ANNUAL REPORT 2010

ONE CARIBBEAN...
ONE COMPANY

Our Mission

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.

Our Vision

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.

www.tclgroup.com

2010

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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. Jeffrey McFarlane
Dr. Aleem Mohammed
Dr. Leonard Nurse
Mr. Luis Miguel Cantú Pinto
Mr. Brian Young

Company Secretary
Mr. Alan Nobie

Group Chief Executive Officer
Dr. Rollin Bertrand

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

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

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

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

Registrar & Transfer Agent
Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower
63-65 Independence Square
Port of Spain

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 Stock Exchange
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.

Notice is hereby given that the ANNUAL MEETING of TRINIDAD CEMENT LIMITED for the year ended December 31, 2010 will be held at the Training Room, TCL Compound, Southern Main Road, Claxton Bay, on July 15, 2011 at 4:30 p.m. for the 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 December 31, 2010, with the Report of the Auditors thereon.
2. To elect Directors.
3. To appoint Auditors and authorise the Directors to fix their remuneration for the ensuing year.
4. To transact any other business which may be properly brought before the meeting.

Notes

1. **Record Date**

   The Directors have fixed June 20, 2011 as the record date for shareholders entitled to receive notice of the Annual Meeting. Formal notice of the Meeting will be sent to shareholders on the Register of Members as at the close of business on that date. A list of such shareholders will be available for examination by shareholders at the registered office of The Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, during usual business hours and at the Annual Meeting.

2. **Proxies**

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

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

BY ORDER OF THE BOARD

Alan Nobie

SECRETARY

June 10, 2011

Ten Year Consolidated Financial Summary

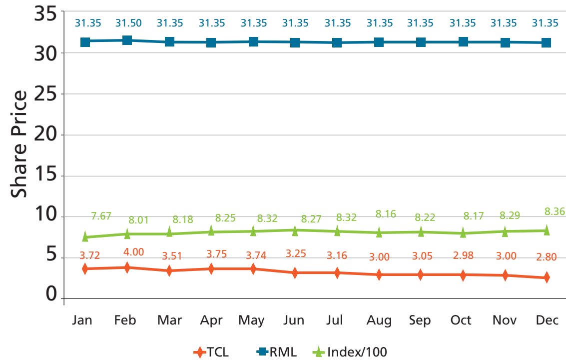
	UOM	2001	2002	2003	2004	2005
Group Third Party Revenue	TT$ m	1,054.0	1,131.8	1,155.7	1,329.9	1,429.8
Operating Profit	TT$ m	228.3	246.7	264.0	304.1	183.9
Group Profit before Taxation	TT$ m	139.8	160.3	173.2	199.3	86.8
Group Profit attributable to Shareholders	TT$ m	93.0	118.5	121.4	162.3	160.3
Foreign Exchange Earnings	TT$ m	176.3	176.2	184.0	192.8	162.3
Earnings Per Share (EPS)	TT$	0.37	0.49	0.50	0.67	0.66
Ordinary Dividend per Share	TT$	0.14	0.18	0.18	0.20	0.15
Issued Share Capital – Ordinary	TT$ m	466.2	466.2	466.2	466.2	466.2
Shareholders' Equity	TT$ m	699.0	765.3	804.4	939.4	1,031.8
Group Equity	TT$ m	913.5	960.8	905.6	1,061.7	1,139.1
Total Assets	TT$ m	2,356.0	2,320.9	2,239.4	2,394.5	2,948.2
Net Assets per Share	TT$	3.66	3.85	3.63	4.25	4.56
Return on Shareholders' Equity	%	13.2	16.2	15.5	18.6	15.5
Share Price (Dec 31)	TT$	3.65	5.70	6.00	8.05	10.00
No. of Shares Outstanding (Dec 31)	'000	249,765	249,765	249,765	249,765	249,765
Market Capitalisation (Dec 31)	TT$ m	911.6	1,423.7	1,498.6	2,010.6	2,497.7
Total Long Term Debt	TT$ m	982.4	922.1	832.3	848.0	1,181.6
Total Long Term Debt/Equity Ratio	%	107.5	96.0	91.9	79.9	103.7

Ten Year Consolidated Financial Summary

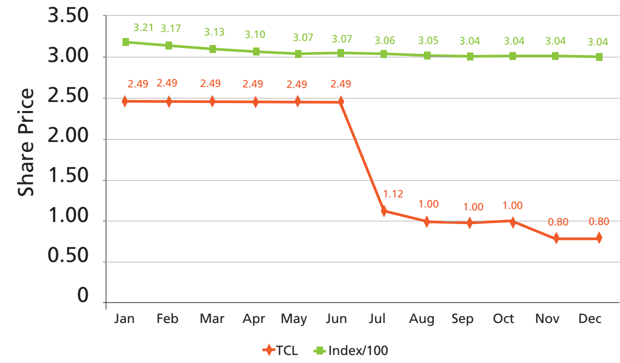
	UOM	2006	2007	2008	2009	2010
Group Third Party Revenue	TT$ m	1,719.0	1,923.0	2,074.4	1,755.8	1,561.1
Operating Profit	TT$ m	264.8	349.4	307.2	248.1	(1.2)
Group Profit before Taxation	TT$ m	160.5	245.7	195.9	84.0	(149.6)
Group Profit attributable to Shareholders	TT$ m	145.7	187.8	137.4	95.8	(48.5)
Foreign Exchange Earnings	TT$ m	231.8	292.3	362.4	327.7	239.3
Earnings Per Share (EPS)	TT$	0.60	0.77	0.56	0.39	(0.20)
Ordinary Dividend per Share	TT$	0.06	0.07	-	-	-
Issued Share Capital – Ordinary	TT$ m	466.2	466.2	466.2	466.2	466.2
Shareholders' Equity	TT$ m	1,159.0	1,313.7	1,372.2	1,459.7	1,424.9
Group Equity	TT$ m	1,267.5	1,442.3	1,504.3	1,579.3	1,517.3
Total Assets	TT$ m	3,230.0	3,621.6	3,994.7	4,034.4	4,120.9
Net Assets per Share	TT$	5.07	5.77	6.02	6.32	6.07
Return on Shareholders' Equity	%	12.6	14.3	10.0	6.6	(3.4)
Share Price (Dec 31)	TT$	7.01	7.35	4.00	3.85	2.80
No. of Shares Outstanding (Dec 31)	'000	249,765	249,765	249,765	249,765	249,765
Market Capitalisation (Dec 31)	TT$ m	1,750.9	1,835.8	999.1	961.6	699.3
Total Long Term Debt	TT$ m	1,253.9	1,395.6	1,444.8	1,359.0	1,242.9
Total Long Term Debt/Equity Ratio	%	98.9	96.8	96.0	86.1	81.9

Note: Issued shares increased by 40,284,699 in 2000 to 249,765,136 at present.

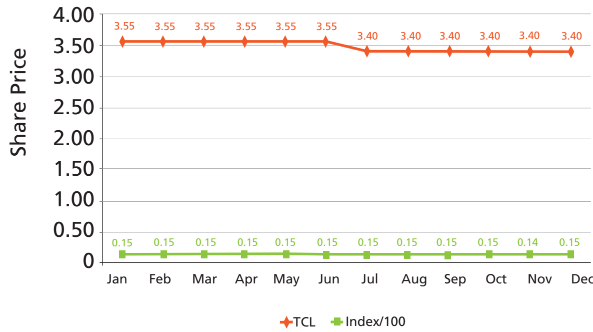
TTSE



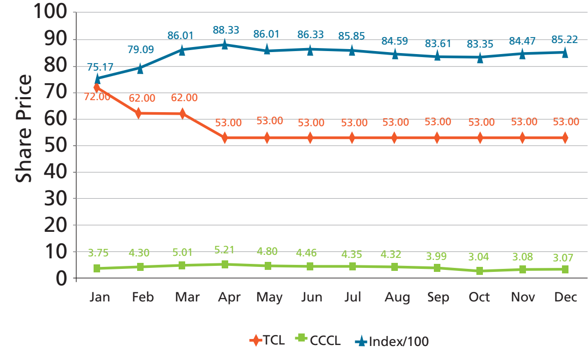
BSE



ECSE



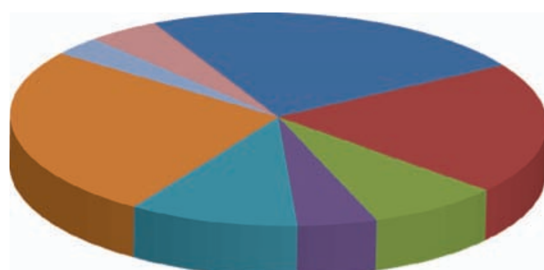
JSE



Share & Performance Highlights

		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
T'dad	TCL	584,306	317,667	203,648	51,827	223,994	720,788
	RML	-	-	-	-	-	-
BSE	TCL	-	-	-	-	-	-
J'ca	TCL	-	100	-	100	404	-
	CCCL	715,629	1,197,985	653,745	978,409	520,280	256,875
ECSE	TCL	-	-	-	-	-	-

		Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	TOTAL
T'dad	TCL	3,265,747	122,097	138,896	86,856	921,340	257,112	6,894,278
	RML	-	-	-	-	10	-	10
BSE	TCL	10,000	2,500	-	-	57,842	-	70,342
J'ca	TCL	-	-	-	-	-	-	604
	CCCL	2,548,018	717,557	177,236	380,822	234,347	2,625,077	11,005,980
ECSE	TCL	20	-	-	-	-	-	20



Category	% Distribution
Individuals	23.99%
Sierra Trading	20.00%
Baleno Holding	8.21%
Unit Trust	4.49%
NIB	10.16%
Banks / Pension Funds	25.84%
Insurance Companies	2.89%
Other Foreign Investors	4.42%
Total	100.00%

Group Performance Highlights

			2010	2009	% Change
Income Statement					
Group Third Party Revenue ($m)			1,561.1	1,755.8	(11.1)
Group (Loss)/Profit attributable to Shareholders ($m)			(48.5)	95.8	(150.6)
Foreign exchange earnings ($m)			239.3	327.7	(27.0)
Balance Sheet					
Total Assets ($m)			4,120.9	4,034.4	2.1
Shareholders' Equity ($m)			1,424.9	1,459.7	(2.4)
Net Assets per Share ($)			6.1	6.3	(3.9)
Total Long-Term Debt ($m)			1,242.9	1,359.0	(8.5)
Total Long-Term Debt to Equity Ratio (%)			81.9	86.1	(4.8)
Operational Highlights					
TCL	Clinker production	'000 tonnes	622.4	643.2	(3.2)
	Cement sales - Local	"	548.4	634.2	(13.5)
	Cement sales - Export	"	245.0	233.3	5.0
	Cement sales - Total	"	793.4	867.5	(8.5)
CCCL	Clinker production	'000 tonnes	629.4	742.2	(15.2)
	Cement sales - Local	"	531.6	652.6	(18.5)
	Cement sales - Export	"	195.2	88.9	119.6
	Cement sales - Total	"	726.8	741.5	(2.0)
ACCL	Clinker production	'000 tonnes	194.1	248.0	(21.7)
	Cement sales - Local	"	112.5	139.1	(19.1)
	Cement sales - Export	"	127.8	111.9	14.2
	Cement sales - Total	"	240.3	251.0	(4.3)
TPL	Paper sack production	millions	29.7	26.5	12.1
	Paper sack sales	"	31.6	30.6	3.3
TPM	Sling production	thousands	375.0	210.5	78.1
	Sling sales	"	346.5	277.3	25.0
	Jumbo bag sales	"	79.4	53.2	49.2
RML Group	Concrete sales				
	–T&T,BDS,St.Maarten	'000m3	119.8	173.5	(31.0)
JGQ	Gypsum sales	'000 tonnes	209.7	172.5	21.6

L–R:

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.

