CONSOLIDATED INTERIM FINANCIAL REPORT

TRINIDAD CEMENT LIMITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Jul to Sep		UNAUDITED Nine Months Jan to Sep		AUDITED Year Jan to Dec
	2010	2009	2010	2009	2009
REVENUE	371,070	439,421	1,202,349	1,369,226	1,755,837
CONTINUING OPERATIONS:					
Operating Profit/(Loss) from Continuing Operations	(65,850)	44,268	34,909	206,460	254,597
Foreign exchange gain/(loss)	(1,233)	(3,686)	4,639	(22,120)	(24,842)
Finance costs - net	(39,825)	(36,971)	(117,466)	(110,409)	(139,218)
Profit/(Loss) before Taxation	(106,908)	3,611	(77,918)	73,931	90,537
Taxation	41,318	10,304	52,296	9,515	10,239
Profit/(Loss) after Taxation from Continuing Operations	(65,590)	13,915	(25,622)	83,446	100,776
DISCONTINUED OPERATIONS:					
Loss after Taxation from Discontinued Operations	(2,959)	(1,013)	(3,987)	(4,191)	(6,495)
Reversal of Gain on sale of Discontinued Operations	(8,949)	–	–	–	–
	(11,908)	(1,013)	(3,987)	(4,191)	(6,495)
Total Profit/(Loss) after Taxation	(77,498)	12,902	(29,609)	79,255	94,281
Attributable to:					
Shareholders of the Parent	(55,134)	17,890	(7,693)	77,907	95,820
Minority Interests	(22,364)	(4,988)	(21,916)	1,348	(1,539)
	(77,498)	12,902	(29,609)	79,255	94,281
Earnings per Share - basic and diluted, cents	(23)	7	(3)	32	39
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	(29,566)	81,100	144,537	317,778	406,246

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Jul to Sep		UNAUDITED Nine Months Jan to Sep		AUDITED Year Jan to Dec
	2010	2009	2010	2009	2009
Profit/(Loss) after Taxation	(77,498)	12,902	(29,609)	79,255	94,281
Currency translation	310	(7,334)	14,337	(55,462)	(32,134)
Change in fair value of swap, net of tax	(3,615)	(1,635)	(9,845)	9,980	12,650
	(80,803)	3,993	(25,117)	33,773	74,797
Attributable to:					
Shareholders of the Parent	(59,437)	8,139	(4,286)	43,561	85,525
Minority Interests	(21,366)	(4,206)	(20,831)	(9,788)	(10,728)
	(80,803)	3,933	(25,117)	33,773	74,797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.09.2010	UNAUDITED 30.09.2009	AUDITED 31.12.2009
Non-Current Assets	3,226,927	3,151,392	3,252,829
Current Assets	807,953	772,304	781,547
Current Liabilities	(954,449)	(774,784)	(835,668)
Non-Current Liabilities	(1,522,778)	(1,610,861)	(1,619,421)
Total Net Assets	1,557,653	1,538,051	1,579,287
Share Capital	466,206	466,206	466,206
Reserves	989,247	949,508	993,533
Equity attributable to Shareholders of the Parent	1,455,453	1,415,714	1,459,739
Minority Interests	102,200	122,337	119,548
Total Equity	1,557,653	1,538,051	1,579,287

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT		
	UNAUDITED Nine Months Jan to Sep	UNAUDITED Nine Months Jan to Sep	AUDITED Year Jan to Dec
	2010	2009	2009
Balance at beginning of period	1,459,739	1,372,153	1,372,153
Currency translation and other adjustments	13,252	(44,326)	(22,945)
Allocation to employees and sale of ESOP shares, net of dividend	–	–	913
Change in fair value of swap, net of tax	(9,845)	9,980	12,650
Profit/(Loss) after taxation	(7,693)	77,907	95,820
Dividends (paid)/forfeited	–	–	1,148
Balance at end of period	1,455,453	1,415,714	1,459,739

Notes:

1. Accounting Policies
Accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2009, except as indicated in note 4 below. The Group has adopted all the new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after January 01, 2010 and which are relevant to the Group's operations. The adoption of these standards and interpretations did not have any material effect on the Group's financial position or results.

