ONE CARIBBEAN... ONE COMPANY

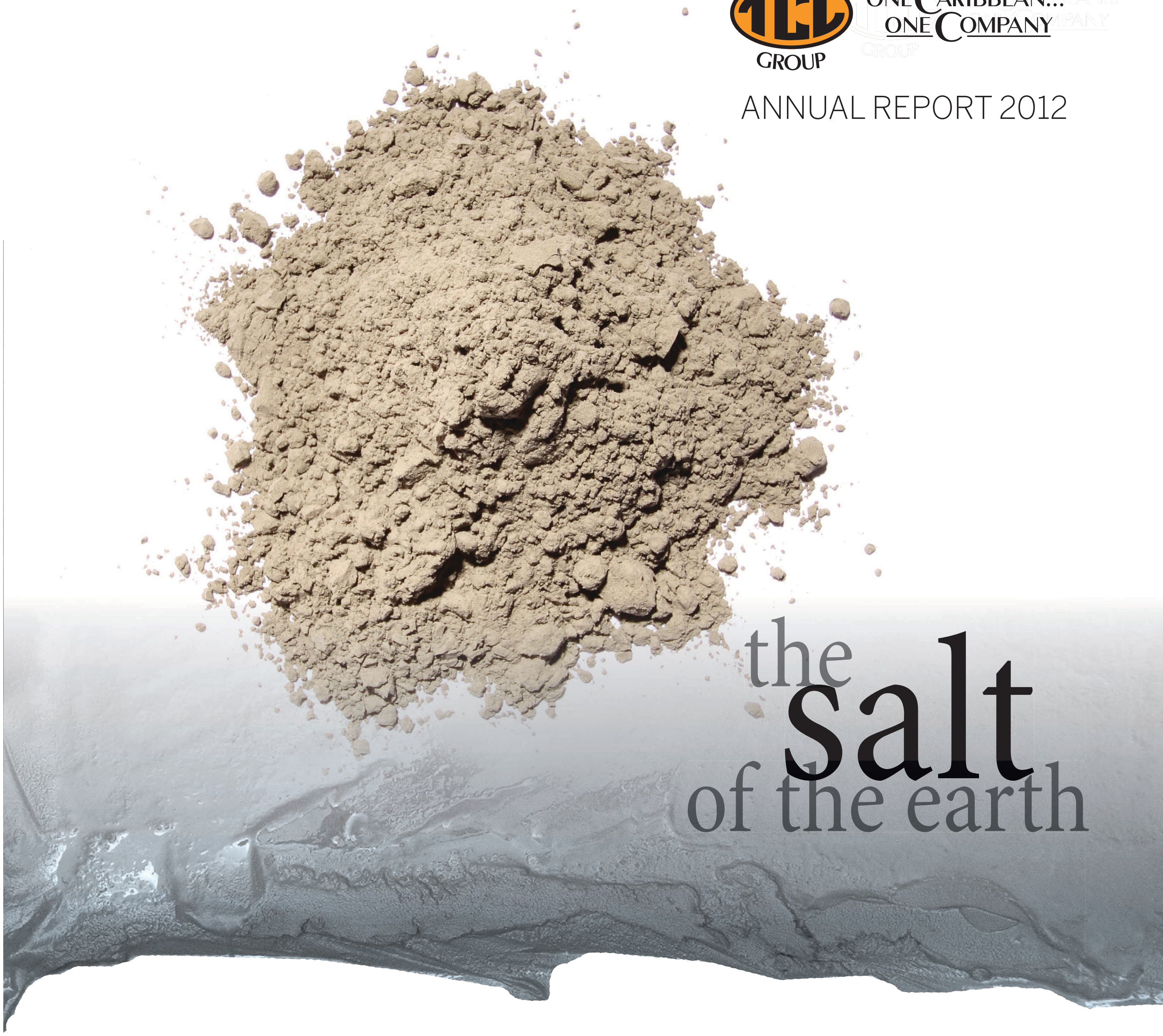
ANNUAL REPORT 2012

the salt of the earth

TCL GROUP

ONE CARIBBEAN... ONE COMPANY

ANNUAL REPORT 2012



VISION STATEMENT

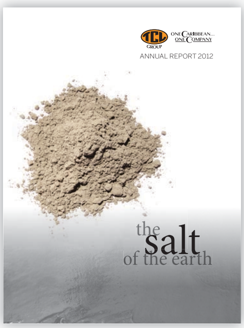
We are a World Class Group of Companies, committed to leadership in the regional business community and progressive partnering with all our stakeholders through:

- 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.

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.

Contents



About the Cover

Cement and concrete are such foundational materials for human civilisation that we often forget that they are given to us by the earth. Limestone, clay, gypsum, sand, quicklime, water - all these are found in nature, and as such, are indeed quite precious raw materials that we have to use sustainably. This is why the TCL Group's first priority is that of delivering high quality products that will satisfy the customer's need for value and durability while at the same time using raw materials efficiently.

At TCL, we treat cement production with a sense of respect. Respect for nature, for our shareholders, for our employees, for our customers, for the end-users of our products and for the communities that benefit from our work. With our rootedness in the Caribbean, the TCL Group, like the cement and concrete we produce, are truly the Salt of the Earth.

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 Houng
Mr. Jean Michel Allard
Dr. Leonard Nurse
Mr. Alejandro Alberto Ramirez Cantu
Mr. Brian Young

Company Secretary
Ms. Kathryna Baptiste

Group Chief Executive Officer
Dr. Rollin Bertrand

Registered Office
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 & 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.

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

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

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

Notice of Annual Meeting

Notice is hereby given that the ANNUAL MEETING of TRINIDAD CEMENT LIMITED for the year ended 31 December, 2012 will be held at the Training Room, TCL Compound, Southern Main Road, Claxton Bay on Friday 12 July, 2013 at 4:30 p.m. for transaction of the following business:

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended 31 December, 2012 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; and
4. To transact any other business that may be properly brought before the meeting.

Notes

1. Record Date

The Directors have fixed Tuesday 28 May, 2013 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 allowed 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

Kathryna Baptiste
Company Secretary
18 May, 2013

Corporate Governance
TCL Group – Board Sub-Committees

GOVERNANCE COMMITTEE
Members: Mr. A. J. Bhajan (Chairman)
Mr. B. Young
Mr. A. Ramirez Cantu

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

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

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. 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
Mr. H. Ferreira

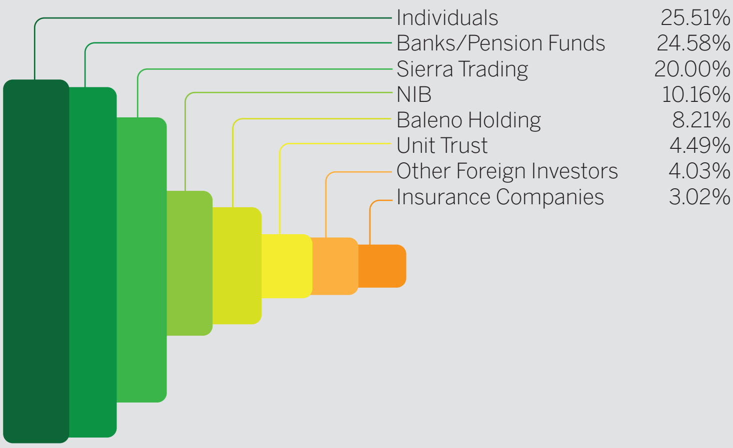
Trinidad Cement Limited

TRINIDAD CEMENT LIMITED

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

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, and Class G High Sulphate Resistant (HSR) Oilwell Cement.

TCL Distribution of Shareholding



Company Secretary

Ms. Kathryna Baptiste

Principal Officers (photos above)

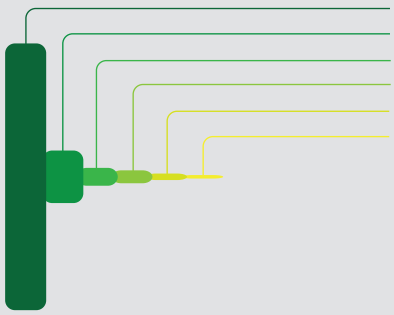
Mr. Satnarine Bachew	-	General Manager
Mr. Rodney Cowan	-	Marketing Manager
Ms. Lisel Cozier	-	Materials Manager
Mr. Harrinarine Dipnarine	-	Operations Manager
Mr. Parasram Heerah	-	Finance Manager
Mrs. Gloria Jacobs	-	Planning & Development Manager
Mr. Keith Johnson	-	Human Resource Manager
Lt. Col. (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

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

Caribbean Cement Company Limited

Caribbean Cement Company Limited 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's 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.

CCCL Distribution of Shareholding



TCL Group	74.08%
Other	14.59%
Cemex - Scancem International (St. Lucia) Ltd	4.96%
Financial Institutions	3.59%
Government	1.81%
Pension Plans	0.97%

Board of Directors

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

Company Secretary

Mrs. Bernadene Crooks

Principal Officers (photos above)

Mr. F.L. Anthony Haynes	-	General Manager
Mr. Marchel Burrell	-	Quarries Manager (Ag.)
Ms. Jascinth Buchanan-Wint	-	Finance Manager (Ag.)
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. Everoy Thomas	-	Engineering Services Manager (Ag.)
Mr. Ken Wiltshire	-	Operations Manager

Arawak Cement Company Limited

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

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.

ACCL Distribution of Shareholding

TCL Group	100%

Board of Directors

Mr. Carlos Hee Houng - Chairman
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Hayden Ferreira
Dr. Leonard Nurse
Mr. Lincoln Parmasar

Company Secretary

Mrs. Dawn Jemmott-Lowe

Principal Officers (photos above)

Mr. Rupert Greene	-	General Manager
Mr. Phillip Yeung	-	Marketing Manager (Ag.)
Ms. Dawn Jemmott-Lowe	-	Human Resource Manager
Ms. Leslie Maxwell	-	Engineering Services Manager
Ms. Ayanna Garnes	-	Finance Manager
Mr. Chester Adams	-	Operations Manager (Ag.)
Mr. Matthew Thornhill	-	Production Manager
Mrs. Sheryllyn Welch-Payne	-	Materials Manager

ONE CARIBBEAN... ONE COMPANY

Registered Office

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

READYMIX (WEST INDIES) LIMITED

Readymix (West Indies) Limited

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.

RML Distribution of Shareholding

TCL Group	71.1%
Other Shareholders	28.9%

Board of Directors

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

Company Secretary

Mrs. Diane Warwick

Principal Officers (photos above)

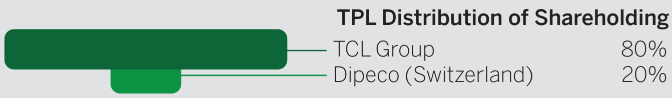
Mr. Manan Deo - General Manager
Mrs. Diane Warwick - Finance Manager/Company Secretary
Mrs. Reshma Gooljar-Singh - Marketing Manager
Mr. Ravi Singh - Quarry Manager
Mr. Austin Rodriguez - Technical Services Manager
Mr. Horace Boodoo - Senior Materials Officer
Ms. Nicole Giuseppi - Senior Human Resource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

TCL Packaging Limited

TCL PACKAGING LIMITED

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

TCL Packaging Limited was incorporated in Trinidad in 1989 and commenced operations in 1991. Its primary activity is the manufacture and sale of papersacks.







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

Company Secretary

Mrs. Cheryl Gransaull

Principal Officers (photos above)

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

Registered Office
Pacific Avenue, Point
Lisas Industrial Estate
Point Lisas
Trinidad & Tobago, W.I.
Tel: (868) 636-9627
Fax: (868) 679-4120

TCL Ponsa Manufacturing Limited

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.

TPL Distribution of Shareholding

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

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

Company Secretary

Mrs. Cheryl Gransaull

Principal Officers (photos above)

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

TCL Trading Limited

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

TCL Trading was incorporated in Anguilla, W.I. on the 12th 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.

TTL Distribution of Shareholding

TCL Group 100%

Board of Directors

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

Company Secretary

Mr. Egwin Daniel

Principal Officer (photo above)

Mr. Jaris Liburd – General Manager

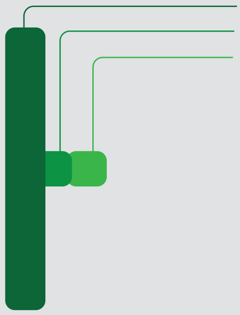
TCL Guyana Incorporated

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

TCL GUYANA INC.

TCL Guyana Inc. was incorporated in the Republic of Guyana, on the 17th March, 2004. Its primary activity is the packaging of bulk cement for sale on the Guyanese market (cement terminal facility).

CCCL Distribution of Shareholding



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

Board of Directors

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

Company Secretary

Ms. Kathryna Baptiste

Principal Officer (photo above)

Mr. Mark Bender - Plant Manager

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 July, 2013 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(2) of the Companies Act, 1995.

DATE	NAME AND TITLE	SIGNATURE
3 May, 2013	Kathryna Baptiste, Secretary	

Board of Directors

Andy J. Bhajan
Chairman, 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.

Jean Michel Allard
Director, Trinidad Cement Limited






Alejandro A. Ramirez Cantu
Director, Trinidad Cement Limited

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

Bevon Francis
Director, Caribbean Cement Company Limited

Carlos Hee Houng
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


About our Board of Directors

Mr. Andy J. Bhajan
Chairman, Trinidad Cement Limited
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, having served for a total of sixteen years. 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 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 and 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 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. Jean Michel Allard
Director, Trinidad Cement Limited
Mr. Jean Michel Allard is an Independent Expert in the cement industry and a Senior Advisor to the IFC (World Bank). He was appointed to the Board of Directors of TCL on March 29, 2012.
Mr. Allard gained extensive experience during his forty-year tenure with the Vicat Group, an International Cement Organisation. He served as the Deputy CEO for twenty-two years and as a member of the Board of Directors during the period 1983 to 2009. Prior to these appointments, he held several managerial positions within the company. Mr. Allard's other ancillary assignments included membership on the Board of Directors of Syndicat Francais Industrie Ciment (SFIC) and Chairman of the National Commission on Safety for the French Cement Profession.