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

Bevon Francis - Director, Trinidad Cement Limited; Director, Caribbean Cement Company Limited

Carlos Hee Houng - Director, Trinidad Cement Limited

Board of Directors

L–R:

Jeffrey McFarlane - Chairman, Arawak Cement Company Limited; Director, Trinidad Cement Limited

Luis Miguel Cantú Pinto - Director, Trinidad Cement Limited

Dr. Aleem Mohammed - Director, Trinidad Cement Limited

Dr. Leonard Nurse - Director, Trinidad Cement Limited

Brian Young - Chairman, Caribbean Cement Company Limited; Director, Trinidad Cement Limited

Andy J. Bhajan - *Group 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 16 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, TCL (Nevis) Limited.*

Dr. Rollin Bertrand is the Chief Executive Officer of the TCL Group. He is Chairman of the Board of Trustees of the Caribbean Court of Justice Trust Fund and Chairman of Trinidad Aggregate Products Limited. He was formerly the General Manager of Arawak Cement Company Limited (1994 – 1998), President of the Association of Cement Producers for Latin America and the Caribbean, President of the Caribbean Association of Industry and Commerce (2003 – 2005), Chairman of the Water and Sewerage Authority (2006 – 2008) and a Director of the Trinidad and Tobago Stock Exchange (2002 – 2011).
Dr. Bertrand obtained a BSc (Sp. Hons.1979) Degree and PhD in Geology (1984) from the University of the West Indies, Mona, Jamaica as well as an Executive Masters Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine, Trinidad.

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

Ms. Carrington is the Executive Director of 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 degree and a MSc in Economics. Her career in investments spans a period of 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.
She has served as Secretary of the Economics Association of Trinidad and Tobago and a member of the Technical Committee appointed by the Cabinet of Trinidad and Tobago to assist in the formulation of Mutual Fund Legislation.
Ms. Carrington is also Alternate Director of Readymix (West Indies) Limited and a Director of Trinidad Cement Limited.

Bevon Francis - *Director, Trinidad Cement Limited; Director, 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 Ltd. (CCCL).
Mr. Francis graduated from the University of the West Indies (St. Augustine Campus) with a degree in Electrical Engineering and subsequently attained a Diploma in Management Studies from the University of the West Indies (Mona Campus) and a Master of Business Administration (Finance) from the University of Manchester and the University of Wales.
Mr. Francis has held the position of Senior Executive Manager at several manufacturing companies in Jamaica and is currently the Executive Chairman of Peak Bottling Company Limited. He also serves as Deputy Chairman on the Board of IGL Ltd., and as a Director on the Boards of The House of Issa, Issa Hotels and Resorts Ltd., Issa Transport Group, Caribbean Basin Investors Ltd., and IGL Ltd.

Carlos Hee Houng - *Director, Trinidad Cement Limited.*

Mr. Carlos Hee Houng is a Chemical Engineer with 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. Mr. Hee Houng was named among the fifty distinguished alumni at UWI's 50th anniversary celebrations recently.

Jeffrey McFarlane - *Chairman, Arawak Cement Company Limited; Director, Trinidad Cement Limited.*

Mr. Jeffrey McFarlane is a former Executive Director of the National Insurance Board of Trinidad and Tobago. He is currently a Director on the Boards of the Home Mortgage Bank, Trinidad Cement Limited and Chairman of Arawak Cement Company Limited. He graduated from the University of the West Indies in 1974 with a Bachelor of Laws Degree - Upper Second Class Honors and in 1980 completed the MSc, Social Policy and Planning in Developing Countries from the University of London. He possesses a wealth of knowledge gleaned from Local and International conferences, Training Programmes and Seminars for Executives in the areas of, inter alia, Social Security policy, Legislation and Operations, Executive Management Development, Information Systems and Human Resource Development.

Luis Miguel Cantú Pinto - Director, Trinidad Cement Limited; Director.

Mr. Luis Miguel Cantú Pinto is President of CEMEX for the Caribbean region since November 2009. As such, he is responsible for the company's Cement and Readymix businesses in the Dominican Republic, Puerto Rico, Haiti, Jamaica, Bahamas, Bermuda, Argentina and Brasil.

Since 1993, Mr. Pinto has held different positions in CEMEX. He has been the leader of a Business Process Evolution team; Director of Marketing and Product Management and Director of Sales for Arkio, a division of CEMEX that marketed building materials; Director of Business Development for Construforum; Planning Manager for CEMEX in the USA, and Operations Manager for CEMEX in Panama.

In 2006, he was appointed Director of CEMEX Latvia and in 2007 became the President of CEMEX Poland and Czech Republic.

Mr. Pinto holds an MBA and MS in Manufacturing Systems Engineering from Stanford University and a BS in Mechanical Engineering from Texas A&M University.

Dr. Aleem Mohammed - *Director, Trinidad Cement Limited.*

Dr. Aleem Mohammed was appointed to the TCL Board of Directors in July 2007. He is the Chairman of S.M. Jaleel & Company Limited. Dr. Mohammed graduated as a medical doctor from the University of the West Indies in 1977 and was awarded an Honorary Degree of Doctors of Laws (LLD) in 2003. In 2005, he was also the recipient of the Chaconia Gold Medal for Business Enterprise. Dr. Mohammed is Director of SMJ Beverages (Barbados, Suriname, St. Vincent, St. Lucia, UK, USA and Canada), Jamaica Beverages Limited, Guyana Beverages Limited, Guardian Holdings Limited, Arthur Lok Jack Graduate School of Business and National Energy Skills Centre.

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.

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 Neal and Massy Holdings Limited, and Bermudez Group Limited (all based in Trinidad). He is also on the Board of Directors of the following Jamaican companies:- Neal and Massy Group Jamaica Limited, Cool Petroleum Limited, Jamaica Biscuit Company Limited and Trade Winds Limited.

TCL GROUP – BOARD SUB-COMMITTEES

Governance Committee Members:	Mr. A. J. Bhajan (Chairman) Mr. B. Young Dr. A. Mohammed
Audit Committee Members:	Mr. B. Young (Chairman) Ms. E. Carrington Mr. J. McFarlane
Finance Committee Members:	Ms. E. Carrington (Chairman) Dr. R. Bertrand (Group CEO) Mr. L. Parmasar (Group Finance Manager) Mr. J. McFarlane Mr. B. Young
Human Resource Committee Members:	Dr. R. Bertrand (Group CEO) Mr. D. Caesar (Group Human Resource Manager) Ms. E. Carrington Mr. J. McFarlane
Board Marketing Committee Members:	Mr. C. Hee Houng (Chairman) Dr. R. Bertrand (Group CEO) Mr. E. Daniel (General Manager – International Business & Marketing)
TCL Board Operating Committee Members:	Mr. H.N. Hosein (Chairman) Dr. R. Bertrand (Group CEO) Mr. L. Parmasar (Group Finance Manager) Mr. A. Ramcharan

Andy J. Bhajan - Group Chairman

The year 2010 was a very difficult one as the TCL Group continued to grapple with the impact of world and regional economic contraction. Jamaica and Barbados experienced GDP declines estimated at 1.1% and 0.5% respectively. Trinidad and Tobago experienced no growth and most Eastern Caribbean territories suffered declines in GDP ranging from 1.5% to 4.1%, according to the Country Reports of the International Monetary Fund (IMF).

In most of these Countries, the Construction sector was one of the hardest hit sectors and consequently cement demand declined dramatically. This decline in demand was compounded by the dumping of cement in Jamaica and competition in other territories. As a consequence, domestic cement sales volumes, which generate the bulk of the Group's profit margin declined by 16.4% compared with 2009. Between 2010 and 2008 there has been a 25% decline in domestic sales volume. Accordingly, Group revenue decreased by $ 179 million (10%) in 2010 after falling by $334 million (19%) in 2009.

Due to the depressed market conditions, the levels of inventory at two of the Group's subsidiary Companies became unsustainably high, necessitating the extended shutdown of kilns in Jamaica and Barbados. While this monetisation of inventory enhanced the Group's cash conservation efforts, it adversely affected its profitability since significant fixed costs were released into the earnings statement during the period of non-production. The Group's profitability was also adversely impacted by higher operating costs as a result of higher fuel prices and higher personnel costs relating to termination and pension benefits.

The overall impact was a fall in operating profit by $254 million or 99% and Losses attributable to Shareholders of $49 million compared with a profit of $96million in 2009. This translates to a Loss per Share of 20 cents, as against Earnings per Share of 39 cents for 2009. This was the first loss sustained by the Group in twenty four years, reflecting the impact of the most severe global economic downturn in eighty years. A more detailed analysis of the Group's

financial performance is provided in the Group CEO's Report and Management Discussion, which follows at page 19.

The experience of the TCL Group during 2010 is not unique. The scale and scope of the economic downturn has affected many companies in the international building materials industry. Among global cement producers, profitability has generally been negative. Many of these companies have been forced into debt restructuring, manpower reduction and asset divestment programs. In some cases, new equity capital has had to be sourced in an effort to reduce the debt load.

Outlook

The TCL Group has adopted a three-pronged strategy to deal with the current economic environment. The strategy involves firstly, targeting new, high value markets, such as, the French West Indies, Brazil and Haiti. In addition, negotiations are at an advanced stage for the supply of significant volumes of cement to a South American country out of Jamaica. The second component of the Group's recovery strategy has been cost reduction, and the third, debt re-profiling.

New Market Initiatives

There has already been appreciable success in market entry into Haiti and Brazil. In Haiti, where there is great long term growth potential, Carib Cement entered the market in March 2010 and sales have been increasing. The Group has also entered into a joint venture arrangement with a Haitian business group for the establishment of a warehouse, in the first instance, with construction of a terminal in the medium term as demand increases. The site in Port-au-Prince provides the Group with attractive port access for imports out of Jamaica. In Brazil, the requirement for cement is expected to grow to meet the construction demands arising from the staging of the FIFA World Cup in 2014 and the Olympic Games in 2016. TCL commenced cement exports to Brazil in late 2009 and sales have been increasing, with prospects for further increases. Entry into the French West Indian market is pending product certification, which is currently being processed. It is expected that sales would commence early in the third quarter of 2011. The Group is also poised to service an increase in demand in its traditional markets once there is a sustained rebound in the regional economy.

Cost Reduction Strategies

In relation to cost reduction, steps have been implemented to reduce both fixed and variable costs for the Group. This includes a sustainable manpower reduction across companies, reduction in discretionary expenditure, and the outsourcing of some operational activities, resulting in savings and reduction in inventory levels. There has also been a focus on reducing energy costs by pursuing the use of alternative fuels, among other initiatives.

Debt Re-profiling for the TCL Group

Faced with the fall in cement demand and declining revenues, the TCL Group approached its primary lenders seeking to restructure its debt amounting to $1.7 billion (US $260 million). Essentially, what was being sought was a re-profiling of the debt incorporating a moratorium and lengthening of the tenor of the debt instruments in order to provide 'breathing space' for the Group during the current low level of the economic cycle.

Much of the debt was incurred for the Group's capacity expansion program during the period 2006 to 2009 when regional cement demand was very strong and was projected to continue to grow for the foreseeable future. The programme having been substantially completed just when the global economic crisis hit the region, the Group has been forced to make severe adjustments taking steps to reduce operating costs. The capacity expansion, however, has resulted in greater competitiveness, providing a good platform to pursue opportunities and penetrate the targeted new markets.

The debt restructuring process involved negotiation with the Lenders' Steering Committee formed by the majority of creditors, supported by their advisor, FTI Consulting Canada ULC. The TCL group is supported in this exercise by its advisor, BroadSpan Capital LLC

The Current Status

After careful review of the business plans and projected cash flows, the TCL Group submitted proposals for the re-profiling of its debt portfolio to Lenders. There have been several rounds of discussions on these proposals, with formal meetings held on May 12 and June 2 2011, which have resulted in a number of counter-proposals

and re-proposals. Generally, the parties are drawing closer on the financial terms of the re-profiling.

The Next Steps

On reaching agreement on the detailed terms and conditions of the debt restructuring, a term sheet will be generated for approval by the Company and by its lenders. Thereafter, the requisite legal documentation will be executed. It is expected that this process will be completed during the third quarter of 2011.

The Board remains confident that the successful completion of the debt restructuring exercise will improve the TCL Group's long term prospects, resulting in a stronger Group to the benefit of all stakeholders.

