partly attributable to new markets. This increase in

volume, though, was offset by slightly lower selling prices in an effort to grow market share. Total Group domestic cement volumes amounted to 1,198,700 metric tonnes (MT) compared with 1,192,500 MT for 2010, while export volumes were 621,000 MT compared with 568,000 MT for 2010.

Concrete sales volume by RML amounted to 108,600 cubic metres compared with 119,800 cubic metres for 2010. The packaging sector's sack and sling volumes increased by 4% and 8% respectively but jumbo bags volume decreased by 58% due to challenges in procuring raw materials during the first eight months of the year.

Earnings before Interest, Tax, Depreciation and Amortisation (Ebitda)

Ebitda from continuing operations decreased by 50%, or \$84.7 million to \$84.3 million, reflecting a margin of 5.4% compared with 10.8% for 2010. For 2011, Ebitda was impacted by three factors, which had a significant negative impact. Primarily, revenue generated was low due to poor sales volume. Secondly, the Group's operations carry a high level of fixed costs, particularly with completion of its capital-intensive plant expansion, while production was relatively low, resulting in a significant negative impact on the earnings statement. This was further aggravated by significant cost escalations of 22% for kiln fuel (\$33.8 million), 21% for electricity (\$39.1 million) and 14% for raw materials (\$21 million), largely due to unit price increases. Production of clinker (1,468,705 MT) and cement (1,816,175 MT) were marginally higher than the prior year by 2% and 4% respectively. As a consequence of the low export bulk sales volumes, the Group's trading company (TTL) was unable to recover the fixed lease costs of the two vessels it operates and so incurred a loss of \$21.4 million on the shipping operation compared to a loss of \$9.2 million in 2010.

Net Finance Costs

Net Finance costs were \$188.0 million compared to \$148.4 million in 2010, an increase of \$39.6 million or 27%. Finance costs included additional charges of \$32.4 million for a 200 basis points increase from 14 January, 2011 on the original rates and agreed with lenders as part of the terms of the debt restructuring programme. There was also a

foreign exchange loss of \$3.3 million in 2011 as a result of depreciation of the Jamaica and Trinidad and Tobago dollar against the United States dollar, compared to a gain in 2010 of \$3.0 million.

Impairment Charge

There was a non-cash charge of \$79.4 million for impairment and write-off of CCCL's moth-balled Kiln #4 and related assets due to the projected deferral of their return into production, given the debt restructuring exercise and difficult market conditions. These assets are expected to be utilised when market conditions improve, at which time their fair value will be recorded in the balance sheet.

Debt Restructuring

On 14 January, 2011, the TCL Group initiated a debt restructuring exercise under which a moratorium was declared on all debt service payments by all entities in the Group and negotiation with lenders was initiated. Accordingly, on 31 December, 2011, all loan agreements were in legal default through non-payment of interest and principal and non-compliance with other terms. At year-end, agreement in principle on the key terms of the debt restructuring with lenders was accomplished, while work continued on the legal agreements to give effect to the restructuring programme. On 10 May, 2012, the Group executed the various agreements and on 15 June all conditions and requirements were satisfied to bring closure to the exercise. A cost of \$103.2 million associated with the debt restructuring exercise has been recognised in 2011.

BUILDING FROM THE GROUND UP



Group CEO's Report (continued)

Main Features of the Debt Restructuring

The key features of the restructuring are:

- With the exception of Readymix (West Indies) Limited and TCL Packaging Limited, the short and long-term debt of all other members of the Group has been effectively bundled into a 6.5 year facility, with quarterly interest payment recommencing in December 2012. Quarterly principal repayment will start in March 2013.
- Principal repayment will be 4% in 2013, 8.4% in 2014, 9.4% in 2015, 10.8% in 2016, 12% in 2017 and 9.6% plus a bullet of 45.8% in 2018.
- Interest rates on the restructured debt will be increased from the original rates by 200 basis points with a floor of 4% set for 6-month Libor and Prime based loans.
- An acceptance fee of 2% of the restructured debt was added to the principal outstanding as compensation to the lenders, whilst accrued interest outstanding at 10 May was also added to the principal outstanding for payment over the 6.5 years. Interest that is not paid at 30 June, 2012 and 30 September, 2012 may also be capitalised.
- The Group will have to satisfy three financial ratio covenants from March 2013 relating to Interest Coverage (Ebitda/Interest), Leverage (Debt/Ebtida) and Tangible Net Worth (Liabilities/Equity less Goodwill).
- Additional security was provided to lenders including those who were previously unsecured.
- RML and TPL were excluded from the 'global' restructuring as their debt was assessed to be manageable by them in accordance with the original terms.
- Dividends by the parent, Trinidad Cement Limited, will be restricted to a maximum of US\$3 million, which can only be paid when the Leverage ratio is less than or equal to 3.

Taxation

There was an overall taxation credit of \$72.8 million compared to a credit of \$69.3 million for the previous year, mainly due to increased losses at CCCL in Jamaica. However, the Group did not recognise \$46.3 million of deferred tax credits arising at CCCL on the grounds of prudence, given the prolonged difficult business conditions in that market.

Discontinued Operations

The operations of two of the Group's subsidiaries—Island Concrete Products N.V and Island Concrete SARL located in St. Maarten and St. Martin respectively—were disposed of effective 30 June, 2011, generating a net gain of \$9.4 million for the year.

A loss of \$4.3 million was recorded in 2010, representing impairment of certain assets and property maintenance costs.

Net Profit attributable to Group Shareholders

The Group recorded an overall loss of \$375.0 million, which was net of a gain of \$9.4 million related to discontinued operations, compared with a loss of \$80.3 million for 2010. The loss attributable to Group shareholders amounted to \$325.3 million compared with \$48.5 million in 2010. As a consequence, the Loss per Share in 2011 was 132 cents compared with 20 cents for 2010.

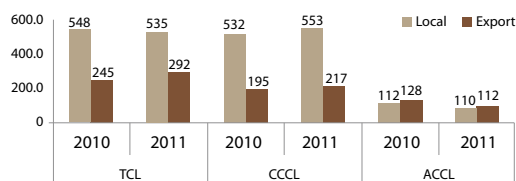
Liquidity and Financial position

The Group generated \$100.8 million in cash from operations, compared with \$38.8 million for 2010, after working capital contribution of \$55.0 million. However, interest payments were only \$10.3 million compared to \$155.6 million in 2010 as a result of the moratorium on debt service payments. Investment in new property, plant and equipment amounted to \$40.7 million, while \$9.5 million was received mainly from the disposal of the St. Maarten/St Martin operations by RML. The Group repaid \$32.6 million in long term debt (2010: \$116.0 million) before declaration of the moratorium on debt repayment.

With the declaration of the moratorium, the Group was in default of its loan agreements and therefore all long-term debt in default was reclassified to the current liability grouping. As a result, the Group is showing a working capital deficit position of \$1,582 million at year-end. Subsequently, as a consequence of the post balance sheet date execution of the debt restructuring agreements, \$1,890 million of debt obligations included as current liabilities at 10 May, 2012 have been appropriately reclassified again into long-term liabilities.

3.0 Group Marketing

Cement Sales



After two consecutive years of decline in the Group's local cement sales volume, due largely to depressed economic activity following the global financial crisis, 2011 saw a general stabilisation with a modest 1% increase over 2010. Specifically, local cement sales in Jamaica increased by 4% due to the Government's curtailment of quotas on imported foreign cement in August 2011 during a gradually recovering economy and cement market. Competition was extremely fierce in the first half of the year due to unfair market practices by the Dominican Republic (DR). CCCL eventually retaliated by exporting cement into the DR and was confronted by excessive tariff barriers and Governmental bureaucracy.

In Trinidad and Tobago, the local market performed lower than expected, mainly because of a lack of major Government projects coupled with inclement weather conditions.

In Barbados, ACCL recorded a 1.9% decline in domestic sales volume compared to 2010 despite a fairly stable economy in 2011, which also experienced increasing unemployment rates as well as high oil and commodity prices.

Regionally, the Group increased its total exports by 9.4% to 621,000 MT largely through increased sales to Haiti and Brazil and ACCL's initial exports to the FWI. Additionally, both the Suriname and Guyana markets remained robust and emergent during 2011.

The Group's total cement sales volume (1.82 million MT) was 3% above 2010 levels.

The Readymix Group's concrete sales volume fell by 9.3% from the 2010 level to 108,600 cubic metres as the construction sector remained stagnant in both Barbados and Trinidad & Tobago. In the latter domain, the actual implementation of Government projects previously alluded to did not materialise, while the market remained extremely competitive.

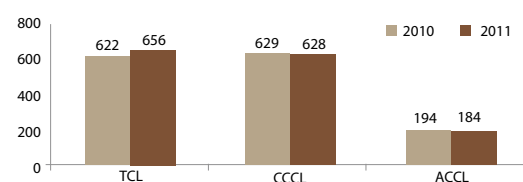
The Packaging companies performed reasonably

well during the year with no major issues other than the unavailability of jumbo bag raw materials in the earlier half of the year. Paper sacks and slings recorded a moderate increase of 4% and 8% respectively over 2010, while the jumbo bag volume fell 58%.

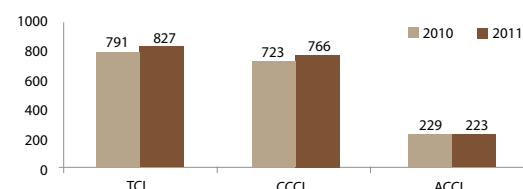
Essentially, the Group's strategy of aggressive market expansion in its core business continues, albeit at a slower pace than anticipated, predominantly due to strong bureaucratic challenges in the FWI markets and the slow pace by the Venezuelan Government in finalising the PetroCaribe Contract.

4.0 Group Operations

Clinker Production



Cement Production



Cement Operations

Clinker production remains the key profit driver of the Group. The Group's consolidated clinker production was 1.47 million tonnes, a marginal increase of 1.6% over 2010 volume.

BUILDING FROM THE GROUND UP



At ACCL, the plant produced 184,061 MT or 5% less clinker than in 2010 as the kiln was off for 90 days in an attempt to monetise stock levels on hand amid its working capital challenges. The situation was further aggravated by increases in the cost of kiln fuel (Petcoke) and power station generated power of 39% and 38% respectively over 2010 levels.

At CCCL, clinker production was 628,286 MT, a marginal 0.2% below 2010 level as the company continued to experience cash flow deficits and prioritise its maintenance activities as funds became available.

At TCL, clinker production was 656,358 MT, an increase of 5.5% over the 2010 level as both of its kilns performed reasonably well throughout the year.

It is anticipated that with the completion of the debt restructuring exercise in 2012, the Group's plants will be in a better position to pursue certain deferred capital maintenance programmes.

Concrete Operations

In a particularly stagnant and price sensitive market, RML balanced its marketing strategy within the limits of price competitiveness, leveraging on its quality systems and technical support to customers. While RML's concrete sales in Trinidad decreased by 9.3%, the quarry arm continued to service third party demands, particularly to contractors involved in the road paving projects. Acquisition of a state-of-the-art wash plant which will increase the cost efficiency and effectiveness of the quarry operations was deferred to 2012 due to the working capital challenges being experienced throughout the Group.

An evaluation of the quarry reserves was performed in August 2011, which will inform the mining plan over the next five years as RML positions itself for the implementation of the overdue Government projects and the Point Fortin Highway in particular.

Packaging Operations

TPL produced 31.8 million sacks, a 7% increase over 2010's production level, despite some mechanical repair challenges and slowdown in production towards the end of the year as negotiations for a new collective agreement gradually deteriorated.

At TPM, sling production increased by 4.9% over the 2010 level to 393,500 slings to satisfy the Group's moderately increased export of bagged cement. Production levels were hampered by higher than normal rates of absenteeism during a collective negotiation period, some equipment problems and reduced production time in the third quarter to facilitate staff as curfew measures took effect during the State of Emergency.