Mr. Alejandro Alberto Ramirez Cantu
Director, Trinidad Cement Limited
Mr. Alejandro A. Ramirez Cantu is Country Director of CEMEX Puerto Rico. He was appointed to the position in April 2011 and under his directorship, the company has attained marked improvements in its operations. Starting October 2012, CEMEX business units in Peru and Argentina also report to him.
Mr. Ramirez Cantu joined CEMEX in July 2000 and has held positions in various areas including Strategic Planning Director and Projects Director at CEMEX Central, Planning Vice President of the Philippines and Asia, Country Manager (Thailand), Vice President of Planning (Venezuela), Vice President of Strategic Projects (South America and the Caribbean), and Director of Corporate Affairs (Americas).
Mr. Ramirez Cantu has extensive experience in management of business units as well as development and implementation of operative and corporate strategies. He holds an MBA with a Major in Finance from the Wharton School of the University of Pennsylvania and a BSc. in Industrial and Systems Engineering from the Monterrey Institute of Technology, Mexico.

Ms. Eutrice Carrington
Chairman, Readymix (West Indies) Limited; Director, Trinidad Cement Limited
Ms. 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. Bevon Francis

Director, Trinidad Cement Limited, Caribbean Cement Company Limited

Mr. Bevon Francis was appointed to TCL's board of directors on December 3, 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 Deputy Chairman on the Board of IGL Ltd.

Mr. Carlos Hee Houng

Chairman, Arawak Cement Company Limited, 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 (GOTT) team responsible for the acquisition and expansion of Trinidad Cement Limited in 1975-1976. Mr. Hee Houng is also involved in sports, culture and community work and was honored by the UWI Faculty of Engineering at its 25th anniversary for outstanding contribution to national development. He was 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 currently holds directorships in Barbados National Oil Company, Barbados National Terminal Company Limited and the Barbados Cane Industry Corporation. Dr. Nurse is also currently 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 Barbados Centennial Honours, followed by the Governor-General's Award for the Environment. He received Barbados' second highest national award, the Companion of Honour of Barbados in 2007.

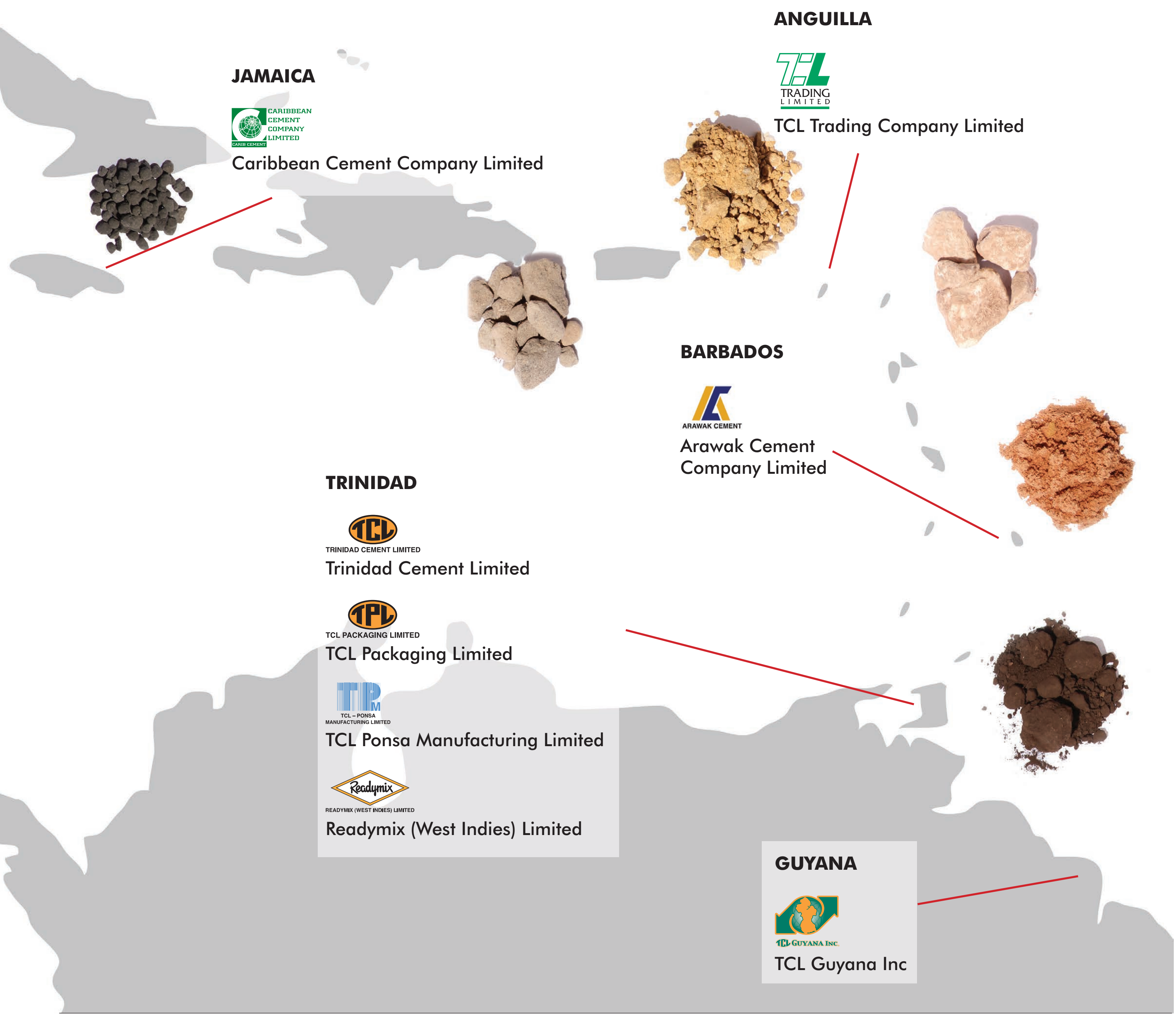
Mr. Brian Young

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

Mr. Young is a Chartered Accountant and had been with Price Waterhouse 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 Bermudez Group Limited (based in Trinidad) and the following Jamaican companies: Jamaica Biscuit Company Limited, Trade Winds Citrus Limited and CRIF NM Credit Assure Limited.

The new TCL looks at new horizons

Two of the territories in which we operate, Jamaica and Trinidad and Tobago, each celebrated their 50th anniversary of Independence in the year under review. The Caribbean has seen great changes in these fifty years, as have the institutions that serve the region's people. TCL is no exception: since our inception in 1951, we have gone through many reorganisations, always evolving, always adapting to the needs of the markets and of our customers, always seeking new horizons so that our investors can see a future return.



Group Executive Committee

Dr. Rollin Bertrand
Group CEO

Jinda Maharaj
Group Manufacturing Development Manager

Rupert Greene
General Manager, Arawak Cement Company Limited

David Caesar
Group Human Resource Manager







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

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

Lincoln Parmasar
Group Finance Manager

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

Kathryna Baptiste
Group Manager Legal / Company Secretary



About our Group Executive Committee

Group Chief Executive Officer

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.

Group Manufacturing Development Manager

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.

General Manager, Arawak Cement Company Limited

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 the position of 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 honors from the University of the West Indies with a Bachelor's Degree in Accounting.

Group Human Resource Manager

David Caesar joined the TCL Group on 1 March, 2010 in the position of Group Human Resource Manager. He possesses over sixteen 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, 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.

General Manager of TCL Packaging Limited & TCL Ponsa Manufacturing Limited

Derrick Isaac 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 Master's of Business Administration from the University of New Orleans and is also an Associate Member of the Association of Certified Fraud Examiners (ACFE).

General Manager, Trinidad Cement Limited

Satnarine Bachew has been with the TCL Group for the past twenty-four years, and 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 programmes at Dalhouse University, Nova Scotia, Canada. He also holds a Master's in Business Administration from the Arthur Lok Jack School of Business, Trinidad.

General Manager - International Business and Marketing

Egwin Daniel 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 abroad in the French and Spanish Caribbean, working in the private sector 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).

General Manager, Caribbean Cement Company Limited

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 was a Trinidad and Tobago National Scholarship winner in 1972 and holds a BSc in Electrical and Electronic Engineering from London University, England, and an MBA from the University of Liverpool.

Group Finance Manager

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.

General Manager, Readymix (W.I.) Limited

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 Manager Legal / Company Secretary

Kathryna Baptiste joined the Company on 3 September, 2012 as Group Manager Legal/Company Secretary. She is an Attorney-at-Law with over sixteen years' experience in various facets, including Corporate and Commercial Law as well as Employment Law.

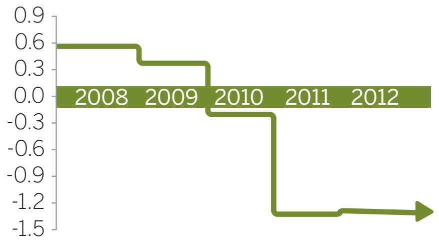
Ms. Baptiste obtained a Bachelor of Laws (LL.B) (Hons.) Degree from the University of the West Indies and a Legal Education Certificate (LEC) from the Hugh Wooding Law School, St. Augustine, Trinidad. She also holds an Executive Masters of Business Administration (EMBA 2011) (Distinction) Degree from the Arthur Lok Jack Graduate School of Business, Trinidad.

Ten-Year Consolidated Review

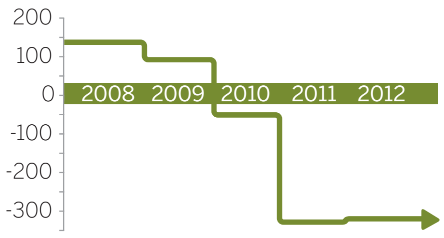
	UOM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Group Third Party Revenue	TT$m	1,155.70	1,329.90	1,429.80	1,719.00	1,923.00	2,074.40	1,755.80	1,561.10	1,560.86	1,615.90
Operating Profit	TT$m	264.00	304.10	183.90	264.80	349.40	307.20	248.10	(1.20)	(167.77)	(84.87)
Group Profit before Taxation	TT$m	173.20	199.30	86.80	160.50	245.70	195.90	84.00	(149.60)	(447.84)	(378.67)
Group Profit attributable to Shareholders	TT$m	121.40	162.30	160.30	145.70	187.80	137.40	95.80	(48.50)	(325.32)	(319.95)
Foreign Exchange Earnings	TT $m	184.00	192.80	162.30	231.80	292.30	362.40	327.70	239.30	271.90	279.6
EPS	TT$	0.50	0.67	0.66	0.60	0.77	0.56	0.39	(0.20)	(1.32)	(1.30)
Ordinary Dividend per Share	TT$	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	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	807.16
Group Equity	TT$m	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	784.70
Total Assets	TT $m	2,239.40	2,394.50	2,948.20	3,230.00	3,621.60	3,994.70	4,034.40	4,120.90	3,953.05	3,787.81
Net Assets per Share	TT$	3.63	4.25	4.56	5.07	5.77	6.02	6.32	6.07	4.68	3.14
Return on Shareholders' Equity	%	15.50	18.60	15.50	12.60	14.30	10.00	6.60	(3.40)	(28.90)	(39.64)
Share Price (Dec 31)	TT$	6.00	8.05	10.00	7.01	7.35	4.00	3.85	2.80	1.79	1.49
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$m	1,498.60	2,010.60	2,497.70	1,750.90	1,835.80	999.10	961.60	699.30	447.08	372.15
Total Long Term Debt	TT$m	832.30	848.00	1,181.60	1,253.90	1,395.60	1,444.80	1,359.00	1,242.90	1,678.40	2,046.12
Total Long Term Debt/ Equity Ratio	%	91.90	79.90	103.70	98.90	96.80	96.00	86.10	81.90	143.68	260.75

Consolidated Financial Summary

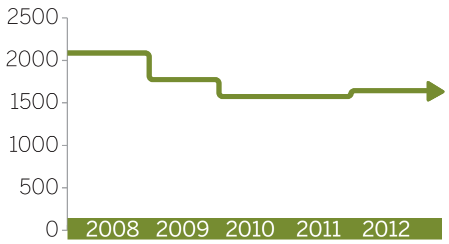
Earnings per Share (TT$)



Group Profit attributable to Shareholders (TT$ million)



Group Third Party Revenue (TT$ million)

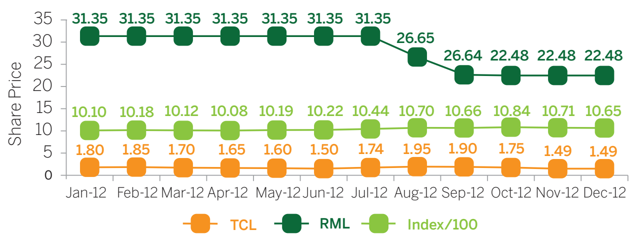


Total Assets (TT$ million)

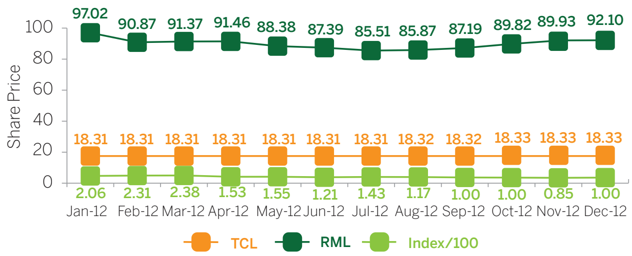
Share & Performance Highlights

Share Performance

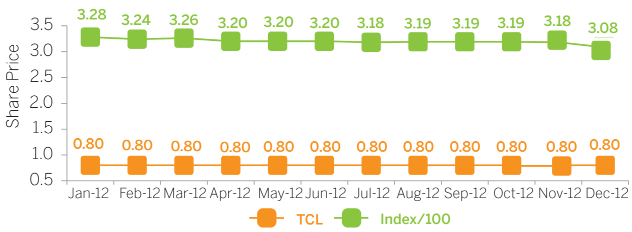
Trinidad and Tobago Stock Exchange (TT$)



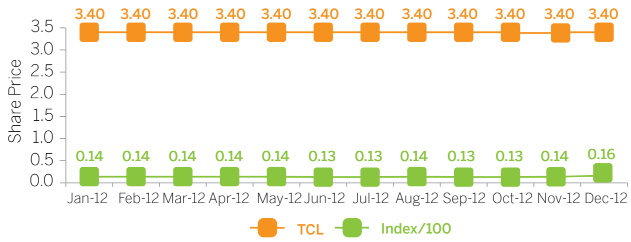
Jamaica Stock Exchange (Ja$)