2. Earnings Per share
Earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares in issue for the period has been determined by deducting from the total number of issued shares of 249.765M, the 4.294M (2009: 4.451M) shares that were held as unallocated shares by our ESOP.

3. Segment Information
Management's principal reporting and decision making are by product and accordingly the segment information is so presented.

4. Loan Covenants
The Group was not compliant with loan covenants relating to short term borrowings and current ratio at September 30 2010. The Group has started discussion with lenders on a debt restructuring exercise that will also include the rationalisation of loan covenants. In the current situation in accordance with IAS 1, long term debt should have been re-classified as current at the balance sheet date but in view of the restructuring exercise underway this was not complied with.

5. Reversal of disposal of subsidiary
The Net Losses Attributable to Group Shareholders for Q3 was also negatively impacted by $8.5m from the reversal of the sale and consequential gain, reported in the first quarter, for the St. Maarten subsidiaries (ICNV and IC SARL), and the taking up of their losses for the nine month period to September 30, 2010, as the purchaser reneged on the sale agreement by failing to transfer the purchase consideration apart from a small deposit.

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Nine Months Jan to Sep	UNAUDITED Nine Months Jan to Sep	AUDITED Year Jan to Dec
	2010	2009	2009
Profit/(Loss) before Taxation from Continuing Operations	(77,918)	73,931	90,537
Loss after Taxation from Discontinued Operations	(3,987)	(4,191)	(6,495)
Profit/(Loss) before Taxation	(81,905)	69,740	84,042
Adjustment for non-cash items	250,219	281,459	310,611
	168,314	351,199	394,653
Changes in working capital	(1,677)	(51,551)	(12,563)
	166,637	299,648	382,090
Net Interest, taxation and pension contributions paid	(125,339)	(128,818)	(154,312)
Net cash generated by operating activities	41,298	170,830	227,778
Net cash used in investing activities	(42,553)	(158,905)	(241,488)
Net cash (used in)/generated by financing activities	(89,282)	(83,009)	869
Decrease in cash and cash equivalents	(90,537)	(71,084)	(12,841)
Currency adjustment – opening balance	275	3,841	6,967
Cash and cash equivalents – beginning of period	(20,696)	(14,822)	(14,822)
Cash and cash equivalents – end of period	(110,958)	(82,065)	(20,696)

SEGMENT INFORMATION

TT$ '000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2010					
Revenue					
Total	1,294,609	112,929	69,829	–	1,477,367
Intersegment	(212,783)	–	(62,235)	–	(275,018)
Third Party	1,081,826	112,929	7,594	–	1,202,349
Profit/(Loss) before tax	(95,228)	(946)	9,726	4,543	(81,905)
Depreciation	121,040	7,747	1,726	(4,045)	126,468
Segment Assets	4,465,125	172,994	107,662	(710,901)	4,034,880
Segment Liabilities	2,791,536	69,479	34,886	(418,674)	2,477,227
Capital expenditure	39,477	2,776	300	–	42,553
UNAUDITED NINE MONTHS JAN TO SEP 2009					
Revenue					
Total	1,452,686	170,933	62,574	–	1,686,193
Intersegment	(264,881)	–	(52,086)	–	(316,967)
Third Party	1,187,805	170,933	10,488	–	1,369,226
Profit before tax	39,782	19,408	6,047	4,503	69,740
Depreciation	109,665	8,457	1,335	(3,948)	115,509
Segment Assets	4,286,539	180,998	96,440	(640,281)	3,923,696
Segment Liabilities	2,653,001	71,592	25,385	(364,333)	2,385,645
Capital expenditure	153,760	4,883	262	–	158,905
AUDITED YEAR JAN TO DEC 2009					
Revenue					
Total	1,842,287	210,850	82,838	–	2,135,975
Intersegment	(311,072)	–	(69,066)	–	(380,138)
Third Party	1,531,215	210,850	13,772	–	1,755,837
Profit before tax	55,265	15,630	6,459	6,688	84,042
Depreciation	144,635	9,798	2,581	(5,365)	151,649
Segment Assets	4,445,176	176,078	95,778	(682,656)	4,034,376
Segment Liabilities	2,810,720	68,065	30,253	(453,949)	2,455,089
Capital expenditure	233,159	7,561	1,086	–	241,806