Jumbo bag production fell 58% below 2010 to 33,500 as raw material was unavailable during the earlier half of the year.

Gypsum and Lime Operations

The Group's gypsum operations at Jamaica Gypsum and Quarries ended the year at 20% less gypsum output than 2010, largely due to the depleting reserves at the present mine and lack of available critical resources for maintenance of its mobile fleet. However, its pozzolan and shale production were 10% above the prior year to adequately supply the Group's demand.

ACCL's Lime Division remained off due to the absence of markets. The plant will be restarted when firm contracts are in place.

5.0 Group Developmental Activities And Projects

Group developmental activities and projects in progress during 2010 and into 2011 advanced in varying degrees, as they were all adversely impacted by the limited availability of funds. Several planned initiatives had to be deferred pending completion of the debt restructuring exercise and the anticipated improved working capital position expected during 2012.

Haiti Initiative

The development of business opportunities in Haiti was advanced with preliminary design of the cement terminal and site layout. The project is envisaged in three phases, the first being the establishment of a warehousing facility for bagged cement, the second, the inclusion of a site for bulk handling capability and the final, the addition of larger silos and bagging equipment.

A geotechnical study was conducted by Geotechsol (a French company with a presence in Haiti) during the last quarter in 2011. At year's end, the results were being used to review the layout and determine the appropriate bulk storage approach. No further capital development has taken place since, but the Group continues to export product into Haiti through major players.

6.0 Human Capital

The year proved to be quite challenging for the Group as collective agreement negotiations throughout the subsidiaries had to be managed in the context of the realities of the Group's performance and recovery stage, the liquidity constraints and the prolonged and incomplete debt restructuring exercise.

The situation at TCL and TPL in Trinidad culminated in a ninety day strike/lock out stalemate commencing at the end of February 2012. The matter has since been referred to the Industrial Court for determination upon the completion of the legal maximum duration of the strike/lockout period.

Despite these challenges, the 2011 planned Human Capital Development Programmes were pursued and effectively completed on a Group-wide basis.

7.0 Public Relations

The Group prioritised its communication portfolio giving precedence to building brand loyalty, market defense and investor relations.

Several core sponsorship initiatives had to be relinquished, including the West Indies Regional Under-19 Cricket tournament. However, the Group's alliance with Habitat for Humanity to provide homes for low income families has been sustained. Every opportunity was taken to maintain a strong corporate image in the context of the challenges being faced.


8.0 Looking Ahead

As alluded to above, the Group's major performing plant, TCL along with TPL, endured a prolonged strike/lockout action from 27 February to 29 May, 2012. Management has initiated internal programmes to foster reintegration and promote 'healing' among its affected employees while various programmes also in progress to raise employee morale across the Group.

Through completion of the debt restructuring exercise in May 2012, both management and staff will be better focussed in the second half of 2012 to manage the recovery process.

9.0 Acknowledgements

My sincerest appreciation is extended to our valued shareholders and other stakeholders for their understanding, confidence and support during these difficult times. My gratitude also to the committed, hardworking and loyal employees of the TCL Group who have embraced the Group's philosophy and vision and continue to press on in spite of the many challenges. Finally, I wish to thank the Group Chairman and members of the Board for their wise counsel and ongoing support.



Dr. Rollin Bertrand
Group Chief Executive Officer





Efficiencies

Building Efficiencies From the Ground Up

The TCL Group constantly improves on efficient delivery and synergistic supply chain management. Our system of organisations, information and resources operate throughout the region.

Thanks to the Group's strong supply chain, which we are constantly developing and improving upon, our customers can be assured of safe and reliable deliveries by the TCL Group.

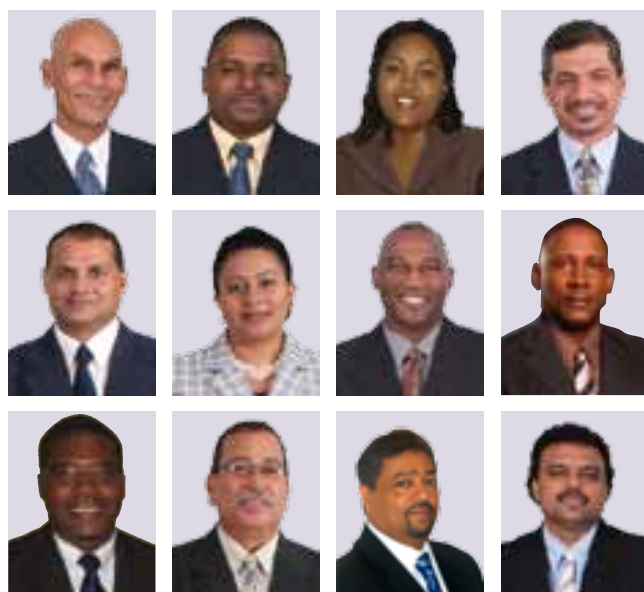
TCL Subsidiaries - Principal Officers



Trinidad Cement Limited

Company Overview

Trinidad Cement Limited was incorporated in Trinidad in 1951 and commenced production in 1954. Its primary activity is the manufacture and sale of Portland Pozzolan Cement, Ordinary Portland Cement, as well as Class G High Sulphate Resistant (HSR) Oilwell Cement. The distribution of its shareholding is detailed in the pie chart on page 11.



Principal Officers (L-R)

Mr. Satnarine Bachew - General Manager
Mr. Rodney Cowan - Marketing Manager
Ms. Lisel Cozier - Materials Manager
Mr. Harrinarine Dipnarine - Operations Manager
Mr. Parasram Heerah - Finance Manager
Mrs. Gloria Jacobs - Planning & Development Manager
Mr. Keith Johnson - Human Resource Manager
Lt. Col. (ret'd) Richardo Garcia - Health, Safety, Security & Environment Manager
Mr. Raymond Hackett - Engineering Services Manager
Mr. Ian Matthews - Projects Manager
Mr. Taradath Ramdhanie - Quarry Manager
Mr. Keith Ramjitsingh - Production Manager

Company Secretary

Mr. Alan Nobie

Registered Office

Southern Main Road,
Claxton Bay, Trinidad, W.I.
Tel: (868) 659-2381-8
Fax: (868) 659 2540
Website: www.tcl.co.tt

BUILDING FROM THE GROUND UP

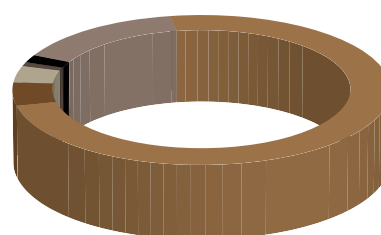
TCL Subsidiaries - Principal Officers (continued)



Caribbean Cement Company

Company Overview

Caribbean Cement Company Limited (CCCL) was incorporated in Jamaica in 1947 and commenced production in 1952. Its primary activity is the manufacture and sale of Portland Pozzolan Cement and Ordinary Portland Cement. CCCL has three subsidiaries, namely Jamaica Gypsum & Quarries Limited, which is involved in the mining and sale of gypsum and anhydrite, Caribbean Gypsum Company Limited, which has major assets of gypsum/anhydrite quarry lands to enhance the reserve of raw material available to the Company, and Rockfort Mineral Bath Complex Limited, a national heritage site and mineral spa. The distribution of its shareholding is as follows:



TCL Group	74.08%
Cemex - Scancem International (St. Lucia) Ltd	4.96%
Financial Institutions	3.71%
Pension Plans	0.64%
Government	1.81%
Other	14.80%

Principal Officers (L-R)

Mr. F.L. Anthony Haynes - General Manager
 Mr. Chester Adams - Planning & Development Manager
 Mr. Marchel Burrell - Quarry Manager
 Mr. Orville Hill - Finance Manager
 Ms. Alice Hyde - Marketing Manager
 Mr. Brett Johnson - Manufacturing Manager
 Mr. Raymond Mitchell - Quality Manager
 Mr. Dalmain Small - Human Resource Manager
 Mr. Adrian Spencer - Materials Manager
 Mr. Godfrey Stultz - Projects Manager
 Mr. Ken Wiltshire - Operations Manager

Company Secretary

Mrs. Bernadene Crooks

Board of Directors

Mr. Brian Young (Chairman)
 Dr. Rollin Bertrand
 Mr. Bevon Francis
 Mr. Hollis N. Hosein
 Mr. Derek Jones
 Mr. Parris Lyew-Ayee
 Mr. Lincoln Parmasar
 Dr. Judith Robinson

Registered Office

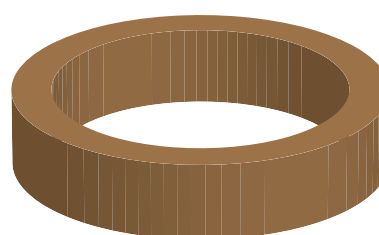
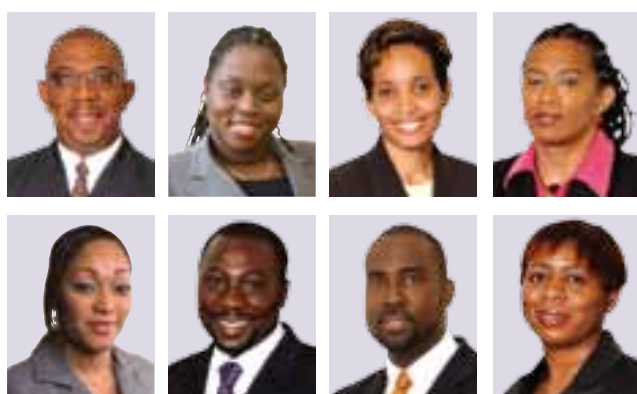
Rockfort, Kingston,
 Jamaica.
 Tel: (876) 928-6231-5
 Fax: (876) 928-7381
 Website: www.caribcement.com



Arawak Cement Company Ltd.

Company Overview

Arawak Cement Company Limited was incorporated in Barbados in 1981 and was wholly acquired by TCL in 1994. Its primary activity is the manufacture and sale of Portland Pozzolan Cement and Lime.



TCL 100%

Principal Officers (L-R)

Mr. Rupert Greene - General Manager
Ms. Faye Gill - Marketing Manager
Mrs. Dawn Jemmott-Lowe - Human Resource Manager
Ms. Leslie Maxwell - Engineering Services Manager
Ms. Ayanna Garnes - Finance Manager
Mr. Dwight Sutherland - Operations Manager
Mr. Matthew Thornhill - Production Manager
Mrs. Sheryllyn Welch-Payne - Materials Manager

Company Secretary

Mrs. Dawn Jemmott-Lowe

Board of Directors

Mr. Jeffrey McFarlane (Chairman)
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Frank McConney
Mr. Joseph Nunes
Mr. Lincoln Parmasar

Registered Office

Checker Hall,
St. Lucy, Barbados, BB27178
Tel: (246) 439-9880
Fax: (246) 439-7976
Website: www.arawakcement.com.bb

TCL Subsidiaries - Principal Officers (continued)

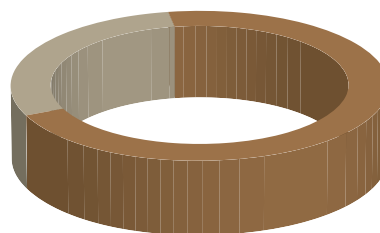
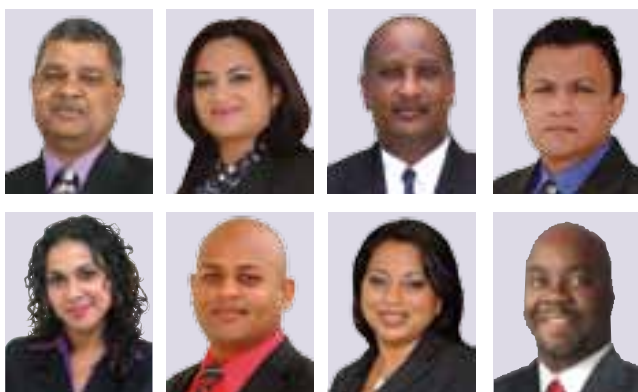


READYMIX (WEST INDIES) LIMITED

Readymix (West Indies) Ltd.