Barbados Stock Exchange (Bdos$)



Eastern Caribbean Stock Exchange (EC$)

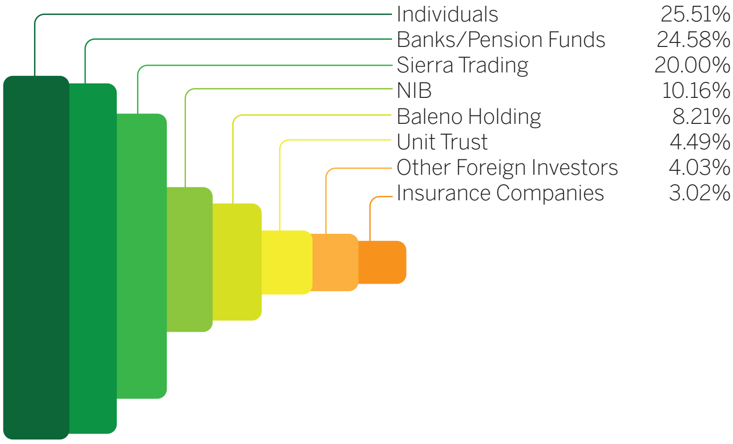


Trading Volumes

		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
T'dad	TCL	517,261	466,855	340,471	98,157	352,695	240,780
	RML	-	-	-	-	-	-
BSE	TCL	-	-	-	-	-	-
J'ca	TCL	-	-	37,700	-	-	-
	CCCL	911,230	1,819,753	986,772	710,851	737,739	1,122,645
ECSE	TCL	-	-	-	-	-	-

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	TOTAL
T'dad	TCL	43,925	487,549	605,794	428,791	231,880	84,053	3,898,211
	RML	-	500	1,000	138	-	-	1,638
BSE	TCL	-	-	-	-	-	-	-
J'ca	TCL	-	160,000	-	170,000	-	-	367,700
	CCCL	177,199	1,137,874	340,967	1,942,627	369,922	1,368,727	11,626,306
ECSE	TCL	-	-	-	-	-	-	-

Distribution of Shareholding



Group Performance Highlights

	2012	2011	% Change
Income Statement			
Group Third Party Revenue $m	1,615.90	1,560.86	3.5%
Group (Loss)/Profit attributable to Shareholders $m	(319.95)	(325.32)	1.7%
Foreign exchange earnings $m	279.6	271.9	2.8%
Balance Sheet			
Total Assets $m	3,787.81	3,953.05	-4.2%
Shareholders' Equity $m	807.16	1,125.70	-28.3%
Net Assets per Share $	3.14	4.68	-32.9%
Total Long Term Debt $m	2,046.12	1,678.40	21.9%
Total Long Term Debt to Equity Ratio %	260.75	143.68	81.5%

Operational Highlights

			2012	2011	% Change
TCL	Clinker production	'000 tonnes	494.2	656.4	-24.7%
	Cement sales - Local	"	511.6	535.2	-4.4%
	Cement sales - Export (3rd party)	"	180.1	292.2	-38.4%
	Cement sales - Total	"	691.7	827.4	-16.4%
CCCL	Clinker production	'000 tonnes	652.6	628.3	3.9%
	Cement sales - Local	"	536.3	553.1	-3.0%
	Cement sales - Export (3rd party)	"	203.8	216.8	-6.0%
	Cement sales - Total	"	740.1	769.9	-3.9%
ACCL	Clinker production	'000 tonnes	159.7	184.1	-13.2%
	Cement sales - Local	"	98.4	110.4	-10.9%
	Cement sales - Export (3rd party)	"	69.6	112.2	-37.9%
	Cement sales - Total	"	168.0	222.6	-24.5%
TPL	Paper sack production	millions	19.4	31.8	-38.9%
	Paper sack sales	"	26.8	32.8	-18.2%
TPM	Sling production	thousands	308.2	393.5	-21.7%
	Sling sales	"	325.7	375.4	-13.2%
	Jumbo bag sales	"	16.3	33.5	-51.3%
RML Group	Concrete sales – T&T, Barbados	'000m^3	111.2	108.6	2.4%
JGQ	Gypsum sales	'000 tonnes	64.8	79.5	-18.5%

Group Chairman's Report 2012

THE CONTEXT

The very difficult regional economic environment within which the TCL Group operated during 2011 carried over into 2012. In fact, the difficulties intensified in the earlier part of the year. Some measure of relief was felt, however, by mid-year after the end of the prolonged strike at TCL in Trinidad as well as the execution of the Override and Intercreditor Agreements with its Lenders, which facilitated the debt restructuring. The Group was then able to secure a significant injection of much needed working capital by way of pre-payments from two of its largest customers.

Whilst world output grew by 3.2% in 2012, not all countries experienced growth. The Euro-Zone and to a lesser extent the U.S.A., continued to experience difficult economic conditions. Nearer to home, the regional economies and cement markets remained generally flat with the exception of Guyana and Suriname, which continued to fare well in the aftermath of the global financial crisis. The situation for the Group was further complicated by the very protracted and difficult negotiations for the restructuring of its debt portfolio and the consequential stringent liquidity situation being experienced, which severely affected operations. To add to the complexity, industrial action, which led to a serious curtailment of operations at the Trinidad plant during the first two quarters, extensively occupied the attention of the Board and Management. It is against this background that the Group's performance in 2012 must be assessed. This performance is analysed in much greater detail in the Group CEO's Report and Management Discussion, which follows on Page 30.

Nevertheless, the Board is satisfied with the progress made to date in turning around the fortunes of the Group. In this regard, strategic initiatives are being pursued, which are expected to bear fruit in the not too distant future.

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SUMMARY FINANCIAL PERFORMANCE

The Group's Earnings before Interest, Tax, Depreciation and Amortisation increased by 82% from the 2011 level to $159.9 million in 2012. This was achieved notwithstanding production difficulties at Barbados and Jamaica.

Andy J. Bhajan - Group Chairman

Group revenue increased by $55 million or 3.5% due to better pricing as domestic cement sales volumes declined by 4%. Export sales fell more steeply at 24%, due in part to limited product availability, as a consequence of the challenges noted above.

The 2012 results for the Group were negatively impacted by a charge of $49.1 million for debt restructuring expenses and a non-cash charge of $88.6 million for impairment of Kiln 4 in Jamaica and related spares. The return to operation of Kiln 4 is dependent on significant market improvement. In accordance with our accounting standards, we have taken an impairment charge as a matter of prudence.

Finance costs increased by $56.7 million as a result of $33.7 million in foreign exchange losses in 2012 from our Jamaica subsidiaries. This was caused by the depreciation of the Jamaica dollar and higher interest costs due to higher principal balances arising from the capitalisation of interest, in accordance with the debt restructuring agreement. Taxation charge is recorded at $5.0 million for 2012, whilst 2011 benefited from a net credit of $72.8 million, largely due to the write-back of $51.7 million of deferred tax assets.

The Group has successfully serviced its debt instalments under the new agreement to date: $51 million in December 2012 and $71 million in March 2013. The upcoming instalment in June 2013 will likewise be honoured.

OUR STRATEGIC INTENT

The TCL Group remains unwavering in its vision to remain the premier regional manufacturer and marketer of cement whilst expanding in a calculated and controlled manner into non-traditional markets, particularly in Spanish and French speaking territories. Such expansion and growth will continue to be bolstered and propelled by the structured development of the core competency requirement for existing and new businesses. The Group will continue harnessing technology as an enabler for organisational transformation.

Group Chairman's Report 2012 (continued)

Opportunities for the new TCL

We see tough times as opportunity, not as challenge—opportunity to focus on our core strengths, to create better value for our customers and shareholders, to eliminate waste and operational redundancies and to become a leaner organisation. The new TCL is just that: more competitive, more sustainable, more valuable.

PROGRESS

The turbulence within the Group during the first half of 2012 undoubtedly hindered the initially anticipated progress of new market entry and penetration. However, the Group was able to commence shipments on a contractual basis into Venezuela to supply cement to a dam construction project there. Shipments into Haiti continued under a yearly contract with two major players, whilst logistics arrangements were finalised towards the end of the year for steady shipments into the French West Indies. TCL continued to supply Brazil, despite some logistical challenges, and occasional shipments have been made to Panama.

OUTLOOK

The rebuilding process in the Group is quite advanced and major maintenance programmes were completed during the latter half of 2012, with certain planned stops carded for the first half of 2013. The Group's concerted action plan for a return to profitability in 2013 has already begun to produce results, with a reported Net Profit after Tax of $14.2 million for the first quarter of 2013.
We face the future with optimism to rightfully restore the Group's Pride of Place, as the premier manufacturing Pan Caribbean Company in the Region.

BOARD CHANGES: NEW DIRECTORS AND RESIGNATIONS

As reported in the 2011 annual report, effective 29 March, 2012, two new Directors joined the TCL Board, in compliance with the terms of the Override Agreement. Messrs. Jean Michel Allard and George Thomas were appointed in accordance with paragraph 4.4.2 of Bye-law No. 1 to fill casual vacancies created by the resignations of Dr. Leonard Nurse and Mr. Jeffrey Mc. Farlane, and to facilitate successful

Group Chairman's Report 2012 (continued)

completion of the debt restructuring. Mr. Jean Michel Allard has extensive experience in the cement industry and his relevant biographical data is provided on page 16 of this report.

Mr. George Thomas served us well for one year and resigned from the Board effective 31 March 2013. We sincerely thank him for his period of service with the Group and wish him well in his future endeavours. Under the Intercreditor Agreement, the Lenders are obliged to nominate a suitable candidate to replace Mr. Thomas. When the Lenders nominate such a candidate and same is appointed by the Board as a Director to fill a casual vacancy, such Director will hold office until, and be eligible for re-election at the next Annual Meeting, in accordance with paragraph 4.4.2 of Bye-law No. 1.

In addition, the National Insurance Board of Trinidad & Tobago (NIBTT), a substantial shareholder, has nominated Mr. Keston Nancoo for appointment to the Board of Directors. Mr. Nancoo's nomination has been approved by the Board, and his appointment will be proposed as a matter for shareholder consideration at the Annual Meeting, in accordance with paragraph 4.4.1 of Bye-law No. 1.

Dr. Leonard 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. Nurse was re-elected at the last Annual Meeting. We thank Dr. Mohammed for his valuable service to the Group during his tenure and wish him all the best in the future.

The term of office of Mr. Luis Miguel Cantú Pinto expired at the end of the last Annual Meeting on 12 October, 2012, and he had not offered himself for re-election. We thank Mr. Cantú Pinto for his service as a Director. CEMEX nominated Mr. Alejandro Alberto Ramirez Cantu as his replacement. Mr. Ramirez Cantu was elected at the last Annual Meeting. He has a wealth of international business experience, as seen on page 16 of this report.

ACKNOWLEDGEMENTS

The year 2012 proved to be quite a challenging one overall; however, improvements as the year progressed, reflected the resilience of the TCL Group. Through the injection of US$12M in working capital in June 2012, the Group was able to 'get back on its feet' by executing much needed maintenance jobs at its plants. This allowed us to reposition ourselves and implement strategies to improve plant operations, efficiency and productivity. These efforts are already having a significant positive impact as the Group was able to meet all its debt restructuring milestones and covenants to date, and reported a profit for Q1 of 2013.

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

Andy J. Bhajan

Andy J. Bhajan
Group Chairman

Group CEO's Report & Management Discussion 2012

INTRODUCTION

The challenges of the previous year ushered in a difficult start to 2012 – a year of contrasting halves for the TCL Group. While the first half of the year was characterised by almost intractable challenges, the second signalled the start of the rebuilding process.

The Group entered Q1 2012 without access to working capital and supplier credit. Consequently, plant operations (particularly in Barbados and Jamaica) suffered tremendously during this period, with frequent interruptions due to lack of fuel, spares and consumables. Despite negotiating US$10 million in working capital with its Lenders, and identifying financial institutions that were prepared to offer this facility, the Lenders were not willing to provide security to facilitate these new credit arrangements. To further exacerbate the situation, in late February 2012 the Oilfields Workers' Trade Union (OWTU) launched an unprecedented and historic 92-day strike at Trinidad Cement Limited (TCL) in Trinidad. Notwithstanding the fact that TCL's management handled this situation creditably, the strike proved to have far-reaching consequences for the Group's business. During the first half of 2012, negotiations continued with the Lenders, finally culminating in May 2012 with the signing of the Override and Intercreditor Agreements, removing the cloud of uncertainty over the Group's future.

A turnaround was seen to be emerging in June 2012, when the Group negotiated prepayments on two cement contracts together valued at US$12 million. This line of working capital was used to initiate long outstanding maintenance jobs at all operating plants across the Group, but mainly at Arawak Cement Company Limited (ACCL) in Barbados (kiln/cement mill), Caribbean Cement Company Limited (CCCL) in Jamaica (kiln 5/mill 5 works) and Readymix (West Indies) Limited (RML) in Trinidad (refurbished wash plant). While there were protracted maintenance stops, which impacted on the performance of these plants in Q2 2012, the Group started the task of re-positioning itself to improve plant operations, efficiency and productivity in order to deliver positive results in 2013. Through completion of the debt restructuring exercise, and with the TCL strike having been referred to the Industrial Court, the Group was able to focus on strategies for the way forward, including the development of new markets in the French West Indies and Latin America.

The strike proved to have far reaching consequences for the Group's business. During the first half of 2012, negotiations continued with the Lenders, finally culminating in May 2012 with the signing of the Override and Intercreditor Agreements, removing the cloud of uncertainty over the Group's future.

Dr. Rollin Bertrand - Chief Executive Officer

While the year closed with a Net Loss Attributable to Shareholders of $319.9 million (2011 - $325.3 million), the Group was, by that time, poised to improve its performance and respond to demand from new markets.

1.0 HEALTH SAFETY AND ENVIRONMENT (HSE)

In 2012, the Group achieved an overall 45% improvement in its safety record, with a reduction to six (6) Lost Time Accidents (LTAs) compared with eleven (11) in the previous year (among all permanent, casual and contractor employees). The six (6) LTAs in 2012 consisted of: two (2) involving permanent employees – one (1) each at ACCL and at RML, and four (4) involving contractor's employees – one (1) at TCL and three (3) at CCCL. Contractor safety management will therefore be an area of increased focus in 2013.