DIRECTORS' STATEMENT

Performance

The Group recorded very disappointing but not unexpected results for the third quarter ended September 30, 2010 with Net Losses Attributable to Group Shareholders of $55.1m compared with a Net Profit Attributable to Shareholders of $17.9m in the prior year period. Whilst our Trinidad businesses remained profitable notwithstanding lower demand levels, heavy losses were incurred by the Jamaican and Barbadian subsidiaries due to continued depressed market conditions.

Those two markets declined by a further 17% and 20% respectively in 2010. Caribbean economies remain challenged even though the economic recovery in North America and Europe seems to have started. Persistently heavy rainfall throughout the region further hindered sales in the third quarter. As a result of the low sales, the kiln in Jamaica was taken out of service for 40 days in order to monetize high inventories and the Barbados plant is undertaking a similar shutdown in Q4. These lower plant utilization rates resulted in expected heavy losses due to the high proportion of fixed costs that are incurred at each plant. The Operating Loss for the quarter was also negatively impacted by a charge of $6.8m for a staff reduction programme at the Jamaica subsidiary.

For the nine months ended September 30, 2010, the Group recorded a Net Loss Attributable to Group Shareholders of $7.7m compared with a Net Profit Attributable to Group Shareholders of $77.9m in the prior year period. For the same nine-month period, Cash from Operations was a positive $41m after settling all interest payments falling due but this surplus was fully absorbed by capital expenditure of $43m, and, as a consequence, principal repayment of $89m led to increased short term borrowings of $91m.

By way of comparison the three largest global cement manufacturers have all reported reduced demand in their cement markets and significantly reduced net income for the same period. One of them reported a net loss of US$86m for the third quarter. All three have however indicated that there are signs of the beginning of a recovery in demand in the fourth quarter. Similarly we have seen indications of increased demand, particularly in Jamaica and Trinidad over the past two months. This suggests that a slow recovery has started in our markets.

Debt Restructuring

To allow the Group's operations to be funded from lower income streams, the Group has embarked on a debt restructuring exercise which seeks to defer principal repayments on long-term loans due in 2011-2013 and convert short-term loans into longer term facilities. As compensation to lenders, the Group has proposed a reasonable increase in the rates of interest and security for unsecured lines. Principally due to heavy losses incurred by the subsidiaries in Jamaica and Barbados, the Group has breached its short-term borrowings and current ratio covenants. These matters are being addressed with lenders in the debt restructuring exercise for the rationalization of the Group's debt service obligations and ratio covenants. This is very similar to what was done by one of the said three global cement manufacturers towards the end of 2009.

Outlook

We have over the past two months seen a small increase in demand. There are indications that a slow recovery has started. Operationally, the Group continues to take severe measures to reduce costs and to counter the decline in domestic sales, we continue to increase our penetration of the Brazilian, Haitian and Venezuelan markets while aggressively pursuing new export markets such as Colombia and the French West Indies. In Trinidad and Tobago, the Government has signalled its intention to stimulate construction activity. Specific projects have accordingly been announced, i.e. the Mamoral Dam and the Point Fortin Highway. In Barbados the construction of Four Seasons Hotel is about to commence. This has created an expectation for increased cement demand in 2011. It is recognized that until the Jamaican subsidiary rebounds through increased local and export sales, the Group's performance will be less than satisfactory. In this context, CCCL has initiated discussions with interested parties for the supply of an additional 200,000mt of cement annually to a significant regional export market. This contract will supplement the Jamaican domestic demand and restore reasonable returns to that subsidiary. The negotiations are at a sensitive stage and are expected to be concluded within the first quarter of 2011.

Andy J. Bhajan

Andy Bhajan
Chairman
December 3, 2010

Dr. Rollin Bertrand
Director/Group CEO
December 3, 2010