Company Overview

Readymix (West Indies) Limited was incorporated in Trinidad in 1961. Its primary activity is the manufacture and sale of premixed concrete. In 1996, Trinidad Cement Limited acquired majority ownership of the Company. RML acquired a 60% shareholding in Premix and Precast Concrete Inc. (PPCI) in Barbados in 2002. The shareholding is as follows:



TCL	71.1%
Other Shareholders	28.9%

Principal Officers (L-R)

Mr. Manan Deo - General Manager
Mrs. Reshma Gooljar-Singh - Marketing Manager
Mr. Austin Rodriguez - Technical Services Manager
Mr. Horace Boodoo - Senior Materials Officer
Ms. Nicole Giuseppi - Senior Human Resource Specialist
Mr. Ravi Singh - Quarry Manager
Mrs. Diane Warwick - Finance Manager
Mr. Malcolm Smith - Plant Manager (PPCI)

Company Secretary

Mrs. Diane Warwick

Board of Directors

Ms. Eutrice Carrington (Chairman)
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Lawford Dupres
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar
Mr. Anton Ramcharan
Mr. C.H. Wayne Manning

Registered Office

Tumpuna Road, Guanapo,
Arima, Trinidad, W.I.
Tel: (868) 643-2429/2430
Fax: (868) 643-3209
Website: www.readymix.co.tt

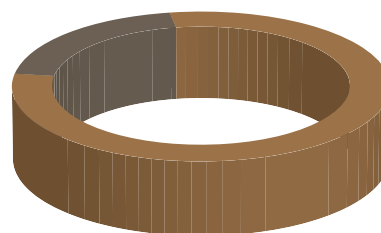
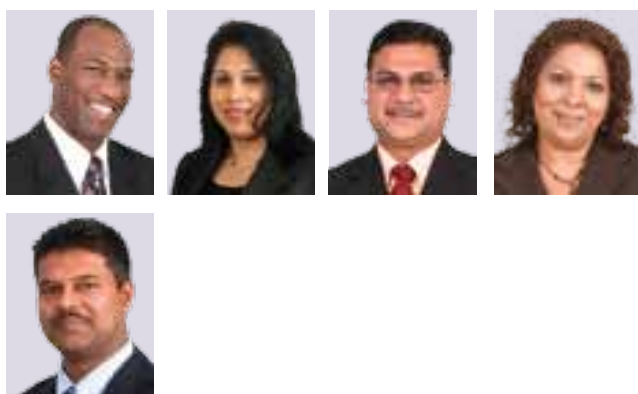
TCL Subsidiaries - Principal Officers (continued)



TCL Packaging Ltd.

Company Overview

TCL Packaging Limited was incorporated in Trinidad in 1989 and commenced operations in 1991. Its primary activity is the manufacture and sale of papersacks. The distribution of its shareholding is as follows:



TCL	80%
Dipeco (Switzerland)	20%

Principal Officers (L-R)

Mr. Derrick Isaac - General Manager
Ms. Sursatee Heeralal - Marketing & Logistics Officer
Mr. Hilary Lakhiram - Operations Manager
Ms. Betty Ann Noreiga - Marketing Manager
Mr. Kaveer Seepersad - Senior Plant Coordinator

Company Secretary

Mrs. Cheryl Gransauil

Board of Directors

Mr. Arun K. Goyal (Chairman)
Mr. Joerg Schuschnig (Mondi Group – Parent Company of Dipeco Switzerland)
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar

Registered Office

Southern Main Road,
Claxton Bay, Trinidad, W.I.
Tel: (868) 659-2381-8
Fax: (868) 659-0950

BUILDING FROM THE GROUND UP

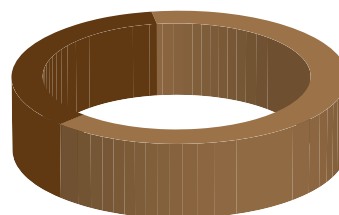
TCL Subsidiaries - Principal Officers (continued)



TCL Ponsa Manufacturing Limited

Company Overview

TCL Ponsa Manufacturing Limited was incorporated in Trinidad in 1995. Its primary activity is the manufacture and sale of single use slings. It is also involved in the sale of jumbo bags, reusable slings, safety harnesses and polypropylene sacks, as well as webbing for use in the furniture industry. The distribution of its shareholding is shown below:



■	TCL	65%
■	Industrias Ponsa S.A. (Spain)	35%

Principal Officers (L-R)

Mr. Derrick Isaac - General Manager
Ms. Sursatee Heeralal - Marketing & Logistics Officer
Ms. Betty Ann Noreiga - Marketing Manager
Mr. Stephen Ramcharan - Technical Coordinator

Company Secretary

Mrs. Cheryl Gransaul

Board of Directors

Mr. Arun K. Goyal (Chairman)
Dr. Rollin Bertrand
Mr. Juan Ponsa (Industrias Ponsa - Spain)
Ms. Laura Ponsa (Industrias Ponsa - Spain)
Mr. Satnarine Bachew
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar

Registered Office

#6 Freezone, Point Lisas Industrial Estate,
Point Lisas, Trinidad, W.I.
Tel: (868) 636-9627
Fax: (868) 679-4120



TCL Trading Ltd.

Company Overview

TCL Trading was incorporated in Anguilla, W.I. on 12 December, 1997 and commenced business in April 1998. Its primary activity is trading in cement and related products and it functions as a marketing support unit for the two cement companies, Trinidad Cement Limited and Arawak Cement Company Limited. The company is wholly owned by TCL.



Principal Officer

Mr. Jaris Liburd – General Manager

Company Secretary

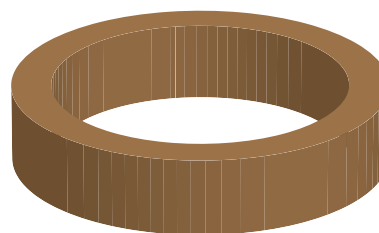
Mr. Egwin Daniel

Board of Directors

Mr. Carlos Hee Houng (Chairman)
Dr. Rollin Bertrand

Registered Office

Box 885,
Fair Play Complex,
The Valley,
Anguilla, W.I.
Tel: (264)-497-3593
Fax: (264)-497-8501



TCL 100%



TCL Guyana Incorporated

Company Overview

TCL Guyana Inc. was incorporated in the Republic of Guyana on 17 March, 2004. Its primary activity is the packaging of bulk cement for sale on the Guyanese market (cement terminal facility). The distribution of its shareholding is as follows:



Principal Officer

Mr. Mark Bender - Plant Manager

Company Secretary

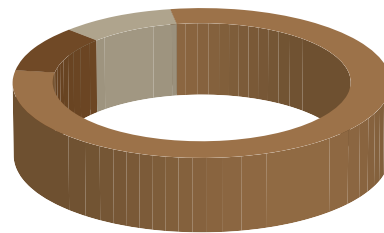
Mr. Alan Nobie

Board of Directors

Mr. Hollis N. Hosein (Chairman)
 Dr. Rollin Bertrand
 Mr. Satnarine Bachew
 Mr. Arun K. Goyal
 Mr. Vinode Persaud

Registered Office

2-9 Lombard Street,
 GNIC Compound,
 Georgetown,
 Guyana.
 Tel: 011 (592) 225 - 7520
 Fax: 011 (592) 225 - 7347



	TCL (Nevis) Limited	80%
	Anral Investments Limited	10%
	Toolsie Persaud Limited	10%

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO

The Companies Act, 1995

(Section 144)

1. **Name of Company:**

TRINIDAD CEMENT LIMITED

Company No: T-51(C)

2. **Particulars of Meeting:**

The Annual Meeting of the company to be held on 12 October, 2012 at 4:30 p.m. at the Training Room, TCL Compound, Southern Main Road, Claxton Bay, Trinidad.

3. **Solicitation:**

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

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

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

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

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

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

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

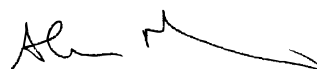
Date

Name and Title

Signature

3 August, 2012

Alan Nobie, Secretary



BUILDING FROM THE GROUND UP

Directors' Report

The directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended 31 December, 2011.

Financial Results

	TT\$'000
Turnover	1,560,860
Net Earnings for the Year	(325,315)
Dividends Paid	NIL

Trinidad Cement Limited Board of Directors Directors' Interest (Ordinary Shares of TCL)

Name	Position	Holdings at 31-12-11
A. J Bhajan	Chairman	Nil
R. Bertrand	Group CEO	659,756
E. Carrington	Director	Nil
B. Francis	Director	Nil
C. Hee Houg	Director	1,500
G. Thomas	Director	Nil
L. Nurse	Director	Nil
J.M. Allard	Director	Nil
B. Young	Director	Nil
L. Cantú Pinto	Director	Nil

Trinidad Cement Limited Senior Officers Senior Officers' Interest (Ordinary Shares of TCL)

Name	Position	Holdings at 31-12-11
R. Bertrand	Group CEO	659,756
S. Bachew	General Manager – TCL	338,247
D. Caesar	Group Human Resource Manager	Nil
E. Daniel	General Manager – International Business & Marketing	3,452
M. Deo	General Manager – Readymix (West Indies) Limited	133,352
R. Greene	General Manager – Arawak Cement Company Limited	8,090
F.L.A. Haynes	General Manager – Caribbean Cement Company Limited	33,797
D. Isaac	General Manager – TCL Packaging Ltd / TCL Ponsa Manufacturing Ltd	23,371
J. Maharaj	Group Manufacturing Development Manager	494,642
A. Nobie	Manager, Investor Relations & Corporate Communications/Company Secretary	26,573
L. Parmasar	Group Finance Manager	23,456

Directors' Report (continued)

Dividends

No dividends have been declared for the year ended 31 December, 2011.

Substantial Interests

	No. of Ordinary Shares Held at 31-12-11	% of Issued Share Capital
Sierra Trading (Cemex S.A. de C.V.)	49,953,027	20.00
Republic Bank Limited	29,202,268	11.69
The National Insurance Board	25,367,032	10.16
Baleno Holding Inc	20,500,000	8.21
RBTT Trust Limited	16,207,655	6.49

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

Service Contracts & Directors

No service contracts exist nor have been entered into by the Company and any of its Directors.

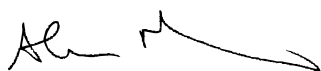
Directors

- In accordance with Clause 4.4.2 of By-Law No. 1, Mr. George Thomas and Dr. Leonard Nurse, having been appointed by the Board to fill casual vacancies is subject to election at the Annual Meeting for a period up to the conclusion of the second Annual Meeting following.
- In accordance with Clause 4.4.2 of By-Law No. 1, Mr. Jean Michel Allard, having been appointed by the Board to fill a casual vacancy, is subject to election at the Annual Meeting for a period up to the conclusion of the next Annual Meeting following.
- In accordance with Clause 4.6.1 of By Law No. 1, Mr. Andy Bhajan and Ms. Eutrice Carrington, who retire by rotation and being eligible, be re-elected directors of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the second Annual Meeting following.
- In accordance with Clause 4.4.1 of By-Law No. 1, Mr. Alejandro Alberto Ramirez Cantu is being nominated for election as a director for a period up to the conclusion of the second Annual Meeting following.

Auditors

The Auditors, Ernst and Young, retire and, being eligible, offer themselves for re-election.

By Order of the Board



Alan Nobie
Secretary

BUILDING FROM THE GROUND UP

Building our Team

Team

From the Ground Up

A company is only as strong as its team, and the TCL Group spares no effort when it comes to putting together a motivated, capable and dependable family of employees throughout the Caribbean.