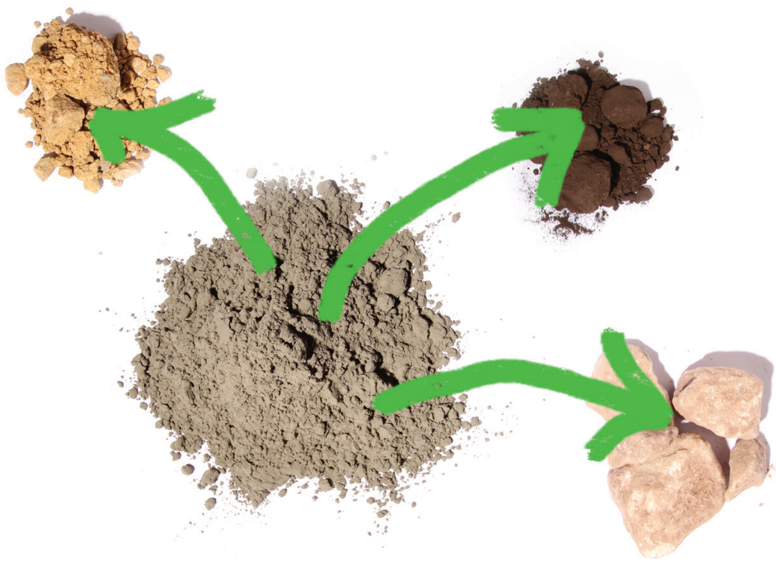
Commendable safety records of over 4¾ continuous years without an LTA among all categories of employees were achieved by TCL Ponsa Manufacturing Limited (TPM), TCL Packaging Limited (TPL), TCL Guyana Inc. (TGI) and Jamaica Gypsum Quarries Limited (JGQ), with TPM attaining the record of over five (5) continuous years.

In the prevailing industrial climate of 2012, greater attention was placed on proactively addressing HSE risk management, primarily through mandatory HSE re-orientation of all employees before their return to work, increased safety inspections and status reporting on safety systems (including emergency systems), and an emphasis on Job Hazard Analyses. The formal behaviour-based safety programmes at ACCL and TPM continued to have a significant impact.

In November 2012, the annual Group HSE Forum, a collaborative seminar of HSE and Operations Personnel from all member companies was held in Trinidad.

In 2012, CCCL and ACCL successfully completed their ISO 14001 Environmental Management System (EMS) audits, with each company achieving another 3-year certification period (subject to annual surveillance) from their external independent Registrar, SGS and Bureau Veritas respectively. TCL maintained its EMS Certification status in the year with the re-certification audit due in early 2013.

Group CEO's Report and Management Discussion 2012 (continued)



The new TCL seeks and finds

We see business as a continuous search: search for new markets, for competitive suppliers, for quality input materials. Only by always seeking can we minimise our risk and maximise our product quality and shareholder return.

CCCL's laboratory was successful in its inaugural accreditation audit and is now ISO/ IEC 17025:2005 accredited. Accreditation was granted on December 10, 2012. TCL's laboratory is also expected to achieve this certification by mid-2013.

The cement companies within the Group remained committed to pollution prevention and compliance with legal environmental requirements under the ISO 14001 EMS. This was demonstrated through the implementation of environmental improvement programmes, monitoring of air and water quality and sound levels. Each company attained all required environmental registration certificates and pollution permits, and maintained procedures for pollution prevention and the handling of any non-conformities and complaints related to environmental matters. There were, however, on occasions in 2012, practical challenges in suppressing the impact of dust from plant operations on surrounding areas, sometimes resulting in complaints to TCL and ACCL. All issues were addressed in accordance with the EMS procedures, through repair and maintenance of critical equipment, increased process control, and dialogue with key stakeholders. Controls will continue to be maintained on the sources identified.

During the year, the Group also joined the international community in observing the ILO's World Day for Safety and Health at Work (April 28) and World Environment Day (June 5) by hosting various company activities.

2.0 FINANCIAL REVIEW AND ANALYSIS

Revenue

Group revenue for 2012 was $1.61 billion, an increase of 3.5% from 2011, reversing a trend of declining sales over the past three (3) years. This noteworthy outcome was achieved despite the significant challenges experienced by the Group, including the historic 92-day strike at TCL and production challenges at CCCL and ACCL due to severe working capital constraints that affected critical maintenance work. In spite

Group CEO's Report and Management Discussion 2012 (continued)

of these, there were also some successes: the Group completed the debt re-profiling exercise in May and met its first interest payment of TT$51.2 million in December; during the 92-day strike, TCL kept the local market reasonably well supplied, while the Group secured advance sales deposits of US$12 million, which provided critical funding to CCCL and ACCL to undertake vital plant repairs.

The 3.5% increase in revenue was due to price increases implemented in the domestic markets and some export markets, as domestic and export cement sales volumes decreased by 4% and 24% respectively compared to 2011.

In Trinidad and Tobago, sales volume was 511,600 metric tonnes (MT), a shortfall of 24,000 MT from the prior year (4%) mainly due to the strike.

In Jamaica, while the market contracted by 5%, CCCL's market share increased by 1% over 2011, resulting in sales volume of 536,300 MT, a decline of 17,000 MT (3%) from 2011.

In Barbados, cement volumes declined by 11% as the market remained depressed.

Group export cement volumes decreased by 24%, mainly due to the strike action at TCL and production challenges at ACCL (38% lower than 2011), which prevented that company from capitalising on sales opportunities created by the shutdown of TCL for three months. CCCL sold 203,800 MT in the export markets benefiting from the shortfalls by TCL and ACCL. However, this was still 6% below its 2011 export volume.

Total Group domestic cement volumes amounted to 1.15 million MT compared to 1.20 million MT for 2011, while the plants' export volumes were 453,500 MT compared to 621,200 MT for 2011.

Concrete sales volumes amounted to 111,200 cubic meters (m^3) compared with 108,600 m^3 for 2011, while average concrete prices were 9% higher in 2012. The packaging segments' sack and sling volumes decreased by 18% and 13% respectively, largely affected by the cement plants' reduced total cement volumes.

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

EBITDA from continuing operations was $159.9 million, which represented an increase of $72.3 million or 82% compared with 2011, despite the significant challenges noted earlier. This favourable result was driven mainly by the increased revenue and higher margins from price increases, combined with cost containment measures. In particular, the Group was able to reduce the cost of equipment hire and haulage (8% savings compared to 2011) and energy costs (5% lower than 2011). Additionally, shipping activity recorded a lower net cost of $14. 5 million as a result of the renegotiation of the vessels' lease rates as well as the sub-letting of one vessel.

Net Finance costs

Net finance costs were $245.0 million compared to $188.0 million in 2011, an increase of $57.0 million or 30%. Included in finance costs is interest of $211.0 million compared to $184.7 million in 2011, an increase of $26.3 million arising from a higher loan principal due to the capitalisation of interest at 30 June and 30 September, 2012, in accordance with the restructuring agreement. There was also a foreign exchange loss of $33.7 million in 2012 (2011: $3.2 million loss), as a result of the persistent depreciation of the Jamaica dollar against the United States Dollar.

Group CEO's Report and Management Discussion 2012 (continued)

Impairment Charge

In accordance with IAS 36, there was a further non-cash charge of $88.6 million (2011 - $79.4 million) for impairment and write-off of CCCL's Kiln 4 and related assets, due to the prevailing depressed market conditions. This charge was necessary to write down the asset to its recoverable value as it is not currently being utilised. These assets are expected to be used when market conditions improve, at which time the fair value will then be recorded on the balance sheet.

Debt Restructuring

In 2010, the TCL Group commenced negotiations with its Lenders for the restructuring of its debt portfolio, and on 14 January, 2011, TCL declared a moratorium on debt service payments for all entities in the Group. On 10 May, 2012, the Override and Intercreditor Agreements, which gave effect to the debt restructuring, were executed by the Group and its Lenders. Under the terms of the Override Agreement ("the Agreement"), interest payments on the outstanding debt amounting to $51 million were paid on 30 December, 2012. The scheduled second payment of $70.7 million in March 2013 has also been honoured. Additionally, the three financial ratio covenants required by the Agreement were also met at the 31 March, 2013 review date.

While the Group ended 2012 in full compliance with the Agreement, the Board and Management have continued to express concerns to the Lenders about several aspects of the debt restructuring that will be burdensome to the Group going forward. These mainly concern the extent of interest costs, excessive legal fees, on-going costs of financial and technical monitoring, costly overseas directors, and the requirement for an additional expensive foreign executive.

Taxation

There was an overall taxation charge of $5.0 million compared to a credit of $72.8 million for the previous year, mainly due to the non-recognition of $70.2 million (2011 - $46.3 million) of deferred tax credits arising at CCCL on the grounds of prudence, given the continuing difficult business conditions in Jamaica.

Net Profit attributable to Group Shareholders

The Group recorded an overall loss of $383.7 million compared to a loss of $375.0 million for 2011. The loss attributable to Group shareholders amounted to $319.9 million compared to $325.3 million in 2011. As a consequence, Loss per Share in 2012 was 130 cents (2011 – 132 cents).

Liquidity and Financial Position

The Group generated $166.5 million cash from operations, compared to $160.4 million for 2011, after working capital utilisation of $6.8 million. However, interest payments were $59.5 million compared to $10.3 million in 2011 and debt restructuring expenses were $49.1 million compared to $33.1 million in 2011, utilising much of this inflow. Investment in new property, plant and equipment amounted to $77.9 million (2011 - $40.7 million). The Group also repaid $8.5 million in long-term debt.

In Jamaica, the economy slipped into stagnation once again with a 5% contraction in the domestic cement market, where competition remained robust with imports from the Dominican Republic and Florida, USA. However, CCCL was still able to increase its market share by pursuing several initiatives.

3.0 GROUP MARKETING

Cement Sales ('000 MT)

As indicated, the Group's domestic and export cement sales volumes fell by 4% and 24% respectively compared to its performance for 2011. The respective plants' comparative sales volumes for 2011 and 2012 are illustrated above.

In Jamaica, the economy slipped into stagnation once again with a 5% contraction in the domestic cement market, where competition remained robust with imports from the Dominican Republic and Florida, USA. However, CCCL was still able to increase its market share by pursuing several initiatives. Increased market share was achieved notwithstanding the fact that two price increases were implemented, partially to offset the effects of inflationary-induced cost items and the foreign exchange rate depreciation of the Jamaican currency to the US dollar. CCCL was unable to take full advantage of the opportunity it was given to cover the deficit in the Trinidad market caused by the TCL strike. This was due to plant production challenges resulting largely from the deferred plant maintenance/ cash constrained situation.

In Trinidad and Tobago, there were major supply and price disruptions in the domestic market due to the 92-day strike by the representative Oilfields Workers' Trade Union from 27 February to 27 May, 2012. During the first month of the strike, cement supplies were severely disrupted leading to retail prices of over TT$100 per bag at some locations; however the average price was between $60.00 and $69.00 per bag. Gradually, TCL managed to bring the supply situation under control by ramping up imports from CCCL, CEMEX and ACCL, re-starting the cement mill and establishing access for bulk customers. Under strike conditions, 45,600 MT of cement were imported to satisfy the local demand. The main drivers of demand in the local market were Government's infrastructural projects, housing projects, pre-Tobago House of Assembly election projects and homeowner projects. However, the strike itself would have influenced some decision-makers to defer certain construction projects. TCL implemented an 8.5% increase in the price of cement at the beginning of the year and during the strike, a surcharge on cement prices was implemented to cover additional charges incurred due to importation. This surcharge was reversed on 1 August, 2012, which represented a reduction in the price by 28%.

Likewise, export sales were adversely impacted (38% below 2011 volume) by unavailability of product during and just after the strike action, the damage to the transport system to Line 2 in the packing plant, and space restrictions on Brazil-bound vessels.

The Barbados economy recorded real GDP growth of 0.4% in 2012 as it continued to be negatively affected by the lingering effects of the global financial crisis, reflecting an 11% decrease in local sales volume compared to 2011. Additionally, the lack of

Group CEO's Report and Management Discussion 2012 (continued)

working capital to execute timely maintenance programmes created production challenges in the first, second and third quarters of the year respectively, preventing ACCL from fully capitalising on the sudden demand for cement during the TCL Strike and the buoyancy in both Guyana and Suriname.

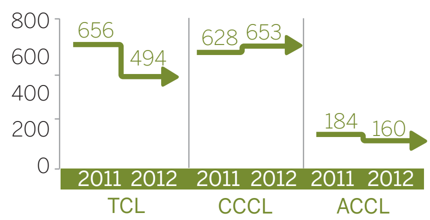
In the premixed concrete sector, the Readymix (W.I.) Limited Group (RML) sold 111,200 m^3 of concrete in 2012, representing a 2% increase over the 2011 volume of 108,600 m^3. The parent company in Trinidad accounted for 89% of the Group's sales. In Trinidad, it is estimated that the premixed concrete market size decreased by 9%, from 522,000 m^3 in 2011 to 481,000 m^3 in 2012. This is a competitive market, which is supplied by over twenty (20) active participants. During 2012, RML placed greater emphasis on the sale of aggregate and pitrun as it strategically positioned itself as a significant supplier of aggregates, particularly for the much-anticipated construction of the San Fernando to Point Fortin Highway project by the Government.

The packaging companies were, by extension, adversely affected by the lower packaging volumes, which the Group's cement companies required. Additionally, the paper sack producing plant (TPL), located on the TCL compound was also embroiled in the 92-day industrial strike action. Paper sack sales were 26.8 million (2011 – 32.8 million), while sling sales were 325,700 (2011 – 375,400), declines of 18% and 13% respectively.

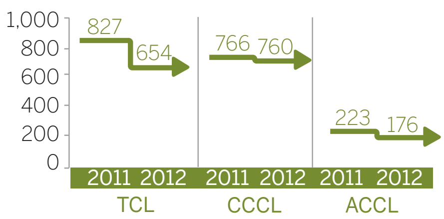
The Group's strategy of aggressive market expansion was also hampered particularly during the turbulent first half of the year.

4.0 GROUP OPERATIONS

Clinker Production ('000 MT)



Cement Production ('000 MT)



Cement Operations

Clinker production is the key profit driver of the Group. In 2012, the Group produced 1.3 million MT of clinker, 11% below the 1.5 million MT for 2011.