Shareholder Issues

Stock Market Performance Review

The TTSE's Composite index was 9.19% higher than at the end of 2009 closing 2010 at 835.64, representing an increase of 70.36 points. The All T&T index closed 2010 at a value of 1,175.74, 76.58 base points or 6.97% higher than at year end 2009. TCL's share price closed 2009 at a value of $3.85, peaked at $4.00 in February 2010, but steadily declined to close 2010 at $2.80 representing a 27% decrease from year end 2009.

TCL's 3rd Quarter results, reporting a financial loss, were published on 6th December 2010, at which time the share price was $3.00. On 6th December, the share price moved to $2.80 on trades of 122,678 shares. For the month of December a total of 257,112 shares were traded. RML's share price remained constant at $31.35 throughout 2010.

On the TTSE, there was a 67% increase in the number of shares traded with 6,894,278 shares being traded in 2010, compared with 4,140,283 shares traded during 2009, an increase of 2,753,995 shares. The month of July was the most active for TCL shares, where 3,265,747 shares were traded. There was a significant decrease in the number of RML's shares traded, with a mere 10 shares changing hands during 2010 compared with the total of 52,992 shares which were traded in 2009.

The JSE's, the Market Index increased 2.28% between year-end 2009 and year end 2010 moving from 83,321.96 to 85,220.82. At the end of 2009, the All Jamaican Composite Index had a value of 70,995.77 and closed 2010 at 80,793.80, an increase of 13.80%. The TCL share price opened 2010 at J$72.00 but decreased 26.39% in April 2010 to close 2010 at a value of J$53.00. CCCL's share price fluctuated during 2010. At the beginning of 2010, the share price was J$4.00, peaked at J$5.01 in March and closed 2010 at J$3.07. On the JSE, 11,005,980 CCCL shares were traded during 2010, 17% higher than 2009 when 9,383,602 shares were traded. During 2010, 604 TCL shares were traded, while in 2009, 300,000 shares were traded.

On the BSE, the Composite index closed 2009 at a value of 786.11, while at year end 2010, the value fell 14.12% to 675.15. The TCL share price closed 2009 at Bds$2.49 and fell 68% to close 2010 at Bds$0.80. During 2010, 70,342 TCL shares were traded compared to the 62,563 shares traded in 2009.

The TCL share price opened 2010 at a value of EC$3.55 on the ECSE, however in July 2010, the share price fell 4.23% to $3.40. In 2009, 2,228 shares were traded, whereas only 20 shares were traded in 2010.

Dividends

The Board is unable to recommend the payment of a dividend in light of the Group's financial performance for 2010.

Corporate Governance

The TCL Group has a very well developed system of Corporate Governance. Its main features are:

- A Parent Board with shareholder representation, comprising non-executive Directors who are very experienced and knowledgeable, incorporating a diversity of skills.
- The following functioning Board Committees: Audit, Governance, Human Resource, Finance, and Marketing, chaired by non-executive parent Board Directors.
- Subsidiary Boards and Board Sub-Committees chaired by non-executive Directors, with many of the Board chairmen being parent Board members.
- A defined selection process and documented qualifications for director eligibility.
- Separation of the roles of Group Chairman and Group CEO.
- Executive compensation aligned to performance and creation of shareholder value through an Economic Value Added (EVA) system.

- A documented Code of Ethics.
- A very comprehensive Procurement Policy and Procedure.
- A defined process for monitoring trades by insiders, incorporating designated "blackout" periods.

The Group is committed to continuously reviewing and strengthening the system.

Board Changes

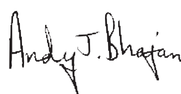
Mr. Yusuff Omar retired as a TCL Group Director in November 2010. He served the Group in various capacities for over thirty-eight years and was a Director for nineteen years. I wish to express sincere appreciation for Mr. Omar's dedicated service and for the significant contribution which he has made to the TCL Group. I wish him a very enjoyable retirement.

Mr. Bevon Francis was appointed to fill the casual vacancy arising from Mr. Omar's retirement in accordance with Clause 4.4.2 of By-Law No 1. His appointment is subject to confirmation at the Annual Meeting on July 15, 2011. Mr. Francis is a very experienced Engineer and Business Executive who is well respected in the Jamaican business community. He is also a member of the Board of Caribbean Cement Company Limited, our Jamaican subsidiary.

Acknowledgements

The year 2010 has undoubtedly been one of the most testing periods in the TCL Group's history. Nevertheless, there is a resilience which is foundational to the Group, which augurs very well for the future, even in these difficult times. In this regard, your Board has every confidence that the strategies being pursued will bear fruit and result in a return to profitability.

I want to express my sincere appreciation to my fellow Directors, the Group CEO and his team and all employees for their ongoing persistence and determination. I also want to thank our Shareholders and other Stakeholders for their continuing support, patience and understanding.



Andy J Bhajan

Group Chairman

L–R:

Dr. Rollin Bertrand - Group Chief Executive Officer

Satnarine Bachew - General Manager, Trinidad Cement Limited

David Caesar - Group Human Resource Manager

Egwin Daniel - General Manager, International Business and Marketing

Manan Deo - General Manager, Readymix (West Indies) Limited

Group Executive Committee

L–R:

Hayden Ferreira - Group Manufacturing and Development Manager

Rupert Greene - General Manager, Arawak Cement Company Limited

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

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

Jinda Maharaj - Group Energy Optimisation Manager

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

Lincoln Parmasar - Group Finance Manager

Dr. Rollin Bertrand - *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), Chairman of the Water and Sewerage Authority (2006 – 2008) and a Director of the Trinidad and Tobago Stock Exchange (2002 – 2011).

Dr. Bertrand obtained a BSc (Sp. Hons.1979) Degree and PhD in Geology (1984) from the University of the West Indies, Mona, Jamaica as well as an Executive Masters Degree in Business Administration (EMBA 1993) from the University of the West Indies, St. Augustine, Trinidad.

Satnarine Bachew - *General Manager – Trinidad Cement Limited.*

Satnarine Bachew has been with the TCL Group for the past twenty-two (22) years, and has held various positions such as Quarry Foreman, Process Engineer, Quarry Manager, Production Manager and Marketing Manager (all at TCL) as well as Operations Manager and General Manager at Arawak Cement Co. Ltd., Barbados. He holds a Bachelor of Science Degree in Geology and Mathematics from The University of the West Indies, Jamaica and is also a graduate of the Master's programmes at Dalhouse University, Nova Scotia, Canada. He also holds a Masters in Business Administration from the Arthur Lok Jack School of Business, Trinidad.

David Caesar - *Group Human Resource Manager.*

David Caesar joined the TCL Group on March 01, 2010 in the position of Group Human Resource Manager. He possesses over fifteen (15) 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 organizational change, cultural transformation and performance management.

Mr. Caesar holds a M.Sc. in Organisational Development from the American University, Washington DC, Post Graduate Diploma in Business Management from the Herriot – Watt University, Scotland and a B.Sc. in Mathematics and Economics from the University of the West Indies.

Egwin Daniel - *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 18 years, including 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.

Manan Deo - *General Manager – Readymix (West Indies) Limited.*

Manan Deo holds a BSc in Management Studies from UWI St Augustine, and an Executive MBA (Distinction) with an emphasis on International Marketing. He joined the TCL Group as Marketing Manager of TCL Packaging Limited in 1995, and in 1997 he was appointed the General Manager of both TCL Packaging Limited and TCL Ponsa Manufacturing Limited. During his time, both TPL and TPM won Exporter of the Year awards in their respective categories, particularly as a result of market breakthroughs into Colombia, Venezuela, and Cuba in particular. His most recent appointment at the TCL Group is that of General Manager – Readymix (W.I.) Limited, which took effect in 2005. Mr. Deo is currently the Chairman of the Presbyterian Primary Schools Board of Education, and also holds the position of Vice-Chairman of the Board of the JC MaDonald Home for the Aged.

Hayden Ferreira - *Group Manufacturing and Development Manager.*

Hayden Ferreira is currently the Group Manufacturing and Development Manager. He holds a B.Sc. in Mechanical Engineering and a Masters in Business Administration, and has had extensive and varied experience of successful management of manufacturing operations in energy related industries. Within this, he has held senior management responsibility for developing and integrating the major discipline areas in modern process plants. At present, Mr. Ferreira is the Chairman of the Caribbean Industrial Research Institute (CARIRI). He has also served as a Director and President of Venture Credit Union for several years, and has held other company directorships. Mr. Ferreira is also a lecturer in Production and Operations Management (Executive and International MBA) at the Arthur Lok

Jack Graduate School of Business, and has published several papers on aspects of plant and operations management.
Mr. Ferreira has the distinction of being among the fifty alumni members recently recognized in the inaugural Distinguished Campus Alumni Awards of the University of the West Indies. The award sought to highlight excellence in the careers of leading professionals and personalities who graduated from the St. Augustine Campus over its fifty-year history.

Rupert Greene - *General Manager – Arawak Cement Company Limited.*

Rupert Greene assumed the position of General Manager (Ag.) of Arawak Cement Company Limited on June 09, 2008 and as of August 01, 2010, he has been General Manager (Designate). 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 has held for the past eleven (11) 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 Bachelors Degree in Accounting.

F.L. Anthony Haynes - *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 holds a BSc in Electrical and Electronic engineering from London University, England, and was a National Scholarship winner in 1972.

Derrick Isaac - *General Manager – TCL Packaging Limited, TCL Ponsa Manufacturing.*

Derrick Isaac has been with the Group for over fifteen (15) years and has held managerial positions at Caribbean Cement Company Limited, Jamaica and Trinidad Cement Limited, Trinidad. He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). He holds a Masters of Business Administration from the University of New Orleans, and is also an Associate Member of the Association of Certified Fraud Examiners (ACFE).

Jinda Maharaj - *Group Energy Optimisation Manager.*

Jinda Maharaj was appointed Group Energy Optimisation Manager on October 1, 2010. He was formerly the General Manager of Arawak Cement Company Limited, a position he held from August 01, 2009. Mr. Maharaj possesses a wealth of knowledge and experience, having been with the TCL Group for the past 20 years. He has held various positions throughout the Group, including Engineering Services Manager, Materials Manager, Production Manager, Operations Manager (all at Trinidad Cement Ltd.) as well as Operations Manager at Arawak Cement Co. Ltd and more recently, Operations Manager at Caribbean Cement Co. Ltd.
Mr. Maharaj holds a Bachelor of Science Degree in Mechanical Engineering and a Master of Science Degree in Production Engineering and Management, both from The University of the West Indies, St. Augustine.

Alan Nobie - *Manager, Investor Relations & Corporate Communications / Company Secretary.*

Alan Nobie, Manager, Investor Relations and Corporate Communications at the TCL Group, is also the Company Secretary of TCL. He has been with the TCL Group since 1990. He is a fellow member of the Chartered Association of Certified Accountants (FCCA), and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). Mr. Nobie obtained a B.Sc. in Management Studies as well as an Executive Masters Degree in Business Administration (EMBA) from the University of the West Indies. Mr. Nobie is a former Vice-President of Trade and Trade Related Matters of the Energy Chamber.

Lincoln Parmasar - *Group Finance Manager.*

Lincoln Parmasar assumed the position of Group Finance Manager from August 1, 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.

Dr. Rollin Bertrand - Group Chief Executive Officer

1.0 HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

1.1 Occupational Safety and Health (OSH) Management

There was a general improvement of 38% in the incidence of lost-time accidents (LTAs) across the Group, with 10 LTAs among all categories of employees as compared to the total of 16 LTAs in 2009. These were distributed as follows: 8 LTAs among the 'directly employed' persons at Arawak Cement Company Ltd., Trinidad Cement Ltd. and Readymix (West Indies) Ltd., and 2 LTAs among the 'indirectly employed'/ 'Contractors' at Caribbean Cement Co. Ltd.

Commendably, TPM achieved the status of having zero LTAs for 3 consecutive years – 2010, 2009 and 2008 while TPL and TGI followed closely with no LTAs for the years 2010 and 2009. It is noteworthy that none of the member companies within the TCL Group received Occupational Safety and Health citations from any regulatory body for a breach of OSH Laws during the year 2010.