Our customers are in the good hands of a highly qualified team of individuals, working every day to create value.

The TCL Team will make our business succeed in the short-term, reaching new heights in the future.



Independent Auditors' Report

To the Shareholders of Trinidad Cement Limited

We have audited the accompanying consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December, 2011 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

In 2011 management recorded impairment losses pertaining to certain plant and machinery and deferred tax assets amounting to \$61.3 million and \$46 million respectively. These impairment losses were determined based on management's projections which assume that the Group will generate significant revenue from exports to a certain market under a proposed agreement currently under active negotiation, for which the terms and conditions have not been agreed at the date of this audit report. We have not obtained sufficient appropriate audit evidence to

support the inclusion of the cashflows from these exports. Had management excluded these cashflows from its projections, the Group would have recognised an additional impairment loss of \$131.4 million in the statement of income for the year then ended. The impact of this adjustment would reduce the carrying amount of plant and machinery, inventories (spares), deferred tax assets and Group equity by \$90.9 million, \$6.5 million, \$34 million and \$131.4 million respectively. Additionally, the Group would have reported total equity amounting to \$1,036.7 million and net loss after tax of \$506.4 million as at 31 December, 2011 and for the year then ended. Accordingly, the basic loss per share would be reported as (\$1.72) for 2011.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 27 in the financial statements which indicates that the Group has reported an operating loss of \$166 million for the year ended 31 December, 2011 and the Group's current liabilities have exceeded its current assets by \$1.58 billion as at 31 December, 2011. The operating loss and net current liabilities have not been adjusted for the impact of the matters described in the Basis for Qualified Opinion paragraph above. Additionally, as described in Note 27, on 14 January, 2011 Trinidad Cement Limited (TCL) declared a moratorium on debt service payments by all entities in the Group and thereafter debt service payments falling due have not been made by TCL and its subsidiaries. The debt agreements of the TCL Group Companies are therefore in default and consequently lenders can initiate legal action to demand immediate repayment of outstanding loan obligations which the Group is not in a position to meet. These conditions, along with other matters as set forth in Note 27, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on the going concern basis because, as described in Note 27 the lenders have not sought to enforce their security and legal rights to call on the outstanding debt but have reached agreement in principle of the features of the restructuring and its key terms. Furthermore, based on current plans and strategies being pursued, including the anticipated successful completion of the debt restructure exercise, the Directors have a reasonable expectation that the Group will generate adequate cashflows and profitability which would allow the Group to continue in operational existence in the foreseeable future. Our opinion is not qualified in respect of this matter.

Ernst & Young

Port of Spain
TRINIDAD:
12 April, 2012

BUILDING FROM THE GROUND UP

Consolidated Statement of Financial Position

As at 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

Assets	Notes	2011 \$	2010 \$
Non-current assets			
Property, plant and equipment	8	2,277,294	2,493,206
Goodwill	9	215,831	215,831
Pension plan asset	10 (a)	215,671	216,072
Receivables	12	10,913	9,203
Deferred tax assets	6 (d)	<u>424,674</u>	<u>418,576</u>
		<u>3,144,383</u>	<u>3,352,888</u>
Current assets			
Inventories	11	557,019	569,072
Receivables and prepayments	12	193,888	175,367
Cash at bank and on hand	13	<u>57,755</u>	<u>20,416</u>
		808,662	764,855
Assets classified as held for sale	26	<u>—</u>	<u>3,178</u>
		<u>808,662</u>	<u>768,033</u>
Total assets		<u>3,953,045</u>	<u>4,120,921</u>

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

Consolidated Statement of Financial Position (continued)

As at 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2011 \$	2010 \$
Equity and liabilities			
Equity			
Stated capital	17 (a)	466,206	466,206
Unallocated ESOP shares	19	(25,299)	(28,658)
Other reserves	17 (b)	(180,069)	(202,579)
Retained earnings		<u>864,882</u>	<u>1,189,938</u>
Equity attributable to the parent		1,125,720	1,424,907
Non-controlling interests		<u>42,411</u>	<u>92,405</u>
Total equity		<u>1,168,131</u>	<u>1,517,312</u>
Non-current liabilities			
Borrowings not subject to restructuring	16	2,923	8,521
Post-retirement obligations	10 (a)	21,609	19,325
Deferred tax liabilities	6 (d)	<u>369,693</u>	<u>438,357</u>
		<u>394,225</u>	<u>466,203</u>
Current liabilities			
Bank overdraft and advances	14	447	123
Payables and accruals	15	714,802	433,839
Swap obligation	16 (b) (iv)	–	33,349
Current portion of borrowings not subject to restructuring	16	2,750	4,501
Borrowings subject to restructuring	16	<u>1,672,690</u>	<u>1,661,387</u>
		2,390,689	2,133,199
Liabilities associated with assets classified as held for sale	26	<u>–</u>	<u>4,207</u>
		<u>2,390,689</u>	<u>2,137,406</u>
Total equity and liabilities		<u>3,953,045</u>	<u>4,120,921</u>

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

On 28 March, 2012, 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

[Signature] Director

BUILDING FROM THE GROUND UP

Consolidated Statement of Income

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2011 \$	2010 \$
Continuing operations			
Revenue		<u>1,560,860</u>	<u>1,561,084</u>
Earnings before interest, tax and depreciation	3	84,274	169,001
Depreciation	8	(170,979)	(165,975)
Impairment charges and write-offs	3	<u>(79,386)</u>	<u>—</u>
Operating (loss)/profit	3	(166,091)	3,026
Restructuring expenses	4	(103,201)	—
Finance costs	5	<u>(187,960)</u>	<u>(148,364)</u>
Loss before taxation from continuing operations		(457,252)	(145,338)
Taxation	6	<u>72,823</u>	<u>69,264</u>
Loss for the year from continuing operations		<u>(384,429)</u>	<u>(76,074)</u>
Discontinued operations			
Operating loss for the year from discontinued operations	26	(1,681)	(4,253)
Gain on disposal of discontinued operations	26	<u>11,092</u>	<u>—</u>
Net income/(loss) for the year from discontinued operations		<u>9,411</u>	<u>(4,253)</u>
Loss for the year		<u>(375,018)</u>	<u>(80,327)</u>
Attributable to:			
Shareholders of the parent		(325,315)	(48,549)
Non-controlling interests		<u>(49,703)</u>	<u>(31,778)</u>
		<u>(375,018)</u>	<u>(80,327)</u>
Basic (loss)/earnings per share:			
From continuing operations (expressed in \$ per share)	7	(\$1.35)	(\$0.18)
From discontinued operations (expressed in \$ per share)	7	<u>\$ 0.03</u>	<u>(\$0.02)</u>
		<u>(\$1.32)</u>	<u>(\$0.20)</u>

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2011 \$	2010 \$
Loss for the year		(375,018)	(80,327)
Other comprehensive income			
Net movement on cash flow hedge (interest rate swap)	17 (b)	30,645	(5,416)
Income tax effect	17 (b)	<u>(7,661)</u>	<u>1,331</u>
		22,984	(4,085)
Exchange differences on translation of foreign operations		<u>(765)</u>	<u>22,657</u>
Other comprehensive income for the year, net of tax		<u>22,219</u>	<u>18,572</u>
Total comprehensive loss for the year, net of tax		<u>(352,799)</u>	<u>(61,755)</u>
Attributable to:			
Shareholders of the parent		(302,805)	(35,181)
Non-controlling interests		<u>(49,994)</u>	<u>(26,574)</u>
		<u>(352,799)</u>	<u>(61,755)</u>

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

Consolidated Statement of Changes in Equity

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

Notes	Equity attributable to the Parent					Non-controlling interests	Total equity
	Stated capital	Unallocated ESOP shares	Other reserves	Retained earnings	Total		
	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December, 2011							
Balance at 1 January, 2011	466,206	(28,658)	(202,579)	1,189,938	1,424,907	92,405	1,517,312
Other comprehensive income	17	-	22,510	-	22,510	(291)	22,219
Loss for the year	-	-	-	(325,315)	(325,315)	(49,703)	(375,018)
Total comprehensive income/(loss)	-	-	22,510	(325,315)	(302,805)	(49,994)	(352,799)
Allocation to employees of ESOP shares net of dividends	-	3,359	-	26	3,385	-	3,385
Dividends forfeited	-	-	-	233	233	-	233
Balance at 31 December, 2011	466,206	(25,299)	(180,069)	864,882	1,125,720	42,411	1,168,131
Year ended 31 December, 2010							
Balance at 1 January, 2010	466,206	(29,345)	(215,947)	1,238,825	1,459,739	119,548	1,579,287
Other comprehensive income	17	-	13,368	-	13,368	5,204	18,572
Profit/(loss) for the year	-	-	-	(48,549)	(48,549)	(31,778)	(80,327)
Total comprehensive income/(loss)	-	-	13,368	(48,549)	(35,181)	(26,574)	(61,755)
Allocation to employees of ESOP shares net of dividends	-	687	-	(663)	24	-	24
Dividends forfeited/(paid)	-	-	-	325	325	(569)	(244)
Balance at 31 December, 2010	466,206	(28,658)	(202,579)	1,189,938	1,424,907	92,405	1,517,312

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

Consolidated Statement of Cash Flows

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2011 \$	2010 \$
Cash from continuing operations		160,440	212,846
Cash from discontinued operations		<u>–</u>	<u>(356)</u>
Cash from operations	21	160,440	212,490
Pension contributions paid	10 (c)	(8,414)	(8,990)
Post-retirement benefits paid	10 (d)	(993)	(616)
Taxation paid		(6,812)	(8,490)
Restructuring expenses paid		(33,125)	–
Net interest paid		<u>(10,282)</u>	<u>(155,554)</u>
Net cash generated by operating activities		<u>100,814</u>	<u>38,840</u>
Investing activities			
Additions to property, plant and equipment	8	(40,721)	(63,673)
Proceeds from disposal of property, plant and equipment		<u>9,546</u>	<u>8,222</u>
Net cash used in investing activities		<u>(31,175)</u>	<u>(55,451)</u>
Financing activities			
Repayment of borrowings		(32,565)	(116,015)
Proceeds/transfer of short-term advances		–	180,565
Dividends paid to minority interests		<u>–</u>	<u>(569)</u>
Net cash used in financing activities		<u>(32,565)</u>	<u>63,981</u>
Net increase/(decrease) in cash and borrowings		37,074	47,370
Net foreign exchange difference		(59)	(6,381)
Net cash/(borrowings) – beginning of year		<u>20,293</u>	<u>(20,696)</u>
Net (borrowings)/cash – end of year		<u>57,308</u>	<u>20,293</u>
Represented by:			
Cash at bank and short term deposits	13	57,755	20,416
Bank overdraft – continuing operations	14	<u>(447)</u>	<u>(123)</u>
		<u>57,308</u>	<u>20,293</u>

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

BUILDING FROM THE GROUND UP

Notes to the Consolidated Financial Statements

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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 the 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, 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 23.

2. Significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group are prepared under the historical cost convention, except for derivative financial instruments that has been measured at fair value.

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).

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 1 January, 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January, 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February, 2010

- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January, 2011
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarified the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, this amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an entity payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The amendment of the interpretation has no effect on the financial position or performance of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

The Group has not adopted early the following new and revised IFRS's and IFRIC interpretations that have been issued but are not yet effective or not relevant to the Group's operations:

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 – Effective 1 July, 2012
- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets – Effective 1 January, 2012
- IAS 19 – Employee Benefits (Revised) – Effective 1 January, 2013
- IAS 27 – Separate Financial Statements - Effective for periods beginning on or after 1 January, 2013
- IAS 28 – Investments in Associates and Joint Ventures – Effective 1 January, 2013
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Effective 1 July, 2011
- IFRS 7 Financial Instruments: Disclosures (Amendment) – Effective 1 July, 2011
- IFRS 9 Financial Instruments: Classification and Measurement effective 1 January, 2013
- IFRS 10 Consolidated Financial Statements – Effective 1 January, 2013
- IFRS 11 Joint Arrangements – Effective 1 January, 2013
- IFRS 12 Disclosure of Interests in Other Entities – Effective 1 January, 2013
- IFRS 13 Fair Value Measurement – Effective 1 January, 2013

Improvements to IFRSs (issued in May 2010)

The IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The amendments listed below are considered to have a reasonable possible impact on the Group or are not relevant to the Group's operations:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statement
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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 date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key judgments, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 9.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the existence of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of

previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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.