A comparative clinker and cement production by the respective plants for 2011 and 2012 are illustrated in the charts above.

Group CEO's Report and Management Discussion 2012 (continued)

A new/refurbished state-of-the-art wash plant was acquired by RML in the latter part of 2012 and was commissioned and handed over for operation by March 2013. This is expected to significantly reduce its aggregate production costs and further improve its quality.

In 2012, CCCL produced 652,600 MT of clinker, which was 4% above the 628,300 MT in 2011. Kiln #5 operated at an efficiency of 94% but an uptime of only 68%. While the lack of critical spares plagued the kiln's operations in 2012, improved cash inflows as a result of the additional sales resulting from the TCL strike, and an advance deposit on a major contract, allowed for the purchase of critical components, some of which were installed in 2012. The major kiln stop to restore the kiln to acceptable operational standards is being undertaken in May 2013.

In Barbados, ACCL's Kiln produced 159,700 MT of clinker, 13% below the 184,100 MT for 2011. The plant had a disastrous production year caused by the lack of working capital to undertake critical maintenance programmes. Corrective action was taken during a major stop in October 2012, upon completion of the Group's debt restructuring programme and receipt of an advance deposit for a major cement supply contract.

In Trinidad, TCL produced 494,200 MT of clinker, 25% below the 656,400 MT for 2011. With the service of strike notice on the company at the end of February 2012, the entire plant was shut down. However, plant operations slowly resumed as employees, contractors and casuals from Mayo and Claxton Bay returned to work in the packing plant, cement mill and eventually in the quarrying and clinker manufacturing areas. By the end of the strike, the entire plant was operational and the commitment displayed by those who worked during the period must be commended.

Concrete Operations

Operating in an extremely competitive industry, RML continued its market leadership largely through its reputation for quality and after-sales service. During the year, the company continued to maintain high batching plant availability at all eight (8) operating locations in Trinidad. A new/refurbished state-of-the-art wash plant was acquired in the latter part of 2012 and was commissioned and handed over for operation by March 2013. This is expected to significantly reduce its aggregate production costs and further improve its quality.

Packaging Operations

Besides being adversely affected by the strike, TPL experienced a breakdown of its tuber main drive motor in the last quarter of 2012, resulting in the non-fulfilment of orders for approximately 264,000 paper sacks.

Gypsum and Lime Operations

The Group's gypsum mining operation in Jamaica was considerably scaled back compared to previous years and the mining effort was concentrated on winning the remaining acceptable quality gypsum in the Bito area as reported in the last annual report.

Exploratory drilling was completed in the new Halberstadt Quarry and so too, the geochemical analysis. The investigation revealed reserves of approximately 6.0 million tonnes of gypsum/anhydrite. In 2013, a detailed mining plan to economically exploit these resources will be developed.

In 2012, no production was undertaken at ACCL's Lime Division in Barbados. The plant will be re-started in 2013 upon the signing of firm contracts.

Group CEO's Report and Management Discussion 2012 (continued)

5.0 GROUP DEVELOPMENTAL ACTIVITIES

As indicated in the 2011 annual report, some Group developmental activities were deferred due to severe cash constraints:

- **Haiti -**

  While the Cement Warehouse and Terminal Project in Haiti has been temporarily put 'on hold', the Group continues to sell an average of 10,000 MT of cement on a monthly basis through two major players in the market.

- **Housing -**

  RML is currently in the process of seeking Outline Approvals from the relevant state agencies to construct a housing development (a gated community) on approximately two hundred acres of pristine land in Arima.

- **Concrete Roads and Soil Stabilisation -**

  The year 2012 also marked the respective launches of Concrete Roads in Jamaica and Soil Stabilisation in Trinidad.

  CCCL had a successful launch of its concrete roads campaign in September and participated in the Jamaica Institute of Engineers (JIE) Conference by sponsoring two presentations on concrete roads—one focused on the advantages and the other—a technical presentation from CEMEX. The momentum generated through CCCL's public awareness campaign followed through into November and the road rehabilitation joint project of CCCL and the National Works Agency (NWA) was featured on TVJ News.

  In Trinidad and Tobago, TCL launched 'Soil Cement Stabilisation' as an alternative use of cement in road construction. The Mayo road was successfully completed and displayed to government agencies and contractors. Initial feedback is highly favourable and conversations continue around the cost savings associated with this new technology. The opportunities for use of this technology are vast, as discussions were held about utilising it in slope stabilisation projects as well. TCL ended the year with its soil cement stabilisation initiative receiving wide coverage in the local media. A promotional video and brochure are being finalised for circulation to key persons in 2013.

- **French West Indies Market Entry -**

  After much persistence in completing all the requirements and liaison with the relevant agencies in France to secure the necessary certifications and approvals to trade in French jurisdiction, ACCL received its "Certificate of Conformity for Cement" (CE) in August 2012. The final and critical certification, the 'AFNOR NF' was subsequently obtained in February 2013. The first shipment of 500MT was executed in late April 2013.

6.0 HUMAN CAPITAL

In 2012, the TCL Group experienced its most challenging year with regard to its industrial relations climate in its 58 years of operations. Despite the worsening economic conditions throughout the region and employees' anxiety about the future of the company, the workforce continued to have unrealistic expectations

In Trinidad and Tobago, TCL launched 'Soil Cement Stabilisation' as an alternative use of cement in road construction. The Mayo road was successfully completed and displayed to government agencies and contractors. Initial feedback is highly favourable and conversations continue around the cost savings associated with this new technology.

as it related to the settlement of the collective agreement. This culminated with the breakdown in negotiations between TCL and TPL and the Oilfields Workers' Trade Union (OWTU). As previously indicated, the Union served strike notice against those companies on Monday 27 February, 2012. One week later, the company notified the Union of lockout action and invited all employees of TCL and TPL to return to work on the basis of individual contracts, as permissible under the Trinidad and Tobago Industrial Relations Act. The 92-day strike ended on 27 May, 2012 and at the end of the strike, the company imposed disciplinary action against 53 employees who committed several infractions.

Despite the impending challenges at the Ministry of Labour and Industrial Court, it is critical that the company place attention on restoring relations with its employee base and the Unions. Management must therefore continue to focus on facilitating on-going dialogue and communication with its work force, highlighting the economic realities of the organisation and its strategies for improving morale, productivity and profitability. Employee engagement throughout the Group is therefore of utmost importance at this time.

7.0 PUBLIC RELATIONS

Communication for the greater part of the year was inevitably dominated by TCL's prolonged industrial relations impasse. Several tactical actions were engaged to mitigate negative social impact and ultimately image deterioration; among these: an emphasis on the timely delivery of accurate information towards informed stakeholder perceptions and public support.

In an on-going show of its corporate social responsibility, the Group supported Habitat for Humanity with donations of cement for low-income housing, from which 20 families in Trinidad and Tobago and Guyana benefited. Other core CSR initiatives included assistance to students; support for the University of the West Indies (UWI) through the provision of cement for the new Vice Chancellery at the Mona Campus; and a joint road rehabilitation project with the National Works Agency in Jamaica, which further promoted CCCL's 'concrete road' thrust launched in the fourth quarter of 2012.

Moving ahead, efforts will continue to revolve around image recovery and maintenance, strongly driven by stakeholder involvement and communications.

8.0 EXECUTIVE CHANGES

During the year, Messrs. Hayden Ferreira and Alan Nobie retired from the Group. Mr. Jinda Maharaj, formerly the Group Energy Optimisation Manager was appointed to succeed Mr. Ferreira as Group Manufacturing Development Manager, and Ms. Kathryna Baptiste joined as Group Manager Legal/Company Secretary.

9.0 LOOKING AHEAD

As a Group, we move forward with optimism into 2013 and beyond. The worst is now behind us as some of the critical plant maintenance programmes were carried out upon completion of the debt restructuring in June 2012. The rest of the planned

Group CEO's Report and Management Discussion 2012 (continued)

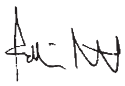
maintenance is expected to be completed in the first six months of 2013, in a still 'tight' but manageable cash flow environment.

Rebuilding staff morale and refocusing on the tasks ahead remain paramount. Already, the Group has reported a Net Profit after Tax of $14.2 million for the first quarter of 2013, honoured its two scheduled loan repayments in December 2012 and March 2013 respectively and successfully attained the critical loan covenant measurements.

The year 2013 reflects the recommencement of our journey to profitability.

10.0 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 of Directors for their wise counsel and on-going support.



Dr. Rollin Bertrand
Group Chief Executive Officer

ONE CARIBBEAN... ONE COMPANY

Directors' Report

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended 31 December, 2012.

Financial Results	**TT$'000**
Turnover	1,615,888
Net Earnings for the Year	(319,949)
Dividends Paid	NIL

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

Name	Position	Holdings at 31-12-12
A. J Bhajan	Chairman	Nil
R. Bertrand	Group CEO	659,756
E. Carrington	Director	Nil
B. Francis	Director	Nil
C. Hee Houng	Director	1,500
L. Nurse	Director	Nil
A. Ramirez Cantu	Director	Nil
J.M. Allard	Director	Nil
B. Young	Director	Nil

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

Name	Position	Holdings at 31-12-12
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 Limited / TCL Ponsa Manufacturing Limited	23,371
J. Maharaj	Group Manufacturing Development Manager	494,642
K. Baptiste	Group Manager Legal / Company Secretary	Nil
L. Parmasar	Group Finance Manager	23,456

Directors' Report (continued)

Dividends

No dividends have been declared for the year ended 31 December, 2012.

Substantial Interests

	No. of Ordinary Shares Held at 31-12-12	**% of Issued Share Capital**
Sierra Trading (Cemex S.A. de C.V.)	49,953,027	20.00
Republic Bank Limited	28,311,293	11.34
The National Insurance Board	25,367,032	10.16
Baleno Holding Inc	20,500,000	8.21
RBTT Trust Limited	15,485,939	6.20

(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.

Resolution of Directors – Amendment to Paragraph 4.1 of TCL's Bye-law No. 1

Under paragraph 27 of Bye-law No. 1 and Article 7 of the Articles of Continuance, on 3 May, 2013 the directors of the Company by resolution, amended paragraph 4.1 of Bye-law No. 1 to include the words "at least" before the word "two" in order to convey the intended meaning. The amended paragraph reads as follows:

> 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 at least two. The majority of directors must be persons resident in the West Indies."

Directors

- In accordance with paragraph 4.6.1 of Bye-law No. 1, Dr. Rollin Bertrand, Mr. Bevon Francis, Mr. Carlos Hee Houng, Mr. Brian Young and Mr. Jean Michel Allard, who retire by rotation and being eligible, offer themselves for re-election as directors of the company until the conclusion of the second Annual Meeting following.
- In accordance with paragraph 4.4.1 of Bye-law No. 1, Mr. Keston Nancoo 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

Kathryna Baptiste
Company Secretary
18 May, 2013

Independent Auditor's 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, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 auditor's 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF TRINIDAD CEMENT LIMITED (continued)

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(ii) in the financial statements which indicates that the Group has reported a loss before taxation of $378.7 million for the year ended 31 December, 2012 ($457.2 million in 2011) and there is $2.05 billion in outstanding debt obligations as presented on its consolidated statement of financial position as at 31 December, 2012. Debt service (inclusive of principal and interest) is forecast to be $293 million for 2013.

Note 2(ii) also indicates that the ability of the Group to generate the sustained incremental cash flows to meet its significant debt service obligations is sensitive to the successful implementation of the strategies and the key assumptions around market size growth, new markets, cost reductions and price adjustments. Should these assumptions not materialise such that the Group is unable to service its debt obligations when due, this will pose a going concern risk to the TCL Group.

The financial statements have been prepared on the going concern basis because, as described in Note 2(ii), based on current plans and strategies being pursued and implemented, including the successful completion of the debt restructure exercise in May 2012, 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.

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

Ernst & Young

Port of Spain
TRINIDAD:
25 March, 2013

Consolidated Statement of Financial Position

As at 31 December, 2012

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

	Notes	2012 $	2011 $
Assets			
Non-current assets			
Property, plant and equipment	8	2,088,542	2,277,294
Goodwill	9	215,831	215,831
Pension plan asset	10 (a)	214,152	215,671
Receivables	12	7,800	10,913
Deferred tax assets	6 (d)	405,143	424,674
		2,931,468	3,144,383
Current assets			
Inventories	11	614,525	557,019
Receivables and prepayments	12	198,759	193,888
Cash at bank and on hand	13	43,061	57,755
		856,345	808,662
Total assets		3,787,813	3,953,045
Equity and liabilities			
Equity			
Stated capital	17 (a)	466,206	466,206
Unallocated ESOP shares	19	(25,299)	(25,299)
Other reserves	17 (b)	(178,679)	(180,069)
Retained earnings		544,933	864,882
Equity attributable to the parent		807,161	1,125,720
Non-controlling interests		(22,462)	42,411
Total equity		784,699	1,168,131
Non-current liabilities			
Long term portion of borrowings	16	1,945,569	2,923
Post-retirement obligations	10 (a)	25,480	21,609
Deferred tax liabilities	6 (d)	354,605	369,693
		2,325,654	394,225
Current liabilities			
Bank overdraft and short-term advances	14	31,902	447
Payables and accruals	15	545,001	714,802
Swap obligation	16 (b) (iv)	–	–
Current portion of borrowings	16	100,557	1,675,440
		677,460	2,390,689
Total equity and liabilities		3,787,813	3,953,045

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

These financial statements were approved by the Board of Directors on 25 March, 2013 and signed on its behalf by:

Andy J. Bhajan Director

Director

Consolidated Statement of Income

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2012 $	2011 $
Continuing operations			
Revenue		1,615,888	1,560,860
Earnings before interest, tax and depreciation	3	159,973	87,703
Depreciation	8	(149,486)	(170,979)
Impairment charges and write-offs	3	(88,552)	(79,386)
Loss on disposal of property, plant and equipment	3	(6,806)	(3,429)
Operating loss	3	(84,871)	(166,091)
Restructuring expenses	4	(49,143)	(103,201)
Finance costs	5	(244,655)	(187,960)
Loss before taxation from continuing operations		(378,669)	(457,252)
Taxation	6	(5,041)	72,823
Loss for the year from continuing operations		(383,710)	(384,429)
Discontinued operations			
Operating loss for the year from discontinued operations	26	–	(1,681)
Gain on disposal of discontinued operations	26	–	11,092
Net income for the year from discontinued operations		–	9,411
Loss for the year		(383,710)	(375,018)
Attributable to:			
Shareholders of the parent		(319,949)	(325,315)
Non-controlling interests		(63,761)	(49,703)
		(383,710)	(375,018)
Basic (loss)/earnings per share:			
From continuing operations (expressed in $ per share)	7	($1.30)	($1.35)
From discontinued operations (expressed in $ per share)	7	–	0.03
		($1.30)	($1.32)