The Group maintained its 3-pronged approach to OSH Management - building robust OSH systems, managing OSH risks and building a positive safety culture. Corporate/Group HSE continued its vigilance with respect to OSH performance as monitored via the suite of proactive (leading) OSH KPIs, reported monthly to Executive Management of the TCL Group. The implementation of OSH Risk Assessment, a legal requirement in Trinidad and Tobago, commenced at the relevant companies, with TPL and TPM close to full completion at the end of 2010. An assessment of CCCL Contractor Safety Systems was conducted in 2010 and findings and recommendations were circulated Group-wide for implementation as applicable.

Towards a positive safety culture, the Behaviour Accident Prevention Programme (BAPP), which was implemented in 2009 at ACCL, RML, TPL and TPM, was strengthened in 2010. This included increased Corporate attention, wider information dissemination with the launch of newsletters among other communication channels, and coaching and training

sessions utilising in-house resources, resulting in very favourable performance rates, with TPM achieving the highest Observation Rate in the last quarter of 2010. In 2011, emphasis will be placed on improving the physical, administrative and other conditions identified as 'barriers' to safety. 'Worker safety' was also promoted through the Group's tradition of formally recognising the ILO World Day for Safety and Health at Work.

1.2 Environmental Management

In 2010, the three cement companies - TCL, CCCL and ACCL - each maintained ISO 14001 Environmental Management System certification, after successfully completing their respective surveillance audit. Several environmental improvement projects were implemented at each company, focussed on mitigating dust emissions such as at the TCL Packing Plant No. 1, ACCL's electrostatic precipitator and cyclones and CCCL's outside Clinker Bin and Packing Plant.

Some adverse environmental reports were received during 2010 from external parties, primarily related to dust emissions from operations at the cement plants. In addition, discussions were held with the Environment Management Authority in relation to the Notice of Violation of 2009 regarding RML's Melajo Quarry (status unchanged at end 2010). In 2011, all companies are implementing stricter controls and programmes to ensure compliance with legal environmental standards and requirements.

In line with the World Business Council on Sustainable Development (WBCSD) Cement Sustainability Initiative, the Group continued its monthly CO_2 accounting as part of its carbon reduction programmes. All the cement companies achieved the benchmark of 0.8 tonne CO_2 emissions per tonne of cement. Key programmes of the Group's energy optimisation strategy such as Waste Heat Recovery at ACCL and CCCL, and the use of Waste-Derived Fuels at TCL were also actively pursued with external stakeholders in 2010.

The Group continued its tradition of holding events (seminars, collaboration with external stakeholders, tree planting etc.) to observe "World Environment Day" on June 5.

2.0 FINANCIAL REVIEW AND ANALYSIS

The Group's financial performance was significantly affected by the continued decline in sales volumes especially in its three home markets. Further to a decline of 10% in 2009, local sales dropped by 16% in 2010, and an overall decrease of 25% from 2008. This situation resulted in a significant decrease in cash generation that necessitated an exercise to re-profile the Group's debt, which was initiated in 2010.

Revenue

In 2010, Group third party revenue decreased by 10.3 % or $179.4 million to $1.6 billion from $1.7 billion in 2009. The global economic slowdown continued to impact the level of cement demand in Barbados and Jamaica, with the latter being further negatively impacted by social disturbance in the first half of the year. In Trinidad and Tobago, from the announcement on April 16 of a general election date of May 24, the level of construction activity declined significantly and with it, the level of demand for cement and concrete. In Barbados, cement volumes declined by 19.1%, in Jamaica by 18.6% and Trinidad and Tobago by 13.6% while pre-mixed concrete volumes decreased by 31.0%.

Conversely, export cement volumes increased by 30.9%, with the increase coming from new markets. This contribution however, was inadequate to compensate for the loss in revenues in the Group's domestic market and related improved profit margins foregone. Total Group domestic cement volumes amounted to 1,192,500 metric tonnes (MT) compared with 1,425,900 MT for 2009, while export volumes were 568,000 MT compared with 434,100 MT for 2009. Concrete volumes amounted to 119,800 cubic meters compared with 173,500 cubic meters for 2009. The packaging sector recorded marginal improvements with sack and sling volumes increasing by 3.3% and 25.0% respectively.

Operating Profit

Operating profit from continuing operations decreased by 98.8%, or $254.1million to $3.0 million reflecting a margin of 0.2% compared with 14.8% for 2009. A high level of fixed cost is currently attached to the Group's operations with completion of its capital intensive plants expansion and when absolute revenue or revenue per unit or production volumes decline, there will be significant impact on the earnings statement. Unfortunately, all three factors moved against the Group in 2010, as absolute revenue declined by $179.4

million and average selling price per MT declined by US$9 per MT reflecting the increased level of exports in the total sales mix.

The most significant impact, however, came from the deliberate shutdown of the kilns in Jamaica and Barbados for 40 days and 98 days respectively due to unsustainably high clinker stock levels that were a consequence of the slow cement sales. In the absence of clinker production, overheads flowed directly into the earnings statement rather than being absorbed into inventory. During the year, clinker production was 1,445,940 MT compared with 1,633,452 MT for 2009, a decline of 11.5%. Operating profits were also negatively impacted by higher fuel and electricity prices, which added $28.5 million to expenses, against lower production levels, while depreciation was $15.4 million higher, due to Carib Cement's new cement mill, which was commissioned at the beginning of the year. Another contributor was an increase of $25.7 million in personnel cost related to one-time charges for termination and pensions provisions.

Net Finance Costs

Net Finance costs of $148.4 million decreased by 9.4% or $15.4 million. As a result of the stable Jamaican dollar in 2010, there were no foreign exchange losses as occurred in 2009 ($24.8 million). Interest expense remained at the same level as 2009 of $151.4 million.

Taxation

There was an overall taxation credit of $69.3 million compared to a credit of $10.3 million for the previous year, due mainly to increased losses at Caribbean Cement Company Limited.

Discontinued Operations

The operations of two of the Group's subsidiaries - Island Concrete Products N.V and Island Concrete SARL located in St. Maarten and St Martin respectively, were suspended effective December 1, 2009 and a decision was taken in March 2010 to dispose of both companies due to a major decline in the demand for concrete on the island. A loss of $4.3 million was recorded in 2010, representing impairment of certain assets and maintenance costs of property, compared to losses of $9.3 million in 2009. An offer for the purchase of the companies is being pursued.

Net Profit Attributable to Group Shareholders

The Group recorded an overall loss of $80.3 million, of which $4.3 million related to discontinued operations, compared with a profit of $94.3 million for 2009. The loss attributable to Group shareholders amounted to $48.6 million compared with a profit of $95.8 million in 2009. As a consequence, Losses per Share in 2010 was 20 cents compared with Earnings per Share (EPS) of 39 cents for 2009.

Liquidity and Financial Position

The Group generated $38.8 million in cash from operations, compared with $228.9 million for 2009, after working capital contribution of $30.9 million and settlement of higher interest payments of $155.6 million. Investment in new property, plant and equipment amounted to $63.7 million, while $8.2 million was received from the insurance claim settlement for the Bin at the CCCL plant that collapsed in 2009. The Group repaid $116.0 million in long term debt [2009: $85.9 million]. However, due to the decline in revenue, external funding was required from an increase in short-term borrowings of $73.7 million and by utilisation of credit lines, which increased by $59.5 million.

Due to the weak results for the year, key loan covenant ratios on short-term debt and working capital (current ratio) were violated at December 31, 2010. The Group was, therefore, in default of its loan agreements and consequently all long term debt in default was reclassified into current liabilities. As a result, the Group is showing a working capital deficit position of $1,359.1 million at year end. Negotiations however, were started for a re-profiling of the Group's debt with Lenders who have agreed to a process for doing so.

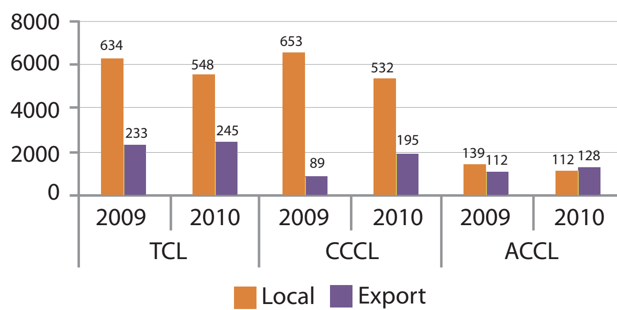
Debt Restructuring

Anticipating weak cash inflow in a challenging business environment, the Group commenced negotiation with lenders in 2010 for a re-profiling of its debt portfolio and on January 14, 2011, Trinidad Cement Limited (TCL) declared a moratorium on all debt service payments due by all entities in the TCL Group. The declaration was made after informal agreement with the majority of lenders who wanted to ensure adequate liquidity to allow for continuity of business operations and equality of treatment among lenders.

The Group has agreed to work with a Steering Committee formed by the majority of Lenders. A review of the Group's business plans and cash flow projections has been completed by an independent consultant hired by the Lenders. Based on the Group's cash flow projections, proposals were submitted by the Group and are currently being negotiated. The Group expects the re-profiling exercise to be completed by September 30, 2011.

3.0 GROUP MARKETING

Cement Sales



The Group's local cement sales volume fell for two consecutive years, due largely to depressed economic conditions associated with the downturn in economic activity. Domestic group sales fell by a further 16.4% to 1.20 million tonnes, compared to 1.43 million in 2009, while its export sales volume increased by 30.9% to 567,964 tonnes from 434,054 tonnes in 2009. Regionally, cement sales were affected by the downturn. However, aggressive penetration into new and some existing markets cushioned the full impact of declining markets. TCL Group sales continued to be hampered by unfair market competition in both Jamaica and Guyana, from the continual entry of cement without the application of the 15% Common External Tariff (CET) and also from cement that entered our regional markets at less than fair market prices.

In 2010, both TCL Packaging (TPL) and TCL Ponsa Manufacturing Limited (TPM) benefitted from increased sales. TPL experienced an increase of 10%, while TPM achieved 29% over its respective 2009 sales performance. These increases were attributed mainly to sack sales, primarily to CCCL and ACCL due to these companies' increased exports and market penetration. TPM also benefitted from greater emphasis on jumbo bag sales, which increased during the period.

A consecutive two year decline in the ready mix concrete market has plagued the RML Group. In 2010, concrete sales fell by 31% over already depressed 2009 conditions. Many factors accounted for this decline, namely reduced government spending, government's non-payment to contractors as well as overall declines in construction activity associated with depressed economic conditions. Notwithstanding, Readymix (West Indies) Limited continued to dominate the local market with 21% market share. In 2010, the Group decided to discontinue operations in St Maarten / St Martin due to continued declining sales in that market.

Quick lime and hydrated lime sales were 85% and 63% below budget, respectively, as ACCL was unable to secure new lime contracts to support sales. Lime orders were reduced to sporadic shipments primarily to Trinidad and Guyana. In October, 2010, the Lime plant was closed as part of the organisation's monetization exercise. The outlook for lime for 2011 remains unfavourable as efforts to secure orders have been unsuccessful, with customers preferring to maintain the system of periodic ordering.

The Group's other strategic business, Jamaica Gypsum and Quarries (JGQ) achieved sales of Gypsum & Anhydrite totalling 209,799 tonnes, which represents a 22% increase over its 2009 performance. This increase was due to new markets, developed in Suriname, Panama and Africa. Pozzolan sales fell short of budget due to lower domestic cement sales, and limited entry into new markets, due to high freight rates. The outlook for pozzolan sales is optimistic for 2011, as there is expressed interest from Colombia for the product.