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.

Provision for doubtful debts

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

d) Business combinations and goodwill

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

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

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill

acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

e) Property, plant and equipment (continued)

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 derecognition 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.

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

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.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences on foreign currency transactions are recognised 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 financial reporting date and their statement of income are translated at the weighted average exchange rates for the year. The exchange differences arising on re-translation are recognised in other comprehensive income.

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.

i) Segment information

The Group's operating businesses are organised 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 transfer 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

j) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances including advances/overdrafts, 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 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 other comprehensive income 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. As discussed in note 16(b)(iv) the interest rate swap agreements were terminated on 13 April, 2011.

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.

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 reporting date.

Deferred income tax

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

Deferred tax assets are 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 statement of financial position 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

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.

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 recognised 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 recognised:

Sales of goods

Revenue from the sale of goods is recognised 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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

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 cash equivalents

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

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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amounts.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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.

y) Non-current assets held for sale and discontinued operations

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

the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

z) Comparative information

Certain changes in presentation have been made in these consolidated financial statements. These changes include the reclassification of certain borrowings of the previous year (2010) to preserve comparability with current year classifications. This reclassification together with other minor changes in prior year comparatives has no effect on the net assets or operating results of the Group for the previous year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

3. Operating profit – continuing operations

	2011 \$	2010 \$
Revenue	1,560,860	1,561,084
Less expenses:		
Personnel remuneration and benefits (see below)	433,698	445,352
Raw materials and consumables	172,989	152,114
Fuel and electricity	412,712	339,759
Operating expenses	213,779	209,627
Repairs and maintenance	95,933	94,415
Equipment hire and haulage	155,400	141,947
Changes in finished goods and work in progress	2,332	27,221
Other income (see below)	<u>(10,257)</u>	<u>(18,352)</u>
Earnings before interest, tax and depreciation	<u>84,274</u>	<u>169,001</u>
Depreciation	170,979	165,975
Impairment charges and write-offs	<u>79,386</u>	<u>–</u>
Operating (loss)/profit	<u>(166,091)</u>	<u>3,026</u>

Impairment charges and write-offs reflect the partial impairment of the CCCL Kiln 4 asset in the amount of \$61.3 million and the write-off of Kiln 4's related equipment of \$18.1 million that is now obsolete. The carrying amount of Kiln 4 and related assets have been written down as a result of the deferral in the projected refurbishment and reactivation of this plant. The carrying value of the Kiln 4 asset has therefore been reduced from \$227 million to \$147.6 million as at 31 December, 2011. The Group plans to refurbish and return Kiln 4 into production.

Personnel remuneration and benefits include:

Salaries and wages	356,063	348,824
Other benefits	38,972	46,590
Statutory contributions	18,698	18,729
Pension costs – defined contribution plan	3,999	4,748
Termination benefits	7,151	9,652
Net pension expense – defined benefit plans (Note 10 b)	<u>8,815</u>	<u>16,809</u>
	<u>433,698</u>	<u>445,352</u>

Operating profit is stated after deducting directors' fees of:

Directors' fees	<u>790</u>	<u>753</u>
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BUILDING FROM THE GROUND UP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

3. Operating profit - continuing operation (continued)

	2011 \$	2010 \$
Other income includes:		
(Loss)/gain from disposal of property, plant and equipment	(3,429)	7,084
Delivery and trucking services	4,650	4,672
Miscellaneous income	<u>9,036</u>	<u>6,596</u>
	<u>10,257</u>	<u>18,352</u>

4. Restructuring expenses

The debt restructuring expenses comprise legal and advisory fees of \$40.4 million, acceptance fees of \$35.3 million and swap termination cost of \$27.5 million.

5. Finance costs

	2011 \$	2010 \$
Interest expense	184,786	151,419
Interest income	<u>(83)</u>	<u>(84)</u>
	184,703	151,335
Foreign currency exchange loss/(gain)	<u>3,257</u>	<u>(2,971)</u>
	<u>187,960</u>	<u>148,364</u>

An additional 200 basis points on existing interest rates have been recorded from January 2011, in accordance with the terms of the debt restructuring agreed in principle with lenders.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

6. Taxation

	2011 \$	2010 \$
a) Taxation (credit)/charge		
Deferred taxation (Note 6 c))	(82,577)	(75,581)
Current taxation	<u>9,754</u>	<u>6,317</u>
	<u>(72,823)</u>	<u>(69,264)</u>
b) Reconciliation of applicable tax charge to effective tax charge		
Loss before taxation from continuing operations	(457,252)	(145,338)
Gain/(loss) before taxation from discontinued operations	<u>9,411</u>	<u>(4,253)</u>
Loss before taxation	<u>(447,841)</u>	<u>(149,591)</u>
Tax calculated at 25%	(111,960)	(37,398)
Net effect of other charges and disallowances	43,476	15,246
Tax losses for which no deferred tax income were recognised	46,000	–
Impact of income not subject to tax	(32,358)	(38,436)
Business and green fund levies	2,315	2,114
Effect of different tax rates outside Trinidad and Tobago	<u>(20,296)</u>	<u>(10,790)</u>
Taxation charge reported in the consolidated income statement – continuing operations	(72,823)	(69,264)
Taxation charge attributable to a discontinued operation	<u>–</u>	<u>–</u>
	<u>(72,823)</u>	<u>(69,264)</u>

A deferred tax asset of \$46 million in relation to tax losses available for reducing future tax payments was not recognised in the Statement of Financial Position given the extended timeframe the losses are estimated to be utilised.

Trinidad Cement Limited has tax losses of \$872 million (2010: \$805 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of \$492.5 million (2010: \$328 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of \$9.9 million (2010: \$5.2 million) available for set off against future taxable profits.

These losses are subject to approval of the respective tax authorities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

6. Taxation (continued)

c) Movement in deferred tax net balance:

	2011 \$	2010 \$
Net balance at 1 January	(19,781)	(96,264)
Exchange rate and other adjustment	(154)	(429)
(Debit)/credit to hedging reserve	(7,661)	1,331
Credit to earnings	<u>82,577</u>	<u>75,581</u>
Net balance at 31 December (Note 6 d))	<u>54,981</u>	<u>(19,781)</u>

d) Components of the deferred tax assets/(liabilities) are as follows:

	2011 \$	2010 \$
Deferred tax liabilities:		
Property, plant and equipment	(312,872)	(380,411)
Pension plan assets	<u>(56,821)</u>	<u>(57,946)</u>
Balance at 31 December	<u>(369,693)</u>	<u>(438,357)</u>
Deferred tax assets:		
Tax losses carry forward	327,974	354,411
Capital allowances carry forward	34,298	42,841
Interest accrual	32,872	–
Others	29,530	13,663
Swap obligation	<u>–</u>	<u>7,661</u>
Balance at 31 December	<u>424,674</u>	<u>418,576</u>
Net deferred tax asset/(liability)	<u>54,981</u>	<u>(19,781)</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

7. Earnings per share

	2011 \$	2010 \$
The following reflects the income and share data used in the earnings per share computation:		
Net loss for the year attributable to equity holders of the Parent - continuing operations	(331,997)	(45,529)
Net profit/(loss) for the year attributable to equity holders of the Parent - discontinued operations	<u>6,682</u>	<u>(3,020)</u>
Net loss for the year attributable to equity holders - total Group	<u>(325,315)</u>	<u>(48,549)</u>
Weighted average number of ordinary shares issued (thousands of units)	<u>245,869</u>	<u>245,485</u>
Basic loss per share – continuing operations (expressed in \$ per share)	<u>(\$1.35)</u>	<u>(\$0.18)</u>
Basic earnings/(loss) per share – discontinued operations (expressed in \$ per share)	<u>\$0.03</u>	<u>(\$0.02)</u>
Basic loss per share – total (expressed in \$ per share)	<u>(\$1.32)</u>	<u>(\$0.20)</u>

The balance of the TCL Employee Share Ownership Plan relating to the cost of unallocated shares held by the Plan is presented as a separate component in equity. The weighted average number of unallocated shares of 3.896 million (2010: 4.280 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 (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

8. Property, plant and equipment

	Land and buildings \$	Plant, machinery and equipment and motor vehicles \$	Office furniture and equipment \$	Capital work in progress \$	Total \$
At 31 December, 2011					
Cost	459,335	3,315,849	108,568	43,452	3,927,204
Accumulated depreciation and impairment	(164,793)	(1,401,740)	(83,377)	—	(1,649,910)
Net book amount	<u>294,542</u>	<u>1,914,109</u>	<u>25,191</u>	<u>43,452</u>	<u>2,277,294</u>
Net book amount					
1 January, 2011	305,283	2,117,936	34,518	35,469	2,493,206
Exchange rate adjustments	(760)	(1,695)	(45)	(203)	(2,703)
Additions and transfers	1,468	28,893	2,174	8,186	40,721
Disposals and adjustments	(43)	(3,062)	(460)	—	(3,565)
Depreciation charge	(11,406)	(148,577)	(10,996)	—	(170,979)
Impairment charge and write off	—	(79,386)	—	—	(79,386)
31 December, 2011	<u>294,542</u>	<u>1,914,109</u>	<u>25,191</u>	<u>43,452</u>	<u>2,277,294</u>
At 31 December, 2010					
Cost	459,011	3,304,409	107,886	35,469	3,906,775
Accumulated depreciation	(153,728)	(1,186,473)	(73,368)	—	(1,413,569)
Net book amount	<u>305,283</u>	<u>2,117,936</u>	<u>34,518</u>	<u>35,469</u>	<u>2,493,206</u>
Net book amount					
1 January, 2010	301,233	1,928,090	40,724	299,761	2,569,808
Exchange rate adjustments	8,202	16,912	385	3,961	29,460
Additions and transfers	8,290	316,856	6,727	(268,200)	63,673
Discontinued operations (note 26)	(486)	(2,064)	(72)	—	(2,622)
Disposals and adjustments	130	(1,190)	(25)	(53)	(1,138)
Depreciation charge	(12,086)	(140,668)	(13,221)	—	(165,975)
31 December, 2010	<u>305,283</u>	<u>2,117,936</u>	<u>34,518</u>	<u>35,469</u>	<u>2,493,206</u>

ANNUAL REPORT 2011

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

8. Property, plant and equipment (continued)

The net carrying value of assets held under finance leases within property, plant and equipment amounted to \$7.1 million (2010: \$9.0 million) as at 31 December, 2011. It is the Group's policy to capitalise interest on borrowings specific to capital projects during the period of construction. No borrowing costs was capitalised in 2011 (2010: Nil).

Included under plant and machinery is the Kiln 4 asset with a net book value of \$147.6 million (net of impairment and write offs). This asset is not currently operating and its refurbishment and restart have been deferred in the Group projections. Consequently, in accordance with IAS 36, management has partially impaired the asset and recorded an impairment loss of \$61.3 million in 2011. Additionally, part of the asset was considered obsolete resulting in the write off of \$18.1 million (refer to note 3).

9. Goodwill

	2011 \$	2010 \$
Cost	269,147	269,147
Accumulated impairment	<u>(53,316)</u>	<u>(53,316)</u>
Net book amount	<u>215,831</u>	<u>215,831</u>
Net book amount		
1 January	215,831	215,831
Impairment charge for the year	<u>—</u>	<u>—</u>
31 December	<u>215,831</u>	<u>215,831</u>

Based on the results of impairment tests in 2011, no further impairment charge is required.