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December, 2012

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

	Notes	2012 $	2011 $
Loss for the year		(383,710)	(375,018)
Other comprehensive income			
Net movement on cash flow hedge (interest rate swap)	17 (b)	–	30,645
Income tax effect	17 (b)	–	(7,661)
		–	22,984
Exchange differences on translation of foreign operations		1,791	(765)
Other comprehensive income for the year, net of tax		1,791	22,219
Total comprehensive loss for the year, net of tax		(381,919)	(352,799)
Attributable to:			
Shareholders of the parent		(318,559)	(302,805)
Non-controlling interests		(63,360)	(49,994)
		(381,919)	(352,799)

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

Consolidated Statement of Changes in Equity

For the year ended 31 December, 2012

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

	Notes	Equity attributable to the Parent						
		Stated capital $	Unallocated ESOP shares $	Other reserves $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Year ended 31 December, 2012								
Balance at 1 January, 2012		466,206	(25,299)	(180,069)	864,882	1,125,720	42,411	1,168,131
Other comprehensive income	17	–	–	1,390	–	1,390	401	1,791
Loss for the year		–	–	–	(319,949)	(319,949)	(63,761)	(383,710)
Total comprehensive income/(loss)		–	–	1,390	(319,949)	(318,559)	(63,360)	(381,919)
Allocation to employees of ESOP shares net of dividends		–	–	–	–	–	–	–
Dividends forfeited/(paid)	18	–	–	–	–	–	(1,513)	(1,513)
Balance at 31 December, 2012		466,206	(25,299)	(178,679)	544,933	807,161	(22,462)	784,699
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
Profit/(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/(paid)	18	–	–	–	233	233	–	233
Balance at 31 December, 2011		466,206	(25,299)	(180,069)	864,882	1,125,720	42,411	1,168,131

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

Consolidated Statement of Cash Flows

For the year ended 31 December, 2012

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

	Notes	2012 $	2011 $
Cash from continuing operations		166,478	160,440
Cash from discontinued operations		–	–
Cash from operations	21	166,478	160,440
Pension contributions paid	10 (c)	(6,856)	(8,414)
Post-retirement benefits paid	10 (d)	(1,115)	(993)
Taxation paid		(6,085)	(6,812)
Restructuring expenses paid		(49,143)	(33,125)
Net interest paid		(59,497)	(10,282)
Net cash generated by operating activities		43,782	100,814
Investing activities			
Additions to property, plant and equipment	8	(77,913)	(40,721)
Proceeds from disposal of property, plant and equipment		35	9,546
Net cash used in investing activities		(77,878)	(31,175)
Financing activities			
Repayment of borrowings		(8,507)	(32,565)
Dividends paid to minority interests		(1,513)	–
Net cash used in financing activities		(10,020)	(32,565)
Net (decrease)/increase in cash and borrowings		(44,116)	37,074
Net foreign exchange difference		(2,033)	(59)
Net cash – beginning of year		57,308	20,293
Net cash – end of year		11,159	57,308
Represented by:			
Cash at bank and on hand	13	43,061	57,755
Bank overdraft and short-term advances	14	(31,902)	(447)
		11,159	57,308

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

Notes to the Consolidated Financial Statements

For the year ended 31 December, 2012
(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). Trinidad Cement Limited is the ultimate parent of the Group. The Group (Trinidad Cement Limited and its 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

(i) Basis of preparation

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

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 amendments to IFRS effective as of 1 January, 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets – Effective 1 January, 2012
- 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

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January, 2012 and has no effect on the Group's financial position, performance or its disclosures.

IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July, 2011. The amendment had no impact to the Group.

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July, 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(i) 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:

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 – Effective 1 July, 2012
- IAS 19 Employee Benefits (Revised) – Effective 1 January, 2013
- IAS 27 Separate Financial Statements – Effective 1 January, 2013
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) – Effective 1 January, 2013
- IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 – Effective 1 January, 2014
- IFRS 1 Government Loans – Amendments to IFRS 1 – Effective 1 January, 2013
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 – Effective 1 January, 2013
- IFRS 9 Financial Instruments: Classification and Measurement effective 1 January, 2015
- 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
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine – Effective 1 January, 2013
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – Effective 1 January, 2014

The Group is currently assessing the impact of these new standards on its financial reporting.

Annual Improvements May 2012

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

- IFRS 1 First–time Adoption of International Financial Reporting Standards
- IAS 1 Presentation of Financial Statements
- IAS 16 Property Plant and Equipment
- IAS 32 Financial Instruments, Presentation
- IAS 34 Interim Financial Reporting

These improvements are effective for annual periods beginning on or after 1 January, 2013.

(ii) Going concern

The Group has reported a loss before taxation of $378.7 million for the year ended 31 December, 2012 ($457.2 million in 2011) and there is $2.05 billion in outstanding debt obligations as presented on its consolidated statement of financial position as at 31 December, 2012. Debt service (inclusive of principal and interest) is forecast to be $293 million for 2013.

The key risks to the Group's sustainability are declining domestic markets and unexpected increases in key input costs that are not recoverable. Debt service as a percentage of budgeted Group EBITDA ranges from 65% in 2013 to 47 % in 2017. The Group's operating results in recent years have been below the budgeted targets given the volatile market conditions in which the Group operates.

Based on the forecast cash-flows for 2013, management has performed a sensitivity analysis under different scenarios. Should the Group achieve less than 85% of its 2013 forecasted cash-flows there would be a cash shortfall which may compromise debt service in 2013. However, depending on the level of the shortfall management can manage its capital expenditure and working capital in the short term to recover certain levels of the shortfall and therefore not compromise its 2013 debt service obligations.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(ii) Going concern (continued)

The TCL Group's strategies to achieve sustainability include aggressively pursuing new markets and additional market share in existing markets. Approximately 10% growth in cement sales volume is projected in the budget for Trinidad with modest volume growth in Barbados for 2013. In Jamaica, Caribbean Cement Company Limited (CCCL) is projecting additional market share by attracting current importers of cement to be supplied by CCCL. To counter rising input costs, the Group has increased its selling prices in most of its markets during 2012, further increases were made in January 2013 and the Group continues to implement cost reduction initiatives.

The Group's cash generation and performance are especially sensitive to the level of economic activity (GDP: Gross Domestic Product) and government spending in the Caribbean countries which are the Group's key markets. Particularly important, are the markets of Trinidad and Tobago, Jamaica, Barbados and Guyana where declining or low levels of GDP growth, high unemployment and unsustainable government debt, if prevailing, will pose a major risk to the results of the Group.

The ability of the Group to generate the sustained incremental cash flows to meet its significant debt service obligations is sensitive to the successful implementation of the strategies and the key assumptions around market size growth, new markets, cost reductions and price adjustments. Should these assumptions not materialise such that the Group is unable to service its debt obligations when due, this will pose a going concern risk to the TCL Group.

Based on current plans and strategies being pursued and implemented, including the successful completion of the debt restructure exercise in May 2012, the directors have a reasonable expectation that the TCL Group will generate adequate cash flows and profitability which would allow the Group to continue in operational existence for the foreseeable future.

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

(iii) Basis of consolidation

These consolidated financial statements comprise the financial statements of Trinidad Cement Limited (the Parent) and its subsidiaries (collectively 'the Group'). 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.

(iv) 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:

2. Significant accounting policies (continued)

(iv) Significant accounting judgments, estimates and assumptions (continued)

Going concern

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

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

Additionally, management exercises judgement in the determination of the key assumptions utilised in the impairment tests performed on the property, plant and equipment. These assumptions include the use of a suitable discount rate and applicable cash flow forecasts to be used in the analysis. These variables significantly impact the results and conclusions derived from the impairment tests performed.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(iv) Significant accounting judgments, estimates and assumptions (continued)

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.

(v) 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.

(vi) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(vi) Property, plant and equipment (continued)

Depreciation is provided on the straight line or reducing balance basis at rates estimated to write-off the assets over their estimated useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Current rates of depreciation are:

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

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

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

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

(vii) 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.

(viii) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the Parent's functional and presentation currency. 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 by Group entities in their functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency spot 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 statements 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.

(ix) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(x) 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 transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributable to geographic areas based on the location of the assets producing the revenues.

(xi) 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.

(xii) Derivative financial instruments and hedging

The interest rate swap arrangement was terminated on 13 April, 2011.

(xiii) 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.

(xiv) 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.

(xv) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

2. Significant accounting policies (continued)

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

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.

(xvi) 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.

(xvii) 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.

(xviii) 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.

(xix) 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.

(xx) Borrowing costs

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

(xxi) 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.

(xxii) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(xxiii) 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.

(xxiv) 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.

(xxv) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Company. As equity is repurchased, the amount of consideration paid is recognised as a charge to equity and reported in the consolidated statement of financial position as treasury shares.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the statement of financial position date are dealt with as an event after the end of reporting date.

Treasury shares

Own equity instruments which are re-acquired ("treasury shares") are deducted from equity. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves. Such treasury shares are presented separately within equity and are stated at cost.

(xxvi) 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, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

2. Significant accounting policies (continued)

(xxvi) 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.

(xxvii) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

3. Operating profit – continuing operations

	2012 $	2011 $
Revenue	1,615,888	1,560,860
Less expenses:		
Personnel remuneration and benefits (see below)	435,629	433,698
Raw materials and consumables	234,592	172,989
Fuel and electricity	390,210	412,712
Operating expenses	251,389	213,779
Equipment hire and haulage	142,262	155,400
Repairs and maintenance	95,136	95,933
Changes in finished goods and work in progress	(78,919)	2,332
Other income (see below)	(14,384)	(13,686)
Earnings before interest, tax and depreciation	159,973	87,703
Depreciation	149,486	170,979
Impairment charges and write-offs (Note 8 & 11)	88,552	79,386
Loss on disposal of property, plant and equipment	6,806	3,429
Operating loss	(84,871)	(166,091)

Impairment charges and write-offs

Included under plant and machinery is the Kiln 4 assets which is currently not operating. In accordance with IAS 36: "Impairment of assets", management assessed the kiln 4 assets for impairment and determined that an impairment provision of $77.9 million, (2011: $61.3 million) was necessary to effectively write down the asset to its' recoverable amount. In accordance with IAS 2: "Inventories" a write-down of $7.8 million has been recognised as an expense for spares relating to the idle Kiln 4 asset. The write downs arise from the delay in the projected reactivation of the assets. Additionally, part of the asset was considered obsolete resulting in the write off of $2.9 million (2011: $18.0 million).

	2012 $	2011 $
Personnel remuneration and benefits include:		
Salaries and wages	349,049	356,063
Other benefits	47,450	38,972
Statutory contributions	18,927	18,698
Pension costs – defined contribution plan	4,029	3,999
Termination benefits	7,623	7,151
Net pension expense – defined benefit plans (Note 10 (b))	8,551	8,815
	435,629	433,698
Operating profit is stated after deducting directors' fees of:		
Directors' fees	792	790
Other income includes:		
Delivery and trucking services	2,209	4,650
Miscellaneous income	12,175	9,036
	14,384	13,686

4. Restructuring expenses

The debt restructuring expenses comprise stamp duty of $11.6 million (2011: nil), legal and advisory fees of $24.9 million (2011: $40.4 million), previously unamortised fees on the original loans of $12.6 million (2011: nil), acceptance fees of nil (2011: $35.3 million) and swap termination cost of nil (2011: $27.5 million).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

5. Finance costs

	2012 $	2011 $
Interest expense	211,214	184,786
Interest income	(251)	(83)
	210,963	184,703
Foreign currency exchange loss	33,692	3,257
	244,655	187,960

6. Taxation

a) Taxation (credit)/charge

	2012 $	2011 $
Deferred taxation (Note 6 (c))	3,044	(82,577)
Current taxation	1,997	9,754
	5,041	(72,823)

b) Reconciliation of applicable tax charge to effective tax charge

	2012 $	2011 $
Loss before taxation from continuing operations	(378,669)	(457,252)
Gain before taxation from discontinued operations	–	9,411
Loss before taxation	(378,669)	(447,841)
Tax calculated at 25%	(94,667)	(111,960)
Net effect of other charges and disallowances	6,639	43,476
Tax losses for which no deferred tax income were recognised	131,843	46,000
Impact of income not subject to tax	(33,537)	(32,358)
Business and green fund levies	2,449	2,315
Effect of different tax rates outside Trinidad and Tobago	(7,686)	(20,296)
Taxation charge reported in the consolidated income statement – continuing operations	5,041	(72,823)
Taxation charge attributable to a discontinued operation	–	–
	5,041	(72,823)

A deferred tax asset of $131.9 million in relation to tax losses and capital allowances 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 $945 million (2011: $868 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of $565.6 million (2011: $492.5 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of $13.6 million (2011: $9.9 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, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

6. Taxation (continued)

	2012 $	2011 $
c) Movement in deferred tax net balance:		
Net balance at 1 January	54,981	(19,781)
Exchange rate and other adjustment	(1,399)	(154)
Charge to hedging reserve	–	(7,661)
(Charge)/credit to earnings	(3,044)	82,577
Net balance at 31 December (Note 6 (d))	50,538	54,981
d) Components of the deferred tax assets/(liabilities) are as follows:		
Deferred tax liabilities:		
Property, plant and equipment	(294,850)	(312,872)
Pension plan assets	(57,461)	(56,821)
Others	(2,294)	–
Balance at 31 December	(354,605)	(369,693)
Deferred tax assets:		
Tax losses carry forward	274,333	327,974
Capital allowances carry forward	40,111	34,298
Interest accrual	71,690	32,872
Others	19,009	29,530
Balance at 31 December	405,143	424,674
Net deferred tax asset	50,538	54,981

7. Earnings per share

	2012 $	2011 $
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	(319,949)	(331,997)
Net profit/(loss) for the year attributable to equity holders of the Parent - discontinued operations	–	6,682
Net loss for the year attributable to equity holders - total Group	(319,949)	(325,315)
Weighted average number of ordinary shares issued (thousands of units)	245,869	245,869
Basic loss per share – continuing operations (expressed in $ per share)	($1.30)	($1.35)
Basic earnings/(loss) per share – discontinued operations (expressed in $ per share)	$0.00	$0.03
Basic loss per share – total (expressed in $ per share)	($1.30)	($1.32)

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 (2011: 3.896 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, 2012

(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, 2012					
Cost	460,922	3,307,046	96,093	44,634	3,908,695
Accumulated depreciation and impairment	(170,928)	(1,573,235)	(75,990)	–	(1,820,153)
Net book amount	289,994	1,733,811	20,103	44,634	2,088,542
Net book amount					
1 January, 2012	294,542	1,914,109	25,191	43,452	2,277,294
Exchange rate adjustments	(9,637)	(18,521)	(360)	(1,399)	(29,917)
Additions and transfers	6,711	37,056	1,070	33,076	77,913
Disposals and adjustments	9,129	14,314	540	(30,495)	(6,512)
Depreciation charge	(10,751)	(132,397)	(6,338)	–	(149,486)
Impairment charge and write off	–	(80,750)	–	–	(80,750)
31 December, 2012	289,994	1,733,811	20,103	44,634	2,088,542
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	294,542	1,914,109	25,191	43,452	2,277,294
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	294,542	1,914,109	25,191	43,452	2,277,294

The net carrying value of assets held under finance leases within property, plant and equipment amounted to $4.9 million (2011: $7.1 million) as at 31 December, 2012. It is the Group's policy to capitalise interest on borrowings specific to capital projects during the period of construction. No borrowing costs were capitalised in 2012 (2011: Nil).