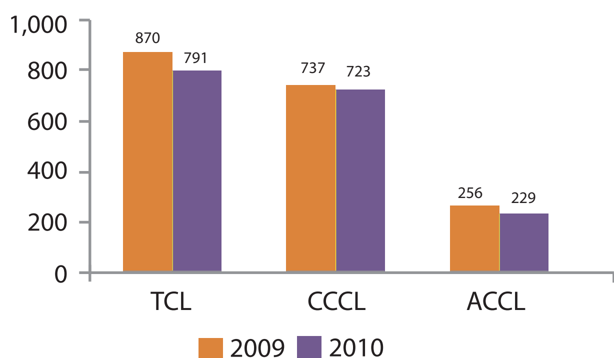
The Group's strategy of aggressive market expansion yielded benefits in 2010, as reflected in an export increase of 30.9%. New market entry access requirements for the French West Indies have been initiated and are being diligently pursued. The Group's existing markets, such as Haiti, Brazil, Cayman Islands, Bahamas and Venezuela continue to be expanded and developed.

4.0 GROUP OPERATIONS

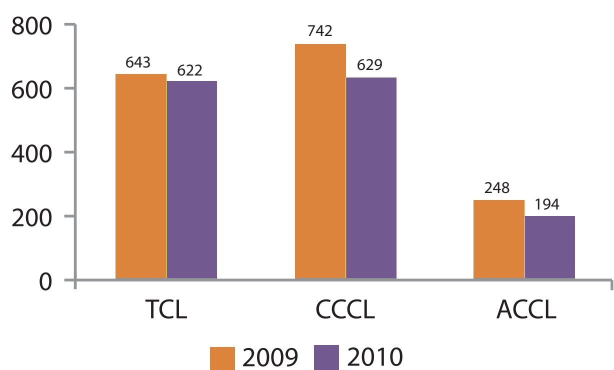
4.1 Cement Operations

Clinker Production is the Key Profit Driver of the Group. Despite some operational challenges, the Group manufactured 1,445,940 tonnes of clinker, 11.5% below the prior year's production. 500 tonnes of clinker imports was used for 2010. At CCCL, increasing

Cement Production



Clinker Production



liquidity crisis led to an extended stoppage of Kiln 5, spanning most of August and September. The kiln was restarted on September 21 and production ramped up in October and November. At TCL, the reduction in clinker production can be attributed to refractory repairs as well as low slurry stock in the latter half of the year. Given the decision to monetise clinker stocks at ACCL, the kiln was not in operation for the last quarter of the year.

Group cement production in 2010 was 1,743,358 tonnes, 6.4% lower than production of 1,862,442 tonnes in 2009. Generally, this was a reflection of market demand, with many instances of full silos limiting cement production at all sites. No cement was imported during 2010. The reduced level of cement production at CCCL was largely due to lower than projected cement sales. The decline in cement production at TCL was mainly due to lowered demand while equipment related failures, maintenance and process issues played a minor role. ACCL experienced the lowest cement production on record since 2001. The primary contributing factors were full silos and warehouse, again the result of lowered demand.

This year saw the first full year of operation for cement mill #5. The mill started the year with a number of reliability issues that impacted the uptime of the mill resulting in cement mill #4 operating more hours than budgeted. Furthermore, the mill had an extended stop for OEM modifications to the main gearbox as well as two grinding surface repair jobs. Consequently, the mill achieved a peak monthly production of approximately 56,000 MT representing 88% of the design level, a good achievement for a plant in its first year of operation.

4.2 Concrete Operations

The RML Group produced 119,803 m3 of concrete in 2010, which was 31.0% lower than production for 2009. Total production of aggregates for 2010 was 248,281 m3 compared to 272,581 m3 produced in 2009, representing a decline of 8.9%. All of the concrete plants exhibited high levels of availability throughout the year. Declining demand however, resulted in both the Pt. Lisas and Laventille plants being closed during the second half of 2010. The Mayaro Plant was returned to service during the month of March 2010 after completing major overhaul in preparation for the Galeota Port Project. Civil works on the Port project commenced during the final quarter of the year. All mobile fleet units at the concrete plants, including pumps, trucks and loaders, showed adequate availability for the entire year in review.

4.3 Packaging Operations

TPL's production for the year improved by 12.1% compared to 2009. Productivity was marginally higher than budget at 54K (sacks/employee/month), versus a budget of 52K (sacks/employee/month), and Dipeco's benchmark of 90K (sacks/employee/month). Waste for the year averaged 2.18% versus the target of 2%, and was primarily due to separation and printing problems on the tuber, in addition to valve problems and stale tubes on the bottomers.

At TPM, the total number of slings produced during the year was 78.1% higher than the prior year. Operationally, production was affected by the stock-out of critical raw material including lashings and webbing material, and this resulted in some downtime on the machines. Additionally, production was lost due to industrial action arising out of the suspension of the Union Representative, and the issuance of warning letters to a number of employees for disruptive behaviour. There were no major equipment problems during the year, and two new sewing machines were

acquired to replace ageing and defective units. The slings produced per shift per employee, averaged 55 units versus a budget of 50 units, in part the result of a special time and motion study conducted during the period. Production of jumbos for the year was below the budget by 33K bags, but higher than the prior year by 3K bags. The volume produced was mainly D1 jumbo bags, as there was a higher demand for these bags by group companies. The volume of D4 jumbos produced was lower than budget, due to the absence of demand for these bags from the fertiliser, petroleum, and iron and steel companies.

4.4 Lime & Gypsum Operations

In 2010, ACCL's Lime division was severely impacted by a depressed market. As a result, the plant was off-line for most of the year, while inventories were being used up.

Jamaica Gypsum and Quarries produced 147,103 MT of gypsum, 139,548 MT of pozzolan and 131,800 MT of shale in 2010. While pozzolan production was constrained by low sales, operational challenges curtailed gypsum production, reducing stock levels to critically low levels. Low utilization of the mobile fleet and the inability to win raw materials was the significant causal factor for the low production. The severe liquidity situation of the company delayed repair and maintenance works but several shortcomings in mobile maintenance management also surfaced and were resolved.

5.0 GROUP DEVELOPMENTAL ACTIVITIES

Following the completion of the current phase of major capital expenditure (the plant expansion in Jamaica at the end of 2009), the year 2010 focused on operational consolidation in bringing the new assets into full production. Unfortunately, this direction was significantly challenged by low demand from weak markets resulting in the undesirable periods of plant downtime. The Group's manufacturing development strategies continued its focus on operational optimisation and reliability improvement initiatives, such as the Manufacturing Excellence Transformation (MET) and Energy Optimization programmes.

5.1 Capital Development

- **Haiti**

  The development of business opportunities in Haiti was advanced with the formal start to a project with the long-term goal of establishing a terminal. The project is envisaged in three phases, the first being establishing warehousing facilities for bagged cement, the next including a silo for bulk handling capability and bagging equipment, and the final phase, the addition of larger silos. A preferred site has been identified in Port-au-Prince and preliminary engineering, including a site layout, has been completed. Site work is anticipated to begin in the third quarter 2011.

- **CCCL Cement Mill 5**

  In its first full year of operations, the new mill generally met design parameters, and rates exceeded these though some post start-up deficiencies required the attention of the OEM. The formal performance test was stymied by low cement demand levels.

- **CCCL Kiln 4 Reactivation**

  A consultant was selected to perform engineering associated with reactivation of the Kiln 4 line in Jamaica. Pricing was also sought for a coal mill, the main piece of new equipment. At year-end, the project definition and cost estimate were confirmed. Implementation will be associated with development of demand in the cement market.

- **ACCL Kiln Optimization**

  KHD Humboldt was contracted to conduct a quantitative analysis to assess the expenditure required to move the kiln's capacity to 1,200 tpd and to reduce the specific heat consumption to 850 kcal/kg. Their Report primarily recommended the conversion of the kiln firing system to indirect firing as a means

of improving flame control and extending refractory life. An estimated costing was received and the project is waiting on funding before implementation could begin.

A waste heat recovery project was also initiated jointly with the International Finance Corporation (IFC). A consultant has been selected and arrangements are being made for a site visit to initiate the project.

- **RML Wash Plant**

  A year-long exercise developed a new wash plant project to significantly reduce the unit cost of production. At year-end, the Scope of Work was completed, tenders sought and evaluated, project risk analysis and project budget completed. The project is set for final approval in 2011.

- **Soil Stabilisation**

  This project seeks to develop the methodology for soil cement stabilization with local soils, cement modified soils and slope stabilization for pavements. Phase 1 (a quarry study with laboratory testing) of the project, which is being done with a local consultant is nearing completion. Discussions are underway for application to a test strip as the next phase.

- **Waste Derived Fuels - Tyre Burning**

  Late in 2009, Arawak submitted a proposal to the Sanitation Service Authority (SSA) to burn whole tyres in its kiln. The proposal made the assumption that the SSA would collect and deliver the tyres to Arawak. Despite several communications in 2010, at year-end, ACCL was still awaiting a formal response from the SSA to the proposal. Similar approaches were made to Government institutions in Trinidad and Tobago as well. These have generally received notional approval but not enough real support to move it further.

5.2 Operations Development

- **AFNOR – French Territory Certification**

  Certification has been pursued for the threee cement plants, with considerable bureaucratic challenges being encountered. After an initial 'false start', an application for ACCL was made in November 2010. Feedback was recently received that the application is acceptable (i.e. complete) and are awaiting word on the site visits that are part of the process. Having had this confirmation from AFNOR, submissions for TCL and CCCL will be made imminently.

- **Laboratory Accreditation**

  A direction for accreditation of the laboratories to ISO 17025 certification is being pursued. TCL has made a commitment to TTBS as the Registrar for the company's accreditation, expected by mid-2011. CCCL has similarly approached the Jamaica National Agency for Accreditation (JANAAC) to be its Registrar. ACCL has made contact with the Laboratory Accreditation Bureau (USA) for service and has received a proposal.

- **TPM Time & Motion Study**

  A Time and Motion study of the sling operations identified specific targets and improvement opportunities, one of which was improved standardisation of work procedures. Improvements have been realised in a slow but definitive manner.

- **Manufacturing Excellence Transformation (MET)**

  The MET program continued to be used across the three cement companies as a management tool to measure key performance indicators. The Group Audit was held in the months of May and November as scheduled. Comparative results show that over the last three audits all sites have consistently attained the 80% threshold, with TCL showing slightly superior results.

5.3 Energy Optimisation

During 2010, efforts to conserve energy comprised the following:

- Clinker Substitution.
- Use of efficient grinding and heat recovery technology.
- Seeking of permission from Regulators.
- Exploration of the use of Fluidised Bed Combustion (FBC) Technology.

- **Clinker Substitution:**

  The strategy of substituting high energy clinker by naturally occurring pozzolan continued aggressively. The manufacturing plants in Barbados, Jamaica and Trinidad, averaged pozzolan consumption of 9.65, 14 and 20% respectively. The strategy of introducing blended cements at all plants, continue to bring energy conservation benefits to the business.

- **Efficient Energy Conservation Plant:**

  The strategy of maximising production on the Vertical Roller Mill (VRM), the High Pressure Grinding Roll (HPGR) cement mills and the temporary retirement of Kiln 4 and the permanent retirement of the wet process kiln in Jamaica, have continued to deliver improvement in the Specific Fuel Consumption (SHC) and Specific Power consumption (SPC) especially at the Trinidad and Jamaica plants.

- **Regulators:**

  On-going efforts at energy optimization within the Group also focused on tactics to get the respective regulatory bodies in Trinidad, Jamaica and Barbados, to work with the organization so that the well-accepted international practices of consuming waste-derived fuels (WDF) could be promoted and utilised to the benefit of all. Unfortunately, in spite of several high profile meetings with Ministers of Government, representatives of State agencies, and NGO's in all countries, the expected implementation timelines have been hampered.

- **Fluidised Bed Technology (FBC):**

  Research has commenced on the introduction of the use of FBC to extend the use of the existing material handling systems, and experience in the use of solid fuels, to reduce the cost of consuming power at the Barbados and Jamaica plants. This work is still in the preliminary stages and will continue into 2011.

- **Other:**

  The use of waste oil has also continued at the Jamaican and Barbadian plants. In 2010, Carib Cement consumed 2,255 cubic meters in clinker manufacture, while Arawak consumed 285,000 litres in the lime kiln. The Group has also explored initiatives in wind and solar energy, but thus far, the returns are not compelling enough to allow for capital investment. Co-generation and power factor correction have also been explored to smaller degrees.