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 pre-tax 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, gross margins and discount rates:

Market share - It is assumed that the respective business units will at least maintain their current levels of market share on the local market over the projection period. Continued growth is projected on the local and export markets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

9. Goodwill (continued)

Impairment testing of goodwill (continued)

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.

Discount rates – Discount rates represents the current market assessment of the risks specific to each cash generating unit (CGU), regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is derived from the weighted average cost of capital (WACC) of the relevant CGU.

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

	Caribbean Cement Company Limited	Subsidiary 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	18.83%	10.5%
Discount rate (extrapolation period)	18.83%	10.5%
Cash flow projection term	5 years	5 years
Growth rate (extrapolation period)	1.5%	1%

10. Pension plans and other post-retirement benefits

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

a) Pension plan assets and other post retirement obligations:

	2011 \$	2010 \$
Pension plan assets	<u>215,671</u>	<u>216,072</u>
Other post retirement obligations:		
Retiree's medical benefit obligations	(20,102)	(18,073)
Service benefit obligations	<u>(1,507)</u>	<u>(1,252)</u>
Total post retirement obligations	<u>(21,609)</u>	<u>(19,325)</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

	2011 \$	2010 \$
b) Amounts recognised in the statement of income in respect of pension costs:		
Current service cost	21,509	22,296
Past service cost	1,966	9,731
Interest cost	38,680	42,560
Expected return on plan assets	(53,225)	(59,261)
Amortised net loss	<u>(115)</u>	<u>1,483</u>
Total, included in personnel remuneration and benefits (Note 3)	<u>8,815</u>	<u>16,809</u>
Actual return on plan assets	<u>72,066</u>	<u>57,625</u>
c) Movement in pension plan assets		
Balance at 1 January	216,072	223,891
Net pension expense for the year	(8,815)	(16,809)
Contributions paid	<u>8,414</u>	<u>8,990</u>
Balance at 31 December	<u>215,671</u>	<u>216,072</u>
Net pension plan asset		
Defined benefit obligation	(729,588)	(619,642)
Fair value of plan assets	<u>829,816</u>	<u>762,731</u>
Surplus	100,228	143,089
Unrecognised actuarial loss	<u>115,443</u>	<u>72,983</u>
Net pension plan asset	<u>215,671</u>	<u>216,072</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

	2011 \$	2010 \$
c) Movement in pension plan assets (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at 1 January	(619,642)	(578,712)
Interest cost	(38,680)	(42,560)
Current service cost	(21,509)	(22,296)
Actuarial (gain)/loss	(71,106)	16,167
Benefits paid	28,345	23,751
Members' contribution	(7,002)	(7,385)
Expense allowance	3,006	2,366
Past service cost	(1,966)	(9,731)
Exchange differences	<u>(1,034)</u>	<u>(1,242)</u>
Defined benefit obligation at 31 December	<u>(729,588)</u>	<u>(619,642)</u>
Fair value of plan assets at 1 January	762,731	709,594
Expected return	53,225	59,261
Actuarial gain	28,764	2,366
Benefits paid	(28,345)	(23,751)
Employer and employees' contribution	15,416	16,375
Expense allowance	(2,051)	(1,528)
Exchange differences	<u>76</u>	<u>414</u>
Fair value of plan assets at 31 December	<u>829,816</u>	<u>762,731</u>

The Group expects to contribute \$9.7 million to its defined benefit plan in 2012.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

	2011 \$	2010 \$
c) Movement in pension plan assets (continued)		
Major categories of plan assets as a percentage of fair value:		
Equities	41%	34%
Debt securities	48%	46%
Property	0%	0%
Other securities	11%	20%

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

	2011 \$	2010 \$	2009 \$	2008 \$	2007 \$
Defined benefit obligation	(729,588)	(619,642)	(578,712)	(534,627)	(454,549)
Fair value of plan assets	829,816	762,731	709,594	673,640	677,462
Surplus	100,228	143,089	130,882	139,013	222,913
Experience adjustments on plan liabilities	(29,104)	16,167	8,917	(29,623)	(9,124)
Experience adjustments on plan assets	28,764	2,366	(25,182)	(68,097)	8,343

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. Employees of TCL Ponsa Manufacturing Limited are paid directly by the company, an end of service lump sum payment.

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 31 December, 2009 and the results revealed that the Trinidad Cement Limited and Readymix (West Indies) Limited sections were in surplus by \$165.3 million and \$1.4 million respectively but the TCL Packaging Limited section was in deficit by \$2.2 million.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

c) Movement in pension plan assets (continued)

The service contribution rates for TCL, TPL and RML as a percentage of salaries will remain at 6%, 23.5% and 15.7% respectively.

A roll-forward valuation in accordance with IAS 19 "Employee Benefits", using assumptions indicated below, was done as at 31 December, 2011 for the sole purpose of preparing these financial statements.

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 2010 and showed a funding surplus of \$9.2 million. The actuary has recommended that the company and employees fund the plan and future service benefits at 7% of members' earnings.

Principal actuarial assumptions used are as follows:

	2011	2010
Discount rate	5.5%–7.75%	6.25%–7.75%
Expected return on plan assets	6.5%–7.75%	7.00%–7.75%
Rate of future salary increases	2.5%–5.00%	2.5%–5.00%
Rate of future pension increases	0.0%–3.75%	0.5%–4.25%

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

	2011 \$	2010 \$
The retirees' medical/service benefit liabilities are derived as follows:		
Defined benefit obligation	40,580	27,148
Unrecognised loss	<u>(18,971)</u>	<u>(7,823)</u>
	<u>21,609</u>	<u>19,325</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

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

d) Other post-retirement benefits (continued)

	2011 \$	2010 \$
Movement in the retirees' medical/service benefit liabilities:		
Opening balance	19,325	16,166
Total expense for the year	3,277	3,775
Benefits paid	<u>(993)</u>	<u>(616)</u>
Retirees' medical/service benefit liabilities	<u>21,609</u>	<u>19,325</u>
Changes in the present value of the benefit obligation are as follows:		
Defined benefit obligation at 1 January	(27,148)	(26,680)
Interest cost	(1,665)	(1,978)
Current service cost	(1,271)	(1,274)
Actuarial (gain)/loss	(11,505)	2,162
Benefits paid	<u>1,009</u>	<u>622</u>
Defined benefit obligation at 31 December	<u>(40,580)</u>	<u>(27,148)</u>
Expected benefits to be paid in 2012 will amount to \$1.2 million.		
Principal actuarial assumptions as at 31 December were:		
	2011	2010
Discount rate	5.5%	6.25%
Medical expense inflation	5.0%	5.00%
Rate of future salary increases	5.0%	5.00%

11. Inventories

	2011 \$	2010 \$
Plant spares	173,319	177,781
Raw materials and work in progress	204,682	210,191
Consumables	115,474	116,801
Finished goods	<u>63,544</u>	<u>64,299</u>
	<u>557,019</u>	<u>569,072</u>

Inventories are shown as net of provision of \$9.3 million (2010: \$7.2 million).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

12. Receivables and prepayments

	2011 \$	2010 \$
Trade receivables	152,356	143,373
Less: provision for doubtful debts	<u>(25,922)</u>	<u>(24,959)</u>
Trade receivables (net)	126,434	118,414
Sundry receivables and prepayments	62,428	47,328
Deferred expenditure	7,445	8,774
Taxation recoverable	<u>8,494</u>	<u>10,054</u>
	<u>204,801</u>	<u>184,570</u>

Included within trade receivables are balances due from two customers with agreed repayment terms over one year and therefore \$10.9 million (2010: \$9.2 million) is presented as a non-current asset.

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

	Total \$	Neither past due nor impaired \$	Past due but not impaired		
			1-90 days \$	91-180days \$	Over 180 days \$
2011	126,434	46,422	49,404	5,484	25,124
2010	118,414	40,923	36,126	6,867	34,498

As at 31 December, the impairment provision for trade receivables assessed to be doubtful was \$25.9 million (2010: \$24.9 million). Movements in the provision for impaired receivables were as follows:

	2011 \$	2010 \$
At 1 January	24,959	23,310
Charge for the year	3,827	7,591
Unused amounts reversed/written off	<u>(2,864)</u>	<u>(1,481)</u>
	25,922	29,420
Discontinued operations	<u>—</u>	<u>(4,461)</u>
At 31 December	<u>25,922</u>	<u>24,959</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

13. Cash at bank and on hand

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

14. Bank overdraft and advances

	2011 \$	2010 \$
Bankers' acceptances and other advances	–	–
Bank overdrafts	447	123
	<u>447</u>	<u>123</u>

The overdraft facility attracts interest at a rate of 8.25% at 31 December, 2011 (2010: 8.25%). The outstanding balances on other overdraft and bank advances have been rolled into the Group debt that is being restructured (See Note 16) as the respective lenders have withdrawn these lines of credit.

15. Payables and accruals

	2011 \$	2010 \$
Sundry payables and accruals	285,806	278,456
Interest and other finance charges	231,840	28,526
Trade payables	184,399	118,522
Statutory obligations – Jamaica Subsidiary	7,790	4,750
Taxation payable	4,967	3,585
	<u>714,802</u>	<u>433,839</u>

Interest and other finance charges represent the unpaid interest and other relevant charges outstanding on the borrowings subject to restructuring. Under the terms of the revised debt restructure currently being finalised with the Group's lenders, these liabilities will be added on to the revised principal amount of borrowings that will be repayable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

16. Borrowings

	2011 \$	2010 \$
Maturity of borrowings:		
Borrowings subject to restructuring (current)	1,672,690	1,661,387
Borrowings not subject to restructuring:		
One year	2,750	4,501
Two years	1,104	3,239
Three years	1,024	2,908
Four years	778	1,851
Five years and over	17	523
	<u>1,678,363</u>	<u>1,674,409</u>
Gross borrowings	1,678,363	1,674,409
Current portion of total borrowings	(1,675,440)	(1,665,888)
	<u>2,923</u>	<u>8,521</u>
Borrowings not subject to restructuring (non-current portion)	<u>2,923</u>	<u>8,521</u>

At year end the Group is in default of its loan agreements. Therefore as required by IAS 1 "Presentation of Financial Statements" all loan balances in default have been classified as current liabilities to reflect the fact that the loans are callable on demand as a result of the breach as described in Note 27. The non-current portion represents loans and finance leases which are not under any defaulted agreements.

	2011 \$	2010 \$
Type of borrowings:		
Bonds	783,043	782,454
Term loans	488,916	454,031
Finance lease obligations	5,285	6,453
Other bank loans	401,119	431,471
	<u>1,678,363</u>	<u>1,674,409</u>
Currency denomination of borrowings		
US dollar	627,636	592,843
Local currencies	1,050,727	1,081,566
	<u>1,678,363</u>	<u>1,674,409</u>
Interest rate profile		
Fixed rates	1,350,600	1,381,141
Floating rates	327,763	293,268
	<u>1,678,363</u>	<u>1,674,409</u>
	2011	2010
The weighted average effective interest rate for borrowings is:	10.5%	8.5%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

16. Borrowings (continued)

a) Bonds

(i) Barbados \$50 million Bond

This bond, with current book value of TT\$106.9 million (2010: TT\$107.9 million), is secured by a charge on the fixed and floating assets of Arawak Cement Company Limited and carries rates of interest in the range 7.4% to 9.45% for the four tranches.

(ii) TT\$346.5 million Bond

This bond, with current book value of TT\$138.1 million (2010: TT\$137.8 million), is secured by a charge on the fixed and floating assets of Trinidad Cement Limited and carries a fixed rate of interest of 6.87% per annum.

(iii) TT\$187 million Bond

This bond, with current book value of TT\$164.9 million (2010: TT\$164.4 million) is secured by a charge on the fixed and floating assets of Trinidad Cement Limited and carries a fixed rate of interest of 8.95% per annum.