In accordance with IAS 36, management tested and as a consequence further impaired the Kiln 4 asset in Jamaica and recorded an impairment loss of $77.9 million in 2012 (2011: $61.3 million). Additionally, part of the asset was considered obsolete which was written off by the amount of $2.9 million (2011: $18.1 million) (refer to Note 3).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

9. Goodwill

	2012 $	2011 $
Cost	269,147	269,147
Accumulated impairment	(53,316)	(53,316)
Net book amount	215,831	215,831

Net book amount

1 January	215,831	215,831
Impairment charge for the year	–	–
31 December	215,831	215,831

Based on the results of impairment tests in 2012, no 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.

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	24.13%	13.4%
Discount rate (extrapolation period)	24.13%	13.4%
Cash flow projection term	5 years	5 years
Growth rate (extrapolation period)	1.5%	1%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

10. Pension plans and other post-retirement benefits

	2012 $	2011 $
The numbers below are extracted from information supplied by independent actuaries.		
a) Pension plan assets and other post retirement obligations:		
Pension plan assets	214,152	215,671
Other post retirement obligations:		
Retiree's medical benefit obligations	(23,685)	(20,102)
Service benefit obligations	(1,795)	(1,507)
Total post retirement obligations	(25,480)	(21,609)
b) Amounts recognised in the statement of income in respect of pension costs:		
Current service cost	20,219	21,509
Past service cost	–	1,966
Interest cost	40,186	38,680
Expected return on plan assets	(53,605)	(53,225)
Amortised net loss	1,751	(115)
Total, included in personnel remuneration and benefits (Note 3)	8,551	8,815
Actual return on plan assets	90,153	72,066
c) Movement in pension plan assets		
Balance at 1 January	215,671	216,072
Net pension expense for the year	(8,375)	(8,815)
Contributions paid	6,856	8,414
Balance at 31 December	214,152	215,671
Net pension plan asset		
Defined benefit obligation	(816,890)	(729,588)
Fair value of plan assets	902,361	829,816
Surplus	85,471	100,228
Unrecognised actuarial loss	128,681	115,443
Net pension plan asset	214,152	215,671
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at 1 January	(729,588)	(619,642)
Interest cost	(40,186)	(38,680)
Current service cost	(20,219)	(21,509)
Actuarial gain	(62,458)	(71,106)
Benefits paid	40,021	28,345
Members' contribution	(6,081)	(7,002)
Expense allowance	2,573	3,006
Past service cost	–	(1,966)
Exchange differences	(952)	(1,034)
Defined benefit obligation at 31 December	(816,890)	(729,588)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(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)

	2012 $	2011 $
Fair value of plan assets at 1 January	829,816	762,731
Expected return	53,605	53,225
Actuarial gain	47,580	28,764
Benefits paid	(40,021)	(28,345)
Employer and employees' contribution	12,999	15,416
Expense allowance	(1,623)	(2,051)
Exchange differences	5	76
Fair value of plan assets at 31 December	902,361	829,816

The Group expects to contribute $9.5 million to its defined benefit plan in 2013.

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

	2012	2011
Equities	44%	41%
Debt securities	50%	48%
Other assets	6%	11%

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

	2012 $	2011 $	2010 $	2009 $	2008 $
Defined benefit obligation	(816,890)	(729,588)	(619,642)	(578,712)	(534,627)
Fair value of plan assets	902,361	829,816	762,731	709,594	673,640
Surplus	85,471	100,228	143,089	130,882	139,013
Experience adjustments on plan liabilities	3,540	(29,104)	16,167	8,917	(29,623)
Experience adjustments on plan assets	47,580	28,764	2,366	(25,182)	(68,097)

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. The report of the actuary states that if TCL Packaging Limited continues at its current rate of 23.5% of earnings the past service deficit will be removed by early 2016.

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, 2012 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

(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)

Principal actuarial assumptions used are as follows:

	2012	2011
Discount rate	5.0%-7.75%	5.5%-7.75%
Expected return on plan assets	0%-7.75%	6.5%-7.75%
Rate of future salary increases	2.5%-6.75%	2.5%-5.00%
Rate of future pension increases	0.0%-3.75%	0.0%-3.75%

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

	2012 $	2011 $
The retirees' medical/service benefit liabilities are derived as follows:		
Defined benefit obligation	42,983	40,580
Unrecognised loss	(17,503)	(18,971)
	25,480	21,609
Movement in the retirees' medical/service benefit liabilities:		
Opening balance	21,609	19,325
Total expense for the year	4,986	3,277
Benefits paid	(1,115)	(993)
Retirees' medical/service benefit liabilities	25,480	21,609
Changes in the present value of the benefit obligation are as follows:		
Defined benefit obligation at 1 January	(40,580)	(27,148)
Interest cost	(2,202)	(1,665)
Current service cost	(1,789)	(1,271)
Actuarial loss/(gain)	473	(11,505)
Benefits paid	1,115	1,009
Defined benefit obligation at 31 December	(42,983)	(40,580)

Expected benefits to be paid in 2013 will amount to $1.2 million.

Principal actuarial assumptions as at 31 December were:

	2012	2011
Discount rate	5.0%	5.5%
Medical expense inflation	5.0%	5.0%
Rate of future salary increases	5.0%	5.0%

11. Inventories

	2012 $	2011 $
Plant spares	154,565	173,319
Raw materials and work in progress	253,434	204,682
Consumables	126,917	115,474
Finished goods	79,609	63,544
	614,525	557,019

Inventories are shown as net of obsolescence provision of $20.3 million (2011: $9.3 million). The provision was increased by $7.8 million for the Kiln 4 spares as a consequence of the impairment of that plant.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

12. Receivables and prepayments

	2012 $	2011 $
Trade receivables	154,445	152,356
Less: provision for doubtful debts	(33,129)	(25,922)
Trade receivables (net)	121,316	126,434
Sundry receivables and prepayments	67,622	62,428
Deferred expenditure	9,586	7,445
Taxation recoverable	8,035	8,494
	206,559	204,801

Presented in the consolidated statement of financial position as follows:

	2012 $	2011 $
Non-current	7,800	10,913
Current	198,759	193,888
	206,559	204,801

Included within trade receivables are balances due from four customers with agreed repayment terms over one year and therefore $7.8 million (2011: $10.9 million) is presented as a non-current asset.

			Past due but not impaired		
	Total $	Neither past due nor impaired $	1-90 days $	91-180 days $	Over 180 days $
2012	121,316	57,667	36,521	5,335	21,793
2011	126,434	46,422	49,404	5,484	25,124

As at 31 December, the impairment provision for trade receivables assessed to be doubtful was $33.1 million (2011: $25.9 million). Movements in the provision for impaired receivables were as follows:

	2012 $	2011 $
At 1 January	25,922	24,959
Charge for the year	8,067	3,827
Unused amounts reversed/written off	(860)	(2,864)
At 31 December	33,129	25,922

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 short-term advances

	2012 $	2011 $
Short-term advances	31,902	–
Bank overdrafts	–	447
	31,902	447

Short-term advances are comprised of an unsecured net amount advanced from a customer with a balance of TT$31.3 million and an unsecured insurance premium financing facility with a balance of TT$0.6 million.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

15. Payables and accruals

	2012 $	2011 $
Sundry payables and accruals	354,060	285,806
Interest and other finance charges	1,779	231,840
Trade payables	180,146	184,399
Statutory obligations – Jamaica Subsidiary	7,795	7,790
Taxation payable	1,221	4,967
	545,001	714,802

16. Borrowings

	2012 $	2011 $
Maturity of borrowings:		
One year	100,557	1,675,440
Two years	171,766	1,104
Three years	190,236	1,024
Four years	217,325	778
Five years and over	1,366,242	17
Gross borrowings	2,046,126	1,678,363
Current portion of total borrowings	(100,557)	(1,675,440)
Borrowings non-current portion	1,945,569	2,923

On 14 January, 2011, TCL declared a moratorium on debt service payments and thereafter debt service payments falling due were not paid by TCL. Past agreements covering loans in the amount of $1.673 billion as at 31 December, 2012 were therefore in default and were classified within current liabilities.

As a consequence of the restructuring of the Group's debt, an Override Agreement and Intercreditor Agreements were executed between the company and its Lenders, which synchronised debt service payments and among other conditions established the maintenance of financial ratio covenants. The individual loan agreements continue to be in force to the extent not varied by the Override Agreement and Intercreditor Agreements. Interest and principal will be paid quarterly from March 2013 through to December 2018 with the last principal payment being 43% of the restructured debt of $2.027 billion. Under the Override Agreement, there are cross guarantee undertakings and pledging of Group company assets to secure the restructured debt.

Type of borrowings:

	2012 $	2011 $
Bonds	983,903	783,043
Term loans	574,981	481,735
Other bank loans	484,900	408,300
Finance lease obligations	2,342	5,285
	2,046,126	1,678,363

Currency denomination of borrowings

	2012 $	2011 $
US dollar	746,188	627,636
Local currencies	1,299,938	1,050,727
	2,046,126	1,678,363

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

16. Borrowings (continued)

Type of borrowings (continued)

Interest rate profile

	2012 $	2011 $
Fixed rates	1,661,084	1,350,600
Floating rates	385,042	327,763
	2,046,126	1,678,363

	2012	2011
The weighted average effective interest rate for borrowings is:	9.9%	9.65%

a) Bonds

(i) Barbados $50 million Bond

This bond, with current book value of TT$133.5 million (2011: TT$106.9 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 9.4% to 11.45% for the four tranches.

(ii) TT$346.5 million Bond

This bond, with current book value of TT$167.9 million (2011: TT$138.1 million), is secured by a charge on the assets of the TCL Group and carries a fixed rate of interest of 6.87% per annum plus 200 basis points.

(iii) TT$187 million Bond

This bond, with current book value of TT$210.4 million (2011: TT$164.9 million), is secured by a charge on the assets of the TCL Group and carries a fixed rate of interest of 8.95% per annum plus 200 basis points.

(iv) TT$100 million Bond

This bond, with current book value of TT$93.7 million (2011: TT$74.4 million), is secured by a charge on the assets of the TCL Group and carries a fixed interest rate of 8.5% per annum plus 200 basis points.

(v) TT$315 million Bond

This bond, with current book value of TT$378.4 million (2011: TT$298.7 million), is secured by a charge on the assets of the TCL Group under the Override Agreement and carries a fixed rate of interest of 9.1% per annum plus 200 basis points.

b) Term loans

(i) US$25 million 'A' Loan

This loan, with current book value of TT$136.8 million (2011: TT$114.7 million), is secured by a charge on the assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 425 basis points with Floor on Libor of 4%.

(ii) US$10 million 'C' Loan

This loan, with current book value of TT$74.0 million (2011: TT$63.4 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 300 basis points.

In addition to interest, the lender is entitled to an additional annual margin capped at 1000 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 'Parallel' Loan

This loan, with current book value of TT$132.4 million (2011: TT$110.2 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 475 basis points with a Floor on Libor of 4%.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

16. Borrowings (continued)

b) Term loans (continued)

(iv) US$5.92 million Loan

This loan, with current book value of TT$38.9 million (2011: TT$33.8 million), is secured by a charge on assets of the TCL Group and carries a floating rate of interest of 6 month Libor plus 425 basis points. This represents the termination of the interest rate swap in 2011 which was converted into a loan.

(v) US$25 million commercial paper

This loan, with current book value of TT$192.6 million (2011: TT$160.8 million), is secured by a charge on assets of the TCL Group and carries a fixed rate of interest of 7.25% per annum plus 200 basis points with 4% Floor on Libor.

(vi) TT$18.5 million Loan

This loan, with a current book value of TT$2.9 million (2011: TT$5.8 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$0.2 million (2011: TT$0.4 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 Term Loans $484.9 million (2011: $408.3 million)

These loans, with current book value of $465.3 million (2011: $381.8 million) represent former overdraft and short term loans converted into medium term loans as part of the debt restructuring. The loans are denominated in Trinidad and Tobago, Barbados, Jamaican and United States dollars and carry interest with rates ranging from 6.25% to 24.5% and are secured by the assets of the Group.