6.0 A FOCUS ON PEOPLE

The Group Human Resource department remained committed to developing the company's workforce despite the severe cash flow constraints experienced. Several training programmes were executed to bridge competency gaps and arm individuals with the necessary skill sets to function effectively within these challenging times.

Management also found that it was critical to address issues of declining employee morale which was noted across the Group as a result of the uncertainty and instability caused by harsh economic realities. A series of approaches geared toward modifying mind sets and attitudes towards improving productivity within the Group were adopted, including Leadership Development and Performance Management.

The Performance Management system was amended to clarify employees' roles and responsibilities. This now allows for individuals to be more accountable for their contribution at work.

Open communication and dialogue between management and employees was encouraged to sensitise the workforce of the issues and challenges, which face the Group. Staff's input was also sought in the re-engineering and improving of efficiencies within the company, thus incorporating them in the

decision-making process.

Senior Management met with Union Officials from all bargaining units in a tripartite approach to resolving issues and to conduct negotiations with the various bargaining units throughout the Group. During 2010, the industrial relations climate throughout the Group ranged from being stable to moderately challenging with few work disruptions.

7.0 PUBLIC RELATIONS

The Group effectively leveraged the power of its solid media relationships and strong corporate social responsibility (CSR) footing to maintain stakeholder engagement in a period of financial downturn. Achieving the right balance of positive exposure in spite of circumstantial realities such as a limited spend was a major feature of this approach, which was resultant in continued top of mind product awareness and maintenance of the company's corporate image.

On-going communication emanating from the Group, underscored its commitment to the best interests of all stakeholders by ensuring that they were kept accurately and timely informed of matters pertinent to financial issues and general developments and achievements.

Philanthropic activity was reduced to a large extent by all subsidiaries with the emphasis on product as opposed to cash donations, while the Group's core CSR portfolio was conservatively maintained – sponsorship of the WI Under 19 tournament (since relinquished), UWI scholarships to deserving CARICOM students, several environment related initiatives and support for the TCL Group Skiffle Bunch Steel Orchestra. The association between the TCL Group and Skiffle Bunch now spans over twenty-eight years and is still going strong. We are remarkably proud of the contribution the steel pan makes to our rich heritage and remain dedicated to supporting "Skiffle" in showcasing our culture on the world stage. There was also continued alignment with Habitat for Humanity in the building of homes for low income families in the region. This partnership moved a step further with employees contributing to the Group's Haiti Relief programme, the proceeds of which, were presented to Habitat for Humanity towards its rebuilding initiative in that country.

Sustainable construction, an area of growing interest in recent times, was showcased by companies across the Group as they focused on how their products and expertise aid in the promotion of a 'greener' environment and more durable construction projects. TCL hosted several seminars during 2010, focusing not only on the environmental benefits of its flagship product – TCL Premium Plus, but the role it plays in sustainable construction, inclusive of its use in the application of concrete roads as an alternative for sustainable roadways.

Carib Cement received notable recognition for being named "Jamaica's Champion Exporter", a direct outcome of the plant's increased production capability since the commissioning of its state of the art, efficient and environmentally friendly Kiln 5.

Incessantly conscious of its duty to make a difference in the hearts, minds and lives of Caribbean people, the TCL Group remains committed as a "Patron of the Caribbean", continuously forging ahead with its obligation of literally Building Caribbean Excellence.

8.0 LEVERAGING TECHNOLOGY & INFORMATION

In 2010, a multi-year information technology optimization process was successfully completed, and this saw the replacement of more than 23 disparate information systems with the Oracle E-Business Suite, which with its maximum availability architecture effectively serves the Group very well in all its territories.

In 2011, implementation of the Internet Protocol Telephony (IPT) will be continued, from which substantial savings will be generated, and the implementation of the Oracle E-Business Suite – Customer Relationship Management (CRM) modules will be commenced at the major companies in the Group, together with the upgrade of the Suite to the version - Release 12.

9.0 LOOKING AHEAD

The TCL Group will aggressively continue to grow its existing markets as well as pursue new markets, a clear strategy designed to counteract slowly recovering demand and pivotal to the company's long-term success. To this end, the Group remains highly optimistic as it is moving forward from an already established platform of increased exports and is extremely confident that it will maintain this trend in new market penetration.

The lack of enforcement of correct regulatory practices by some countries continues to be an obstacle but the Group remains steadfast in its drive to eradicate such instances of unfair trading and product dumping by

non-regional producers.

Also significant to the Group's recovery is the re-profiling of its debt, an exercise that is in progress and to which, a positive outcome is expected.

9.0 ACKNOWLEDGEMENTS

My sincerest appreciation is extended to our valued Shareholders and other Stakeholders for their understanding, confidence and support as together, we continue to weather this period of global economic downturn. 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 faced. Finally, I wish to thank the Group Chairman and members of the Board for their wise counsel and on-going support.

Dr. Rollin Bertrand
Group Chief Executive Officer

TRINIDAD CEMENT LIMITED

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

Principal Officers (L-R)

Mr. Satnarine Bachew
- General Manager

Mr. Rodney Cowan
- Marketing Manager

Ms. Lisel Cozier
- Materials Manager

Mr. Harrinarine Dipnarine
- Engineering Services Manager

Mr. Parasram Heerah
- Finance Manager

Mrs. Gloria Jacobs
- Planning & Development Manager

Mr. Keith Johnson
- Human Resource Manager

Mr. Amarchandra Maharaj
- Health, Safety & Environment Manager

Mr. Jinda Maharaj
- Operations Manager

Mr. Ian Matthews
- Projects Manager

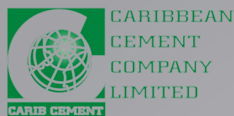
Mr. Taradath Ramdhanie
- Quarry Manager (Ag.)

Mr. Keith Ramjitsingh
- Production Manager

Company Secretary
Mr. Alan Nobie

Company Overview

Trinidad Cement Limited was incorporated in Trinidad in 1951 and commenced production in 1954. Its primary activity is the manufacture and sale of Ordinary Portland Cement and TCL Premium Portland Pozzolan Cement as well as Class G High Sulphate Resisting (HSR) and Oilwell Cement.



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

Principal Officers (L-R)

Mr. F.L. Anthony Haynes
- General Manager

Mr. Chester Adams
- Planning & Development Manager

Mr. Christopher Bryan
- Engineering Service Manager (Ag.)

Mr. Marchel Burrell
- Quarries Manager (Ag.)

Mr. Orville Hill
- Finance Manager

Ms. Alice Hyde
- Marketing Manager

Mr. Brett Johnson
- Manufacturing Manager

Mr. Raymond Mitchell
- Quality Manager

Mr. Dalmain Small
- Human Resource Manager

Mr. Adrian Spencer
- Materials Manager

Mr. Godfrey Stultz
- Projects Manager

Mr. Ken Wiltshire
- Operations Manager

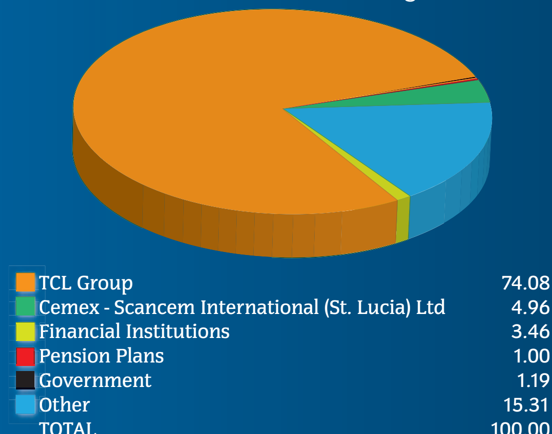
Company Secretary
Mrs. Bernadene Crooks

Board of Directors:
Mr. Brian Young - Chairman
Dr. Rollin Bertrand
Mr. Bevon Francis
Mr. Hollis N. Hosein
Mr. Derek Jones
Mr. Parris Lyew-Ayee
Mr. Lincoln Parmasar
Dr. Judith Robinson
Mr. Paul Stockhausen

Company Overview

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

The distribution of its shareholding is as follows:



TCL Group	74.08
Cemex - Scancem International (St. Lucia) Ltd	4.96
Financial Institutions	3.46
Pension Plans	1.00
Government	1.19
Other	15.31
TOTAL	100.00

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

Principal Officers (L-R)

Mr. Rupert Greene
- General Manager

Ms. Faye Gill
- Marketing Manager

Ms. Dawn Jemmott-Lowe
- Human Resource Manager

Ms. Leslie Maxwell
- Planning & Development Manager

Ms. Charmaine Reece
- Finance Manager/Company Secretary

Mr. Dwight Sutherland
- Engineering Services Manager

Mr. Matthew Thornhill
- Production Manager

Mrs. Sheryllyn Welch-Payne
- Materials Manager

Mr. Phillip Yeung
- Operations Manager

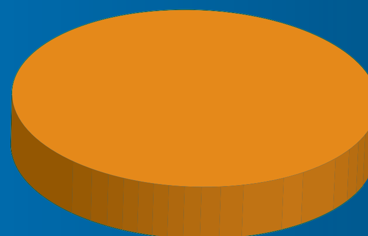
Company Secretary
Ms. Charmaine Reece

Board of Directors:
Mr. Jeffrey McFarlane - Chairman
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Frank McConney
Mr. Joseph Nunes
Mr. Lincoln Parmasar

Company Overview

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

The distribution of its shareholding is as follows:



READYMIX (WEST INDIES) LIMITED

Registered Office:
Tumpuna Road
Guanapo, Trinidad
Tel: (868) 643-2429/2430 • Fax: (868) 643-3209
Website: www.readymix.co.tt

Principal Officers (L-R)

Mr. Manan Deo
- General Manager

Mr. John Cardenas
- Marketing Manager

Mr. Richard Dash
- Materials Manager

Mr. Dexter East
- Operations Manager

Ms. Nicole Giuseppi
- Senior Human Resource Specialist

Ms. Muriel Lancien
- Marketing Manager (Island Concrete NV)

Ms. Isha Reuben-Theodore
- Corporate Services Manager / Company Secretary

Mr. Malcolm Smith
- Plant Manager (PPCI)

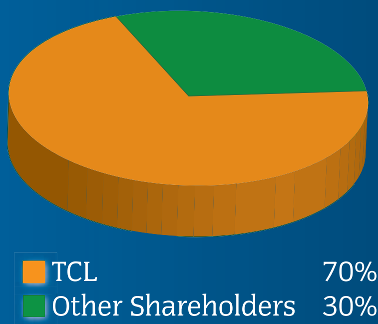
Company Secretary
Ms. Isha Reuben-Theodore

Board of Directors:
Ms. Eutrice Carrington – Chairman
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Lawford Dupres
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Lincoln Parmasar
Mr. Anton Ramcharan
Mr. Wayne Manning

Company Overview

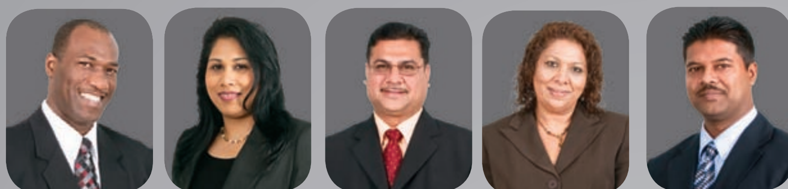
Readymix (West Indies) Limited was incorporated in Trinidad in 1961. Its primary activity is the manufacture and sale of premixed concrete. In 1996, Trinidad Cement Limited acquired majority ownership of the Company. RML acquired a 60% shareholding in Premix and Precast Concrete Inc. in Barbados in 2002.