(iv) TT\$100 million Bond

This bond, with current book value of TT\$74.4 million (2010: TT\$74.3 million), is secured by a charge on the fixed and floating assets of the Group and carries a fixed interest rate of 8.5% per annum.

(v) TT\$315 million Project Bond

This bond, with current book value of TT\$298.7 million (2010: TT\$298.1 million), is secured by a charge on certain fixed assets of the Group and carries a fixed rate of interest of 9.1% per annum.

b) Term loans

(i) US\$25 million Project 'A' Loan

This loan, with current book value of TT\$114.2 million (2010: TT\$113.9 million), is secured by a charge on certain fixed and floating assets of the Group and carries a floating rate of interest of 6-month Libor plus 225 basis points.

(ii) US\$10 million Project 'C' Loan

This loan, with current book value of TT\$63.4 million (2010: TT\$63.1 million), is secured by a charge on certain fixed and floating assets of the Group and 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.

(iii) US\$20 million Project 'Parallel' Loan

This loan, with current book value of TT\$110.2 million (2010: TT\$109.8 million), is secured by a charge on certain fixed and floating assets of the Group and carries a floating rate of interest of 6-month Libor plus 275 basis points.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

16. Borrowings (continued)

b) Term loans (continued)

(iv) Interest Rate Swap

The interest rate swap agreements were terminated on 13 April, 2011 and the obligation at that time of \$33.8 million (2010: \$33.3 million) was converted into a loan. The new loan will be secured by the assets of the TCL Group whilst interest will be applied at the rate of six-month Libor plus 2.25%.

(v) US\$25 million commercial paper

The loan with current book value of TT\$160.8 million (2010: TT\$160.1 million), is unsecured and carries a fixed rate of interest of 7.25% per annum.

(vi) TT\$18.5 million loan

This loan with a current book value of \$5.8 million (2010: \$6.5 million), is secured by a charge on the fixed and floating assets of Readymix (West Indies) Limited and carries a floating rate of interest.

(vii) Other term loans

Loans obtained by the Jamaica subsidiary with current book value of TT\$0.4 million (2010: TT\$0.6 million) are secured by a bill of sale over certain of the subsidiary's motor vehicles and carries interest with rates ranging from 20.0%-21.75% per annum.

c) Other bank loans \$401.1 million

These loans represent overdraft and short term loans which have now been included as part of the overall Group's debt to be restructured. The loans are generally unsecured and are denominated in Trinidad and Tobago, Barbados, Jamaican and United States dollars and carry interest with rates ranging from 5.25% to 24.5%.

d) Restructuring

The terms of the borrowings as described in a) to c) above reflect the terms under the existing loan agreements with the lenders.

As discussed further in Note 27, the Group has agreed in principle with its lenders the terms on which its debt portfolio will be restructured. Most of the existing short-term and long-term debt will be repaid over the period from March 2013 to December 2018. Interest payments will recommence from December 2012 and will include an additional 200 basis points on existing rates with a floor on Libor and Base Rates of 4%. The TCL Group will be required to comply with certain financial covenants and expenditure limits. The currently unsecured debt will be secured by a pledge of additional assets of the TCL Group. An additional 200 basis points on existing interest rates have been recorded from January 2011 in accordance with the terms of the debt restructuring agreed in principle with lenders.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

16. Borrowings (continued)

e) Finance leases (not subject to restructuring)

Included in total borrowings are finance leases amounting to \$5.3 million (2010: \$6.4 million). The minimum lease payments under these finance leases are as follows:

	2011 \$	2010 \$
Due not more than one year	2,731	3,171
Due in years two to five	<u>3,380</u>	<u>4,403</u>
Total minimum lease payments	6,111	7,574
Less: Finance charges	<u>(826)</u>	<u>(1,121)</u>
Total net present value	<u>5,285</u>	<u>6,453</u>

17. 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 (2010: 249,765,136) ordinary shares of no par value

	<u>466,206</u>	<u>466,206</u>
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Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

17. Stated capital and other reserves (continued)

(b) Other reserves

	Foreign currency translation account \$	Hedging reserve \$	Total other reserves \$
Year ended 31 December, 2011			
Balance at 1 January, 2011	(179,595)	(22,984)	(202,579)
Other comprehensive income:			
Currency translation and other adjustments	(474)	–	(474)
Net charge on swap transferred to statement of income (interest)	–	4,195	4,195
Net charge on swap transferred to statement of income (restructuring)	–	26,450	26,450
Deferred taxation on swap obligation	<u>–</u>	<u>(7,661)</u>	<u>(7,661)</u>
Total other comprehensive income	<u>(474)</u>	<u>22,984</u>	<u>22,510</u>
Balance at 31 December, 2011	<u>(180,069)</u>	<u>–</u>	<u>(180,069)</u>
Year ended 31 December, 2010			
Balance at 1 January, 2010	(197,048)	(18,899)	(215,947)
Other comprehensive income:			
Currency translation and other adjustments	17,453	–	17,453
Change in fair value of swap obligation	–	(18,797)	(18,797)
Net charge on swap transferred to statement of income	–	13,381	13,381
Deferred taxation on swap obligation	<u>–</u>	<u>1,331</u>	<u>1,331</u>
Total other comprehensive income	<u>17,453</u>	<u>(4,085)</u>	<u>13,368</u>
Balance at 31 December, 2010	<u>(179,595)</u>	<u>(22,984)</u>	<u>(202,579)</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

17. Stated capital and other reserves (continued)

(b) Other reserves (continued)

Nature and purpose of reserves

Foreign currency translation account

This reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Hedging reserve

This account records the effective portion of the cashflow hedge relating to future periods.

18. Dividends

During the year, the Parent company wrote back an amount of \$0.2 million (2010: \$0.3 million) to retained earnings representing dividend cheques which were not presented for payment for more than six years.

19. Employee share ownership plan (ESOP)

	2011 \$	2010 \$
<i>Employee share ownership plan</i>		
Number of shares held - unallocated (thousands)	3,752	4,121
Number of shares held - allocated (thousands)	<u>3,953</u>	<u>3,584</u>
	<u>7,705</u>	<u>7,705</u>
Fair value of shares held - unallocated	6,716	11,951
Fair value of shares held - allocated	<u>7,076</u>	<u>10,394</u>
	<u>13,792</u>	<u>22,345</u>
Cost of unallocated ESOP shares	<u>25,299</u>	<u>28,658</u>
Charge to earnings for shares allocated to employees	<u>500</u>	<u>663</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

19. Employee share ownership plan (ESOP) (continued)

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 Group contributions. The cost of shares so acquired of \$25.3 million (2010: \$28.7 million) which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. All dealings in these 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.

20. Capital commitments and contingent liabilities

Capital commitments

The Group has approved no contractual capital commitments as at December 2011 (2010-NIL).

Contingent liabilities

There are contingent liabilities amounting to \$22.5 million (2010: \$16.3 million) for various claims, assessments, bank guarantees, and bonds against the Group. Included therein, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

21. Cash from operations

	2011 \$	2010 \$
Loss before taxation continuing operations	(457,252)	(145,338)
Profit/(loss) before taxation discontinued operations	<u>9,411</u>	<u>(4,253)</u>
Loss before taxation	(447,841)	(149,591)
Adjustments to reconcile (loss)/profit before taxation to net cash generated by operating activities:		
Depreciation	170,979	165,975
Impairment charges and write offs	79,386	–
Interest expense net of interest income	187,960	151,335
Restructuring expenses	103,201	–
ESOP share allocation and sale of shares net of dividends	3,385	24
Other post-retirement benefit expense	3,277	3,775
Pension plan expense	8,815	16,809
Loss/(gain) on disposal of property, plant and equipment	3,429	(7,084)
Gain from disposal of subsidiary	(11,092)	–
Other non-cash items	<u>3,907</u>	<u>325</u>
	105,406	181,568
Changes in net current assets		
Decrease/(increase) in inventories	12,053	(1,929)
(Increase)/decrease in receivables and prepayments	(22,966)	9,941
Increase/(decrease) in payables and accruals	<u>65,947</u>	<u>22,910</u>
	<u>160,440</u>	<u>212,490</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

22. Fair value and fair value hierarchies

The fair values of cash at bank and on hand, receivables, payables and borrowings approximate their carrying amounts due to the short term and/or callable nature of these instruments. The fair values of these instruments and long term borrowings are presented below:

	Carrying amount 2011 \$	Fair value 2011 \$	Carrying amount 2010 \$	Fair value 2010 \$
Financial assets:				
Cash at bank	57,755	57,755	20,416	20,416
Trade receivables	126,434	126,434	118,414	118,414
Financial liabilities:				
Bank overdraft and advances	447	447	123	123
Borrowings and swap	1,678,363	1,678,363	1,674,409	1,674,409
Trade payables	184,399	184,399	118,522	118,522
Interest and finance charges	231,841	231,840	28,526	28,526

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

22. Fair value and fair value hierarchies (continued)

Determination of fair value and fair value hierarchies

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

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes and investments in private equity funds with fair values obtained via fund managers.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

As at 31 December, 2011 there were no financial assets in Levels 1, 2 or 3. The interest rate swap which was terminated during the year was previously classified as a Level 2 financial instrument.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

23. Subsidiary undertakings

The Group's subsidiaries are as follows:

	Country of incorporation	Ownership level	
		2011	2010
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 Products N.V.	St. Maarten	-	71%
Island Concrete SARL	St. Martin	-	71%
TCL Guyana Inc.	Guyana	80%	80%

The Group's effective interest in Premix & Precast Concrete Incorporated is 43% but this company has been treated as a consolidated subsidiary since the Group effectively has control to govern the financial and operating policies of the company. During the year the Group disposed of its interest in Island Concrete Products N.V. and Island Concrete SARL.

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.

	2011	2010
	\$	\$
Short-term employment benefits	24,331	29,098
Pension plan and post retirement benefits	653	689

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. 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 minimising 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.

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 statement of financial position 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 financial institutions to settle outstanding balances, meet capital and interest repayment obligations and by changing these lending limits when appropriate. The Group does not generally hold collateral as security.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Credit risk (continued)

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

	Gross maximum exposure 2011 \$	Gross maximum exposure 2010 \$
Trade receivables	126,434	118,414
Cash at bank	<u>57,755</u>	<u>20,416</u>
Credit risk exposure	<u>184,189</u>	<u>138,830</u>

Credit risk related to receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December, 2011, the Group had thirteen customers (2010: thirteen customers) that owed the Group more than \$2 million each and which accounted for 40% (2010: 47%) of all trade receivables owing.