Loans with a current book value of $19.6 million (2011: $26.5 million) are unsecured TT Dollar loans with rates ranging from 6% to 10%. Included in these unsecured loans are callable borrowings of $16.7 million.

d) Finance leases

Included in total borrowings are finance leases amounting to $2.3 million (2011: $5.3 million). The minimum lease payments under these finance leases are as follows:

	2012 $	2011 $
Due not more than one year	1,097	2,731
Due in years two to five	1,617	3,380
Total minimum lease payments	2,714	6,111
Less: Finance charges	(372)	(826)
Total net present value	2,342	5,285

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

17. Stated capital and other reserves

(a) Stated capital

	2012 $	2011 $
Authorised		
An unlimited number of ordinary and preference shares of no par value		
Issued and fully paid		
249,765,136 (2011: 249,765,136) ordinary shares of no par value	466,206	466,206

(b) Other reserves

	Foreign currency translation account $	Hedging reserve $	Total other reserves $
Year ended 31 December, 2012			
Balance at 1 January, 2012	(180,069)	–	(180,069)
Other comprehensive income:			
Currency translation and other adjustments	1,390	–	1,390
Total other comprehensive income	1,390	–	1,390
Balance at 31 December, 2012	(178,679)	–	(178,679)
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	–	(7,661)	(7,661)
Total other comprehensive income	(474)	22,984	22,510
Balance at 31 December, 2011	(180,069)	–	(180,069)

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. The Hedge arrangement was terminated in 2011.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

18. Dividends

During the year, the Parent company wrote back nil (2011: $0.2 million) to retained earnings representing dividend cheques which were not presented for payment for more than six years.

19. Employee share ownership plan (ESOP)

	2012 $	2011 $
Employee share ownership plan		
Number of shares held - unallocated (thousands)	3,752	3,752
Number of shares held - allocated (thousands)	3,953	3,953
	7,705	7,705
Fair value of shares held - unallocated	5,590	6,716
Fair value of shares held - allocated	5,890	7,076
	11,480	13,792
Cost of unallocated ESOP shares	25,299	25,299
Charge to earnings for shares allocated to employees	500	500

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 permanent employees of the Parent Company and certain subsidiaries are eligible to participate in the Plan that is directed, including the voting of shares, by a Management Committee comprising management of the Parent Company and the general employee 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 the Parent Company's contributions. The cost of the shares so acquired and which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. All dealings in the shares will be credited against the same account at fair value. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end.

20. Capital commitments and contingent liabilities

Capital commitments

The Group has contractual capital commitments of $7.6 million as at December 2012 (2011: Nil).

Contingent liabilities

There are contingent liabilities amounting to $10 million (2011: $22.5 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 owing to the uncertainty of these possible liabilities 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, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

21. Cash from operations

	Notes	2012 $	2011 $
Loss before taxation from continuing operations		(378,669)	(457,252)
Profit/(loss) before taxation from discontinued operations		–	9,411
Loss before taxation		(378,669)	(447,841)
Adjustments to reconcile loss before taxation to net cash generated by operating activities:			
Depreciation	8	149,486	170,979
Impairment charges and write offs	3	88,552	79,386
Interest expense net of interest income	5	244,655	187,960
Restructuring expenses	4	49,143	103,201
ESOP share allocation and sale of shares net of dividends		–	3,385
Other post-retirement benefit expense		4,985	3,277
Pension plan expense		8,375	8,815
Loss on disposal of property, plant and equipment	3	6,806	3,429
Gain from disposal of subsidiary		–	(11,092)
Other non-cash items		–	3,907
		173,333	105,406
Changes in net current assets			
(Increase)/decrease in inventories		(65,642)	12,053
Increase in receivables and prepayments		(2,217)	(22,966)
Increase in payables and accruals		61,004	65,947
		166,478	160,440

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 2012 $	Fair value 2012 $	Carrying amount 2011 $	Fair value 2011 $
Financial assets:				
Cash at bank	43,061	43,061	57,755	57,755
Trade receivables	121,316	121,316	126,434	126,434
Financial liabilities:				
Bank overdraft and short-term advances	31,902	31,902	447	447
Borrowings	2,046,126	2,046,126	1,678,363	1,678,363
Trade payables	180,146	180,146	184,399	184,399
Interest and finance charges	1,779	1,779	231,841	231,840

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

(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, 2012 there were no financial assets in Levels 1, 2 or 3.

23. Subsidiary undertakings

The Group's subsidiaries are as follows:

	Country of incorporation	Ownership level	
		2012	2011
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%
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 2011 the Group disposed of its interest in Island Concrete Products N.V. and Island Concrete SARL.

TCL Haiti Inc. SA (THI) was incorporated in January 2012 in Haiti, however, due to ongoing discussions with a third party that will affect the shareholding and operations of THI, no shares have been issued to date. At present THI is expected to be a majority owned subsidiary of TCL (Nevis) Limited.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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

23. Subsidiary undertakings (continued)

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.

	2012 $	2011 $
Short-term employment benefits	28,302	24,331
Pension plan and post retirement benefits	637	653

24. Financial risk management

Introduction

The Group's 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.

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.

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

	Gross maximum exposure 2012 $	Gross maximum exposure 2011 $
Trade receivables	121,316	126,434
Cash at bank	43,061	57,755
Credit risk exposure	164,377	184,189

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

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24. Financial risk management (continued)

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 credit customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December, 2012, the Group had thirteen customers (2011: thirteen customers) that owed the Group more than $2 million each and which accounted for 41% (2011: 40%) 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 receivable 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.

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

2012	**On demand $**	**1 year $**	**2 to 5 years $**	**> 5 years $**	**Total $**
Bank overdraft and short-term advances	–	31,902	–	–	31,902
Borrowings	16,675	83,882	824,308	1,121,261	2,046,126
Interest and finance charges	–	1,779	–	–	1,779
Trade payables	–	180,146	–	–	180,146
	16,675	297,709	824,308	1,121,261	2,259,953
2011					
Bank overdraft and short-term 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
	1,904,977	187,149	2,906	17	2,095,049

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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

24. Financial risk management (continued)

Foreign currency risk (continued)

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 $
2012			
US dollar	+1%	(7,690)	(5,768)
	−1%	7,690	5,768
Euro	+1%	(60)	(45)
	−1%	60	45
2011			
US dollar	+1%	(6,013)	(4,510)
	−1%	6,013	4,510
Euro	+1%	(87)	(65)
	−1%	87	65

The effect on profit is shown net of US dollar financial assets (2012: $67.5 million, 2011: $70.2 million), and liabilities (2012: $834 million, 2011: $671.5 million) and EURO net financial liabilities (2012: $6 million, 2011: $8.7 million).

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

2012	TTD $	USD $	JMD $	BDS $	Other $	Total $
ASSETS						
Cash at bank	11,906	18,385	6,953	555	5,262	43,061
Trade receivables	47,785	49,145	11,869	5,652	6,865	121,316
	59,691	67,530	18,822	6,207	12,127	164,377
LIABILITIES						
Bank overdraft and short-term advances	–	31,296	–	606	–	31,902
Borrowings	1,072,226	746,188	52,263	175,449	–	2,046,126
Interest and finance charges	837	367	471	104	–	1,779
Trade payables	18,572	58,716	58,017	35,638	9,203	180,146
	1,091,635	836,567	110,751	211,797	9,203	2,259,953
NET LIABILITIES	(1,031,944)	(769,037)	(91,929)	(205,590)	2,924	(2,095,576)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
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24. Financial risk management (continued)

Foreign currency risk (continued)

2011	TTD $	USD $	JMD $	BDS $	Other $	Total $
ASSETS						
Cash and short-term deposits	22,940	20,748	10,268	98	3,701	57,755
Trade receivables	45,237	49,30	17,449	2,729	11,589	126,434
	68,177	70,178	27,717	2,827	15,290	184,189
LIABILITIES						
Bank overdraft and advances	–	–	–	447	–	447
Borrowings and swap obligation	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
	1,052,758	742,285	120,165	168,185	11,656	2,095,049
NET LIABILITIES	(984,581)	(672,107)	(92,448)	(165,358)	3,634	(1,910,860)

Other currencies include the Euro.

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 rates relates primarily to bank loans which have 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:

	2012 $	2011 $
At fixed rate	1,661,084	1,350,600
At floating rates	385,042	327,763

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 $
2012	+100	(3,850)
	–100	3,850
2011	+100	(3,278)
	–100	3,278

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012
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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

2012	Cement $	Concrete $	Packaging $	Consolidation adjustments $	Total $
Total revenue	1,744,067	136,528	79,347	–	1,959,942
Inter-segment revenue	(271,510)	–	(72,544)	–	(344,054)
Third party revenue	1,472,557	136,528	6,803	–	1,615,888
Depreciation and impairment	235,679	6,100	1,760	(5,501)	238,038
(Loss)/profit before tax	(609,246)	(7,819)	5,546	232,850	(378,669)
Segment assets	4,433,106	162,284	111,439	(919,016)	3,787,813
Segment liabilities	3,870,166	67,983	36,343	(971,378)	3,003,114
Capital expenditure	64,778	12,310	825	–	77,913
2011					
Total revenue	1,691,382	116,242	91,036	–	1,898,660
Inter-segment revenue	(257,287)	–	(80,513)	–	(337,800)
Third party revenue	1,434,095	116,242	10,523	–	1,560,860
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

25.2. Geographical segment information

	Revenue 2012 $	Revenue 2011 $	Non-current assets 2012 $	Non-current assets 2011 $	Additions property plant and equipment 2012 $	Additions property plant and equipment 2011 $
Trinidad and Tobago	562,753	527,131	2,085,268	2,151,947	48,060	27,297
Jamaica	482,768	499,111	450,852	585,774	10,799	7,339
Barbados	161,221	169,107	343,921	355,122	15,706	6,010
Other countries	409,146	365,511	51,427	51,540	3,348	75
Group total	1,615,888	1,560,860	2,931,468	3,144,383	77,913	40,721

The revenue information above represents third party revenue based on the location of the customers' operations. Other countries include Guyana, the OECS islands and Brazil.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December, 2012

(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. The Group recognised a gain of $11.092 million in 2011 on disposal of these subsidiaries.

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, 2012 and 2011 are presented below:

	2012 $	2011 $
Revenue	–	–
Expenses	–	(1,681)
Operating loss	–	(1,681)
Finance costs	–	–
Loss before tax from discontinued operations	–	(1,681)
Taxation	–	–
Loss for the year from discontinued operations	–	(1,681)

27. Debt restructuring

In 2010 Trinidad Cement Limited (TCL) 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 were not paid by TCL and its subsidiaries (the "TCL Group").

Debt agreements covering loans amounting to $1,673 million in the TCL Group as at 31 December, 2011 were therefore in default. However, lenders did not seek to enforce their security and legal rights, which remained unchanged whilst negotiations were in progress with TCL. By 31 December, 2011, TCL and its lenders had reached agreement in principle on the features of the restructuring and its key terms.

On 10 May, 2012, the agreements to give effect to the debt restructuring were executed by the Group with the lenders and these financial statements have been prepared in accordance with the restructuring agreements. Under the terms of the new agreement interest payments on the outstanding debt amounting to $51 million was paid on 30 December, 2012. As described in Note 16, payments of principal and interest on the restructured debt has been synchronised into quarterly installments from March 2013 through December 2018, with the last principal payment being 43% of the restructured debts.

The override agreement has imposed the following key covenants and restrictions on the TCL Group:

a) Compliance with certain financial covenants for the TCL Group commencing from 31 March, 2013 and quarterly thereafter. This includes a consolidated coverage ratio (ratio of EBITDA to Interest), consolidated leverage ratio (ratio of Debt to EBITDA) and consolidated total liabilities to tangible net worth (ratio of Total Liabilities to Shareholders' Equity).

b) The TCL Group's capital expenditure cannot exceed US$15 million (excluding Readymix W.I. Limited and TCL Packaging Limited).

c) Dividends cannot exceed US$3 million per annum and can only be paid when Debt/EBITDA is less than or equal to 3.

d) At each quarter end, if cash balance is greater than US$15 million after accounting for any impending debt service payment, the excess is payable to lenders as an additional debt service payment.

Design and Layout: Paria Publishing Co. Ltd.
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Proxy Form

BLOCK CAPITALS PLEASE

I/We ____

NAME(S) OF SHAREHOLDER(S)

of ____

ADDRESS

being a Shareholder(s) of Trinidad Cement Limited, hereby appoint the Chairman of the meeting or failing him,

Mr./Mrs.____

NAME OF PROXY

of ____

ADDRESS

to be my/our Proxy to vote for me/us on my/our behalf at the Annual Meeting of the company to be held at 4:30 p.m. on 12 July, 2013 and any adjournment thereof.

_______________________________________ ______________________

Signature of Shareholder(s) Date

PLEASE INDICATE WITH AN "X" IN THE SPACES BELOW HOW YOU WISH YOUR VOTES TO BE CAST.

RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS		
1. Be it resolved that the Financial Statements for the year ended 31 December, 2012 and the Reports of the Directors and Auditors thereon be adopted.	☐	☐
2. Election of Directors		
(i) Be it resolved that Dr. Rollin Bertrand who retires by rotation and being eligible, be re-elected a director of the company in accordance with Paragraph 4.6.1 of the Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
(ii) Be it resolved that Mr. Bevon Francis who retires by rotation and being eligible, be re-elected a director of the company in accordance with Paragraph 4.6.1 of the Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
(iii) Be it resolved that Mr. Carlos Hee Houng who retires by rotation and being eligible, be re-elected a director of the company in accordance with Paragraph 4.6.1 of the Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
(iv) Be it resolved that Mr. Brian Young who retires by rotation and being eligible, be re-elected a director of the company in accordance with Paragraph 4.6.1 of the Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
(v) Be it resolved that Mr. Jean Michel Allard who retires by rotation and being eligible, be re-elected a director of the company in accordance with Paragraph 4.6.1 of the Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
(vi) Be it resolved that Mr. Keston Nancoo be elected a director of the company in accordance with Paragraph 4.4.1 of Bye-law No. 1 until the conclusion of the second Annual Meeting following.	☐	☐
3. Be it resolved that Ernst & Young be appointed as the Auditors for the year 2013 and that the Board be authorised to fix their remuneration.	☐	☐

Proxy Form (continued)

NOTES:

1. A member may appoint a proxy of his or her choice. If such appointment is made, delete the words "the Chairman of the meeting" and insert the name of the person appointed proxy in the space provided.
2. 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.
3. If the form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
4. To be valid, this form must be completed and deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. Any alterations made on this form should be initialled.

Return to: The General Manager
Trinidad and Tobago Central Depository Limited
10th Floor Nicholas Tower
63-65 Independence Square
Port of Spain
Trinidad & Tobago, W.I.

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Number of Shares ________________________________

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ONE COMPANY

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