The distribution of its shareholding is as follows:



TCL	70%
Other Shareholders	30%

Registered Office:
Southern Main Road
Claxton Bay, Trinidad
Tel: (868) 659-2381-8 • Fax: (868) 659-0950



Principal Officers (L-R)

Mr. Derrick Isaac
- General Manager

Ms. Sursatee Heeralal
- Marketing & Logistics Officer

Mr. Hilary Lakhiram
- Operations Manager

Ms. Betty Ann Noreiga
- Marketing Manager

Mr. Kaveer Seepersad
- Senior Plant Coordinator

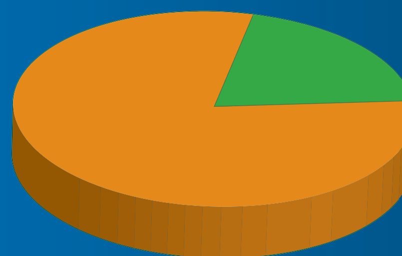
Company Secretary
Mrs. Cheryl Gransaull

Board of Directors:
Mr. Arun K. Goyal - Chairman
Mr. Clemens Stockreiter
(Dipeco Switzerland)
Dr. Rollin Bertrand
Mr. Satnarine Bachew
Mr. Hollis N. Hosein

Company Overview

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

The distribution of its shareholding is as follows:



TCL	80%
Dipeco (Switzerland)	20%

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

Principal Officers (L-R)

Mr. Derrick Isaac
- General Manager

Ms. Sursatee Heeralal
- Marketing & Logistics Officer

Ms. Betty Ann Noreiga
- Marketing Manager

Mr. Stephen Ramcharan
- Technical Coordinator

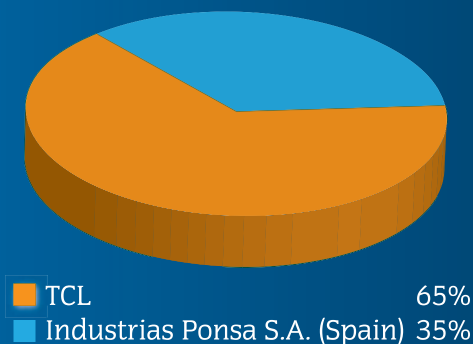
Company Secretary
Mrs. Cheryl Gransaull

Board of Directors:
Mr. Arun K. Goyal - Chairman
Dr. Rollin Bertrand
Mr. Juan Ponsa (Industrias Ponsa - Spain)
Mr. José Sala Pinto (Industrias Ponsa - Spain)
Mr. Satnarine Bachew
Mr. Hollis N. Hosein

Company Overview

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

The distribution of its shareholding is as follows:



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

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

Principal Officer

Mr. Mark Bender
- Plant Manager

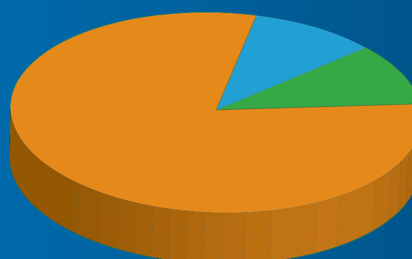
Company Secretary
Mr. Alan Nobie

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

Company Overview:

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

The distribution of its shareholding is as follows:



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

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

Principal Officer

Mr. Jaris Liburd
– General Manager

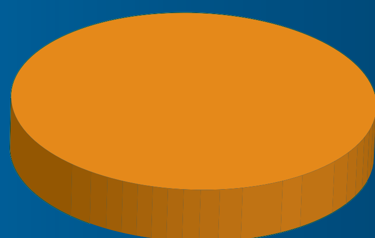
Company Secretary
Mr. Egwin Daniel

Board of Directors:
Mr. Carlos Hee Houng (Chairman)
Dr. Rollin Bertrand

Company Overview

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

The distribution of its shareholding is as follows:



TCL 100%

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 July 15, 2011 at 4:30 p.m. at the Training Room, TCL Compound, Southern Main Road, Claxton Bay, Trinidad.

3. **Solicitation:**

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

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

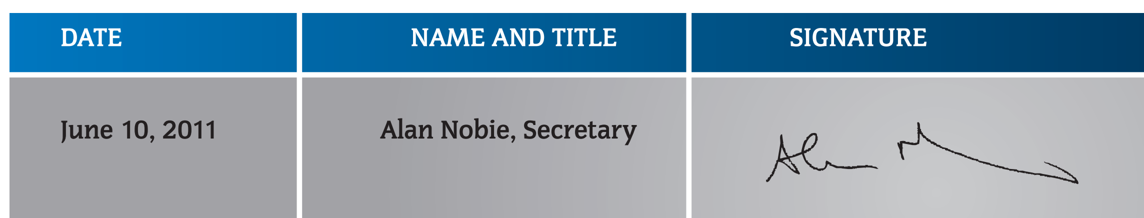
   No statement has been received from any Director pursuant to Section 76(2) of The Companies Act, 1995.

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

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

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

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



DATE	NAME AND TITLE	SIGNATURE
June 10, 2011	Alan Nobie, Secretary	

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended December 31, 2010.

Financial Results	**TT$'000**
Turnover	1,561,084
Net Earnings for the Year	(48,549)
Dividends Paid	NIL

Trinidad Cement Limited Board of Directors

Directors' Interest (Ordinary Shares of TCL)

Name	**Position**	**Holdings at 31-12-10**
A.J. Bhajan	Chairman	Nil
R. Bertrand	Group CEO	658,203
E. Carrington	Director	Nil
B. Francis	Director	Nil
C. Hee Houng	Director	1,500
J. Mc Farlane	Director	Nil
A. Mohammed	Director	Nil
L. Cantú Pinto	Director	Nil
L. Nurse	Director	Nil
B. Young	Director	Nil

Trinidad Cement Limited Senior Officers

Senior Officers' Interest (Ordinary Shares of TCL)

Name	**Position**	**Holdings at 31-12-10**
R. Bertrand	Group CEO	658,203
S. Bachew	General Manager – Trinidad Cement Limited	337,357
D. Caesar	Group Human Resource Manager	Nil
E. Daniel	General Manager – International Business & Marketing	2,560
M. Deo	General Manager – Readymix (West Indies) Limited	132.547
H. Ferreira	Group Manufacturing & Development Manager	62,900
R. Greene	General Manager – Arawak Cement Company Limited	8,090
F.L.A. Haynes	General Manager – Caribbean Cement Company Limited	32,854
D. Isaac	General Manager – TCL Packaging Ltd/ TCL Ponsa Manufacturing Ltd	22,711
J. Maharaj	Group Energy Optimization Manager	404,377
A. Nobie	Manager, Investor Relations & Corporate Communications /Company Secretary	25,925
L. Parmasar	Group Finance Manager	22,732

Dividends

No dividends have been declared for the year ended December 31, 2010.

Substantial Interests

	No. of Ordinary Shares Held at 31-12-10	**% of Issued Share Capital**
Sierra Trading (Cemex S.A. de C.V.)	49,953,027	20.00
Republic Bank Limited	29,322,767	11.74
The National Insurance Board	25,367,032	10.16
Baleno Holding Inc	20,500,000	8.21
RBTT Trust Limited	16,296,236	6.52

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

Service Contracts & Directors

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

Directors

In accordance with Clause 4.4.2 of By-Law No. 1, Mr. Bevon Francis having been appointed by the Board to fill a casual vacancy is subject to election at the Annual Meeting for a period up to the conclusion of the third Annual Meeting following.

In accordance with Clause 4.6.1 of By Law No. 1, Dr. Rollin Bertrand, Mr. Carlos Hee Houng, Dr. Aleem Mohammed and Mr. Brian Young, who retire by rotation and being eligible, be re-elected directors of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.

Auditors

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

By Order of the Board

Alan Nobie
Secretary

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 2010 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' Responsibility

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

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

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

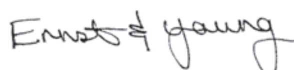
Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 26 in the financial statements which indicates that at year end the Group was not in compliance with certain loan ratio requirements and as such was in default of its obligations under the loan agreements. Subsequent to year end, on 14 January 2011, Trinidad Cement Limited publicly declared a moratorium on all debt service payments due by all entities in the Trinidad Cement Limited Group (TCLG). Subsequent to the declaration, debt service payments falling due have not been made. Most of the debt agreements are therefore in default either through non-payment of interest and principal or due to cross default clauses. Lenders can therefore initiate legal action to demand immediate repayment of outstanding loan obligations which the TCLG is not in a position to immediately meet.

This condition, along with the matters set forth in the Note 26, indicate the existence of a material uncertainty that may impact on the Group's ability to continue as a going concern.



Port of Spain
TRINIDAD:
17 May 2011

ONE CARIBBEAN... ONE COMPANY
TCL GROUP

Consolidated Statement of Financial Position

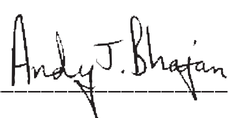
As at 31 December 2010

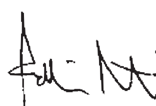
(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

Assets	Notes	2010 $	2009 $
Non-current assets			
Property, plant and equipment	7	**2,493,206**	2,569,808
Goodwill	8	**215,831**	215,831
Pension plan asset	9 (a)	**216,072**	223,891
Deferred tax assets	5 (d)	**418,576**	243,299
		3,343,685	3,252,829
Current assets			
Inventories	10	**569,072**	567,681
Receivables and prepayments	11	**184,570**	193,170
Cash at bank and short term deposits	12	**20,416**	20,696
		774,058	781,547
Assets classified as held for sale	25	**3,178**	–
		777,236	781,547
Total assets		**4,120,921**	4,034,376
Equity and liabilities			
Equity			
Stated capital	16 (a)	**466,206**	466,206
Unallocated ESOP shares	18	**(28,658)**	(29,345)
Other reserves	16 (b)	**(202,579)**	(215,947)
Retained earnings		**1,189,938**	1,238,825
Equity attributable to the parent		**1,424,907**	1,459,739
Non-controlling interests		**92,405**	119,548
Total equity		**1,517,312**	1,579,287
Non-current liabilities			
Borrowings	15	**8,521**	1,235,466
Swap obligation	15b (iv)	**–**	28,226
Post-retirement obligations	9 (a)	**19,325**	16,166
Deferred tax liabilities	5 (d)	**438,357**	339,563
		466,203	1,619,421
Current liabilities			
Bank overdraft and advances	13	**431,594**	293,267
Payables and accruals	14	**433,839**	418,915
Swap obligation	15b (iv)	**33,349**	–
Current portion of borrowings	15	**1,234,417**	123,486
		2,133,199	835,668
Liabilities associated with assets classified as held for sale	25	**4,207**	–
		2,137,406	835,668
Total equity and liabilities		**4,120,921**	4,034,376

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

On 17 May 2011 the Board of Directors of Trinidad Cement Limited authorised these financial statements for issue and were signed on their behalf by:


____________________________ Director


____________________________ Director

	Notes	2010 $	2009 $
Continuing operations			
Revenue	24.1	1,561,084	1,740,461
Operating profit	3	3,026	257,101
Finance costs	4	(148,364)	(163,773)
(Loss)/profit before taxation from continuing operations		(145,338)	93,328
Taxation	5	69,264	10,275
(Loss)/profit for the year from continuing operations		(76,074)	103,603
Discontinued operations			
Loss for the year from discontinued operations	25	(4,253)	(9,322)
(Loss)/profit for the year		(80,327)	94,281
Attributable to:			
Shareholders of the parent		(48,549)	95,820
Non-controlling interests		(31,778)	(1,539)
		(80,327)	94,281
Basic and diluted (loss)/earnings per share:			
From continuing operations	6	($0.18)	$0.42
From discontinued operations	6	($0.02)	($0.03)
		($0.20)	$0.39

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

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2010

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

	Notes	2010 $	2009 $
(Loss)/profit for the year		(80,327)	94,281
Other comprehensive income			
Net movement on cash flow hedge (interest rate swap)	16 (b)	(5,416)	16,863
Income tax effect	16 (b)	1,331	(4,213)
		(4,085)	12,650
Exchange differences on translation of foreign operations		22,657	(32,134)
Other comprehensive income/(loss) for the year, net of tax		18,572	(19,484)
Total comprehensive (loss)/income for the year, net of tax		(61,755)	74,797
Attributable to:			
Shareholders of the parent		(35,181)	85,525
Non-controlling interests		(26,574)	(10,728)
		(61,755)	74,797