Credit risk related to cash at bank

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 minimise 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 levels of cash sales. The Group's objective is to fund its operations and activities within the framework of the terms of the debt restructuring agreed with lenders. Working credit lines have been withdrawn and access to longer term credit funding has been severely restricted. Accordingly, the Group is dependent on internally generated funds to cover most of its funding needs.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Liquidity risk (continued)

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

2011	On demand \$	1 year \$	2 to 5 years \$	> 5 years \$	Total \$
Bank overdraft and advances	447	–	–	–	447
Borrowings	1,672,690	2,750	2,906	17	1,678,363
Interest and finance charges	231,840	–	–	–	231,840
Trade payables	–	184,399	–	–	184,399
	<u>1,904,977</u>	<u>187,149</u>	<u>2,906</u>	<u>17</u>	<u>2,095,049</u>
2010					
Bank overdraft and advances	123	–	–	–	123
Borrowings	1,661,387	4,501	7,998	523	1,674,409
Interest and finance charges	28,526	–	–	–	28,526
Trade payables	–	118,522	–	–	118,522
	<u>1,690,036</u>	<u>123,023</u>	<u>7,998</u>	<u>523</u>	<u>1,821,580</u>

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 maximise shareholder value. The Group is required to comply with several financial ratios and other quantitative targets in accordance with loan agreements. The Group will be required to achieve Leverage, Debt Service and Net Worth financial ratio targets in accordance with the revised terms of the debt restructuring agreed with lenders.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Foreign currency risk

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

Foreign currency risk

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 \$
2011			
US dollar	+1%	(6,013)	(4,510)
	-1%	6,013	4,510
Euro	+1%	(87)	(65)
	-1%	87	65
2010			
US dollar	+1%	(6,100)	(4,575)
	-1%	6,100	4,575
Euro	+1%	(91)	(68)
	-1%	91	68

The effect on profit is shown net of US dollar financial assets (2011: \$70.2 million, 2010: \$53.3 million), and liabilities (2011: \$671.5 million, 2010: \$663.3 million) and EURO net financial liabilities (2011: \$8.7 million, 2010: \$9.1 million).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Foreign currency risk (continued)

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

2011	TTD \$	USD \$	JMD \$	BDS \$	Other \$	Total \$
ASSETS						
Cash at bank	22,940	20,748	10,268	98	3,701	57,755
Trade receivables	45,237	49,430	17,449	2,729	11,589	126,434
	<u>68,177</u>	<u>70,178</u>	<u>27,717</u>	<u>2,827</u>	<u>15,290</u>	<u>184,189</u>
LIABILITIES						
Bank overdraft and advances	–	–	–	447	–	447
Borrowings	867,716	627,636	39,799	143,212	–	1,678,363
Interest and finance charges	160,902	70,838	–	–	100	231,840
Trade payables	24,140	43,811	80,366	24,526	11,556	184,399
	<u>1,052,758</u>	<u>742,285</u>	<u>120,165</u>	<u>168,185</u>	<u>11,656</u>	<u>2,095,049</u>
NET LIABILITIES	<u>(984,581)</u>	<u>(672,107)</u>	<u>(92,448)</u>	<u>(165,358)</u>	<u>3,634</u>	<u>(1,910,860)</u>
2010						
ASSETS						
Cash and short-term deposits	823	12,319	5,935	–	1,339	20,416
Trade receivables	48,485	40,991	15,935	4,762	8,241	118,414
	<u>49,308</u>	<u>53,310</u>	<u>21,870</u>	<u>4,762</u>	<u>9,580</u>	<u>138,830</u>
LIABILITIES						
Bank overdraft and advances	–	–	–	123	–	123
Borrowings and swap obligation	870,731	631,086	59,284	146,657	–	1,707,758
Interest and finance charges	22,978	5,548	–	–	–	28,526
Trade payables	32,110	32,254	23,412	21,518	9,235	118,529
	<u>925,819</u>	<u>668,888</u>	<u>82,696</u>	<u>168,298</u>	<u>9,235</u>	<u>1,854,936</u>
NET LIABILITIES	<u>(876,511)</u>	<u>(615,578)</u>	<u>(60,826)</u>	<u>(163,536)</u>	<u>345</u>	<u>(1,716,106)</u>

BUILDING FROM THE GROUND UP

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Interest rate risk

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

The interest rate exposure of borrowings is as follows:

	2011 \$	2010 \$
At fixed rate	1,350,600	1,381,141
At floating rates	327,763	293,268

Interest rate risk table

The following table shows the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax:

	Increase/decrease in basis points	Effect on profit before tax \$
2011	+100	(3,278)
	-100	3,278
2010	+100	(2,933)
	-100	2,933

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

25. Financial information by segment

The Group is organised and managed on the basis of the main product lines provided which are cement, concrete and packaging. Management records and monitors the operating results of each of the business units separately for the purpose of making decisions about resource allocations and performance assessment. Transfer pricing between operating segments is on an arm's length basis.

25.1 Operating segment information

2011	Cement \$	Concrete \$	Packaging \$	Consolidation adjustments \$	Total \$
Total revenue	1,691,382	116,242	91,036	–	1,898,660
Inter-segment revenue	<u>(257,287)</u>	<u>–</u>	<u>(80,513)</u>	<u>–</u>	<u>(337,800)</u>
Third party revenue	<u>1,434,095</u>	<u>116,242</u>	<u>10,523</u>	<u>–</u>	<u>1,560,860</u>
Depreciation and impairment	245,367	8,543	2,159	(5,704)	250,365
(Loss)/profit before tax	(502,869)	(425)	8,901	46,552	(447,841)
Segment assets	4,562,639	162,144	114,463	(886,201)	3,953,045
Segment liabilities	3,406,799	60,825	36,365	(719,075)	2,784,914
Capital expenditure	38,484	1,856	381	–	40,721
2010					
Total revenue	1,677,203	138,525	89,387	–	1,905,115
Inter-segment revenue	<u>(265,211)</u>	<u>–</u>	<u>(78,820)</u>	<u>–</u>	<u>(344,031)</u>
Third party revenue	<u>1,411,992</u>	<u>138,525</u>	<u>10,567</u>	<u>–</u>	<u>1,561,084</u>
Depreciation	159,930	9,211	2,262	(5,428)	165,975
(Loss)/profit before tax	(158,129)	(7,669)	10,764	5,443	(149,591)
Segment assets	4,563,411	165,812	118,494	(726,796)	4,120,921
Segment liabilities	2,996,377	65,581	47,594	(505,943)	2,603,609
Capital expenditure	57,478	5,518	677	–	63,673

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

25. Financial information by segment (continued)

25.2. Geographical segment information

	Revenue 2011 \$	Revenue 2010 \$	Non- current assets 2011 \$	Non- current assets 2010 \$	Additions property plant and equipment 2011 \$	Additions property plant and equipment 2010 \$
Trinidad and Tobago	527,131	567,733	2,151,947	2,279,887	27,297	29,505
Jamaica	499,111	492,513	585,774	638,653	7,339	26,807
Barbados	169,107	161,271	355,122	380,058	6,010	7,319
Other countries	<u>365,511</u>	<u>339,567</u>	<u>51,540</u>	<u>54,290</u>	<u>75</u>	<u>42</u>
Group total	<u>1,560,860</u>	<u>1,561,084</u>	<u>3,144,383</u>	<u>3,352,888</u>	<u>40,721</u>	<u>63,673</u>

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

26. Assets classified as held for sale

The operations of two of the Group's subsidiaries namely Island Concrete Products N.V. and Island Concrete SARL located in St. Maarten and St Martin respectively, were suspended effective 1 December, 2009 and subsequently disposed in 2011, due to a major decline in the demand for concrete on the island.

As at 31 December, 2010, the subsidiaries were classified as a disposal group held for sale and as a discontinued operation. The net assets and results of the subsidiary for the years ended 31 December, 2011 and 2010 are presented below:

	2011 \$	2010 \$
Revenue	–	1,020
Expenses	<u>(1,681)</u>	<u>(5,179)</u>
Operating loss	(1,681)	(4,159)
Finance costs	<u>–</u>	<u>(94)</u>
Loss before tax from discontinued operations	(1,681)	(4,253)
Taxation	<u>–</u>	<u>–</u>
Loss for the year from discontinued operations	<u>(1,681)</u>	<u>(4,253)</u>

The major classes of assets and liabilities of Island Concrete Products N.V. and Island Concrete SARL classified as held for sale as at 31 December, 2011 are as follows:

	2011 \$	2010 \$
<i>Assets</i>		
Property, plant and equipment (Note 8)	–	2,622
Inventories	–	539
Cash and short term deposits	<u>–</u>	<u>17</u>
Assets classified as held for sale	<u>–</u>	<u>3,178</u>
<i>Liabilities</i>		
Payables and accruals	–	(3,238)
Bank overdraft	<u>–</u>	<u>(969)</u>
Liabilities associated with assets classified as held for sale	<u>–</u>	<u>(4,207)</u>
Net liabilities directly associated with disposal group	<u>–</u>	<u>(1,029)</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

26. Assets classified as held for sale (continued)

The net cash flows incurred by Island Concrete Products N.V. and Island Concrete SARL for the year ended 31 December, 2011 are as follows:

	2011 \$	2010 \$
Operating	–	(356)
Investing	–	–
Financing	–	–
Net cash outflow	–	(356)

27. Debt restructuring and going concern

Debt restructuring

In 2010 Trinidad Cement Limited (TCL) Group commenced negotiations with its lenders for the restructuring of its debt portfolio. On 14 January, 2011, TCL declared a moratorium on debt service payments by all entities in the Group and thereafter debt service payments falling due have not been made by TCL and its subsidiaries.

Debt agreements covering loans amounting to \$1,673 million as at 31 December, 2011 are therefore in default. However, lenders have not sought to enforce their security and legal rights, which remain unchanged whilst negotiations are taking place with the Group. By 31 December, 2011, the Group and its lenders had reached agreement in principle on the features of the restructuring and its key terms. The legal agreements to give effect to the debt restructuring are being drafted and execution of them and closure is expected in April 2012.

It was agreed in principle that the Readymix (West Indies) Limited (RML) Group and TCL Packaging Limited (TPL) will be excluded from the global TCL Group's restructuring. As a consequence, RML Group and TPL are separately proposing to their lenders that the arrears of principal and interest on all borrowings be settled over a period of several months in 2012 and thereafter payments revert to the original schedule and the former overdraft and short term bank advances be converted to medium term loans.

Notwithstanding the Group's agreement in principle on terms with the lenders, the new agreements have not been given legal force at year end. Pending execution of agreements on the restructuring, the lenders could enforce their security and legal rights to demand immediate repayment of all outstanding obligations which the Group is not in a position to meet. Should the lenders execute their legal rights to enforce security there may be a risk to the going concern of the TCL Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2011

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

27. Debt restructuring and going concern (continued)

Going concern

The current economic environment is challenging and as a result the Group has reported an operating loss of \$166 million for the year ended 31 December, 2011. At that date, the current liabilities exceeded current assets by \$1.58 billion, mainly due to the reclassification of the borrowings to current liabilities as described in note 16.

Also as noted above, the successful restructuring of the Group's borrowings is expected to be completed by April 2012. Management's projections of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) currently supports the repayment of its future debt obligations based on the revised terms of the restructuring. The Group is aggressively pursuing new markets and additional market share in existing markets. For 2011, demand in the critical local markets of Trinidad and Tobago, Jamaica and Barbados stabilised and modest growth in volumes is projected for 2012. To counter rising input costs, particularly, energy and raw materials, the Group has increased its selling prices by up to 9% in most of its markets in January 2012. The Group also continues to implement cost reduction initiatives. The Group is also currently in negotiations with a potential new customer for the supply of product over a three year period. This contract if secured, would make a significant contribution to the profitability and liquidity of the Group. The key risk to the Group's sustainability is a return to declining domestic markets as well as continued increases in key input costs including raw materials and energy. The ability of the Group to meet its debt service obligations on a sustained basis is sensitive to the key assumptions around market growth, market share, costs and other such assumptions in management's forecast.

The directors have concluded that the combination of the above circumstances represent a material uncertainty that may impact the ability of the Group to continue as a going concern. Nevertheless, based on current plans and strategies being pursued, including the anticipated successful completion of the debt restructure exercise, the directors have a reasonable expectation that the Group will generate adequate cash flows and profitability which would allow the Group to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

28. Events after the reporting date

Strike action taken by employees

On 27 February, 2012 strike action was initiated by the employees of the Parent Company (Trinidad Cement Limited) and its subsidiary, TCL Packaging Limited, located on the same compound. As at 12 April, 2012 this strike action had progressed unresolved for 46 days and has disrupted the operations of both companies. As a result of these events cement production at these companies have been significantly curtailed and Trinidad Cement Limited has not been able to export cement since 27 February, 2012.

However, other subsidiaries in the Group namely Caribbean Cement Company Limited and Arawak Cement Company Limited have been exporting cement into Trinidad as well as the other markets served by the Trinidad plant in an effort to satisfy cement demand.

Security on borrowings

Subsequent to year end the Board of Directors of Trinidad Cement Limited approved the recommendation of management for the Group to pledge additional assets as security for certain borrowings in accordance with the terms of the debt restructuring exercise.

Notes

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