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

	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 2010								
Balance at 1 January 2010		466,206	(29,345)	(215,947)	1,238,825	1,459,739	119,548	1,579,287
Other comprehensive income	16	–	–	13,368	–	13,368	5,204	18,572
Loss for the year		–	–	–	(48,549)	(48,549)	(31,778)	(80,327)
Total comprehensive income/(loss)		–	–	13,368	(48,549)	(35,181)	(26,574)	(61,755)
Allocation to employees and sale of ESOP shares net of dividends		–	687	–	(663)	24	–	24
Dividends forfeited/(paid)	17	–	–	–	325	325	(569)	(244)
Balance at 31 December 2010		466,206	(28,658)	(202,579)	1,189,938	1,424,907	92,405	1,517,312
Year ended 31 December 2009								
Balance at 1 January 2009		466,206	(30,421)	(205,652)	1,142,020	1,372,153	132,125	1,504,278
Other comprehensive income	16	–	–	(10,295)	–	(10,295)	(9,189)	(19,484)
Profit/(loss) for the year		–	–	–	95,820	95,820	(1,539)	94,281
Total comprehensive income/ (loss)		–	–	(10,295)	95,820	85,525	(10,728)	74,797
Allocation to employees and sale of ESOP shares net of dividends		–	1,076	–	(163)	913	–	913
Dividends forfeited/(paid)	17	–	–	–	1,148	1,148	(1,849)	(701)
Balance at 31 December 2009		466,206	(29,345)	(215,947)	1,238,825	1,459,739	119,548	1,579,287

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

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2010

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

	Notes	2010 $	2009 $
Cash from continuing operations		212,846	386,877
Cash from discontinued operations		(356)	(3,639)
Cash from operations	20	212,490	383,238
Pension contributions paid	9 (c)	(8,990)	(10,573)
Post-retirement benefits paid	9 (d)	(616)	(671)
Taxation paid		(8,490)	(15,247)
Net interest paid		(155,554)	(127,821)
Net cash generated by operating activities		38,840	228,926
Investing activities			
Additions to property, plant and equipment	7	(63,673)	(241,806)
Proceeds from disposal of property, plant and equipment		8,222	318
Net cash used in investing activities		(55,451)	(241,488)
Financing activities			
Repayment of borrowings		(116,015)	(85,870)
Proceeds of short-term advances		73,707	87,440
Dividends paid to minority interests		(569)	(1,849)
Net cash used in financing activities		(42,877)	(279)
Net decrease in cash and borrowings		(59,488)	(12,841)
Net foreign exchange difference		(6,381)	6,967
Net (borrowings)/cash – beginning of year		(20,696)	(14,822)
Net (borrowings)/cash – end of year		(86,565)	(20,696)
Represented by:			
Cash at bank and short term deposits	12	20,416	20,696
Bank overdraft – continuing operations	13	(106,012)	(41,392)
Bank overdraft – discontinued operations	25	(969)	–
		(86,565)	(20,696)

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

1. Incorporation and activities

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

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

2. Significant accounting policies

a) Basis of preparation

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

Statement of compliance

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

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of 1 January 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009
- IAS 39 Financial Instruments; Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008 and April 2009)

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

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

IAS 24 Related Party Disclosures (Amendment) (effective 1 January 2011). It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issue (Amendment) (effective 1 February 2010). Amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment will have no impact on the Group after initial application.

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

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

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2013). IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and de-recognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets.

*IFRIC 14 Prepayments of a minimum funding requirement(Amendment)(effective 1 January 2011).*The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statement of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010). The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)

The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after 1 July 2010 or 1 January 2011. The amendments listed below are considered to have a reasonable possible impact on the Group or are not relevant to the Group's operations:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

b) Basis of consolidation

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

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

2. **Significant accounting policies** (continued)

c) **Significant accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key judgments, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

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

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.

2. Significant accounting policies (continued)

d) Business combinations and goodwill

Business combinations from 1 January 2010

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 identitifiable 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.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

2. Significant accounting policies (continued)

d) Business combinations and goodwill (continued)

Business combinations prior to 1 January 2010 (continued)

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of the goodwill.

e) Property, plant and equipment

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

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

Current rates of depreciation are:

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

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

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

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

f) Inventories

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

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

2. Significant accounting policies (continued)

g) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the Group's functional and presentation currency. This is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions

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

Foreign entities

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the financial reporting date and their 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.

h) Deferred expenditure

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

i) Segment information

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

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

j) Financial instruments

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

k) Derivative financial instruments and hedging

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

2. Significant accounting policies (continued)

k) Derivative financial instruments and hedging (continued)

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

l) Leases

Operating leases

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

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

m) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

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

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

n) Pension plans and post-retirement medical benefits

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

2. Significant accounting policies (continued)

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

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

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

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

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

o) Revenue recognition

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

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest and investment income

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

p) Trade and other receivables

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

q) Trade and other payables

Liabilities for trade and other payables, which are normally settled on 30-90 day terms are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received or not billed to the Group.

r) Interest bearing loans and borrowings

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

2. Significant accounting policies (continued)

s) Borrowing costs

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

t) Provisions

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

u) Earnings per share

Earnings per share is computed by dividing net profit attributable to the shareholders of the Parent for the year by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares in issue for the assumed conversion of potential dilutive ordinary shares into issued ordinary shares. The Group has no dilutive potential ordinary shares in issue.

v) Cash and short-term deposits

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

w) Equity compensation benefits

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

x) Impairment of assets

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of income in those expense categories consistent with the function of the impaired asset.

2. **Significant accounting policies** (continued)

x) **Impairment of assets** (continued)

Non-financial assets (continued)

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.

Financial assets

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

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

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

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

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

z) **Comparative information**

Comparatives were amended in the consolidated statement of income and related notes to reflect the separate presentation of the results of the discontinued operations as described in Note 25. This change had no effect on the net assets or operating results of the previous year.

3. Operating profit – continuing operations

	2010 $	2009 $
Revenue	**1,561,084**	1,740,461
Less expenses:		
Personnel remuneration and benefits (see below)	**445,352**	419,638
Raw materials and consumables	**152,114**	191,824
Fuel and electricity	**339,759**	311,151
Operating expenses	**209,627**	198,942
Repairs and maintenance	**94,415**	100,556
Depreciation	**165,975**	150,533
Equipment hire and haulage	**141,947**	144,770
Changes in finished goods and work in progress	**27,221**	(31,109)
	(15,326)	254,156
Other income (see below)	**18,352**	2,945
Operating profit	**3,026**	257,101
Personnel remuneration and benefits include:		
Salaries and wages	**348,824**	349,819
Other benefits	**46,590**	42,218
Statutory contributions	**18,729**	18,457
Pension costs – defined contribution plan	**4,748**	4,690
Termination benefits	**9,652**	951
Net pension expense – defined benefit plans (Note 9 b)	**16,809**	3,503
	445,352	419,638
Operating profit is stated after deducting directors' fees of:		
Directors' fees	**753**	725
Other income includes:		
Gain/(loss) from disposal of property, plant and equipment	**7,084**	(10,867)
Delivery and trucking services	**4,672**	8,395
Miscellaneous income	**6,596**	5,417
	18,352	2,945

4. Finance costs

	2010 $	2009 $
Interest expense	**151,419**	151,449
Interest income	**(84)**	(5,557)
Accretion in value of bond redemption options	**–**	(6,961)
	151,335	138,931
Foreign currency exchange (gain)/loss	**(2,971)**	24,842
	148,364	163,773

5. Taxation

a) Taxation (credit)/charge

	2010	2009
Deferred taxation (Note 5 c))	**(75,581)**	(24,405)
Current taxation	**6,317**	14,166
	(69,264)	(10,239)

b) Reconciliation of applicable tax charge to effective tax charge

	2010	2009
(Loss)/profit before taxation from continuing operations	**(145,338)**	93,328
Loss before taxation from discontinued operations	**(4,253)**	(9,286)
(Loss)/profit before taxation	**(149,591)**	84,042
Tax calculated at 25%	**(37,398)**	21,011
Net effect of other charges and disallowances	**15,246**	10,835
Impact of income not subject to tax	**(38,436)**	(41,924)
Business and green fund levies	**2,114**	2,524
Effect of different tax rates outside Trinidad and Tobago	**(10,790)**	(2,721)
Taxation charge reported in the consolidated income statement – continuing operations	**(69,264)**	(10,275)
Taxation charge attributable to a discontinued operation	**–**	36
	(69,264)	10,239

5. **Taxation** (continued)

b) **Reconciliation of applicable tax charge to effective tax charge** (continued)

Trinidad Cement Limited has tax losses of $962 million (2009: $615 million) available for set off against future taxable profits.

Caribbean Cement Company Limited and its subsidiaries have tax losses of $328 million (2009: $69.2 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of $5.2 million (2009: $4.5 million) available for set off against future taxable profits.

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

c) **Movement in deferred tax net balance:**

	2010 $	2009 $
Net balance at 1 January	**(96,264)**	(121,029)
Exchange rate and other adjustment	**(429)**	4,573
Credit to hedging reserve	**1,331**	(4,213)
Credit to earnings	**75,581**	24,405
Net balance at 31 December (Note 5 d)	**(19,781)**	(96,264)

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

	2010 $	2009 $
Deferred tax liabilities:		
Property, plant and equipment	**(380,411)**	(281,728)
Pension plan assets	**(57,946)**	(57,835)
Balance at 31 December	**(438,357)**	(339,563)
Deferred tax assets:		
Tax losses carry forward	**354,411**	180,785
Capital allowances carry forward	**42,841**	42,459
Others	**13,663**	13,724
Swap obligation	**7,661**	6,331
Balance at 31 December	**418,576**	243,299
Net deferred tax liability	**(19,781)**	(96,264)

6. Earnings per share

The following reflects the income and share data used in the earnings per share computation:

	2010 $	2009 $
Net (loss)/profit for the year attributable to equity holders of the Parent - continuing operations	**(45,529)**	102,439
Net loss for the year attributable to equity holders of the Parent - discontinued operations	**(3,020)**	(6,619)
Net (loss)/profit for the year attributable to equity holders - total company	**(48,549)**	95,820
Weighted average number of ordinary shares issued (thousands of units)	**245,485**	245,327
Basic and diluted (loss)/earnings per share – continuing operations (expressed in $ per share)	**($0.18)**	$0.42
Basic and diluted loss per share – discontinued operations	**($0.02)**	($0.03)
Basic and diluted (loss)/earnings per share – total company (expressed in $ per share)	**($0.20)**	$0.39

The Company has no dilutive potential ordinary shares in issue.

The balances of the TCL Employee Share Ownership Plan relating to the unallocated shares held by the Plan have been consolidated with the financial statements of the Group. The weighted average number of unallocated shares of 4.280 million (2009: 4.438 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.

7. Property, plant and equipment

	Land and buildings $	Plant, machinery and equipment and motor vehicles $	Office furniture and equipment $	Capital work in progress $	Total $
At 31 December 2010					
Cost	459,011	3,304,409	107,886	35,469	3,906,775
Accumulated depreciation	(153,728)	(1,186,473)	(73,368)	–	(1,413,569)
Net book amount	305,283	2,117,936	34,518	35,469	2,493,206
Net book amount					
1 January 2010	301,233	1,928,090	40,724	299,761	2,569,808
Exchange rate adjustments	8,202	16,912	385	3,961	29,460
Additions and transfers	8,290	316,856	6,727	(268,200)	63,673
Discontinued operations (note 25)	(486)	(2,064)	(72)	–	(2,622)
Disposals and adjustments	130	(1,190)	(25)	(53)	(1,138)
Depreciation charge	(12,086)	(140,668)	(13,221)	–	(165,975)
31 December 2010	305,283	2,117,936	34,518	35,469	2,493,206
At 31 December 2009					
Cost	443,213	2,979,423	102,765	299,761	3,825,162
Accumulated depreciation	(141,980)	(1,051,333)	(62,041)	–	(1,255,354)
Net book amount	301,233	1,928,090	40,724	299,761	2,569,808
Net book amount					
1 January 2009	311,254	2,008,797	41,023	173,436	2,534,510
Exchange rate adjustments	(13,210)	(24,064)	(713)	(5,687)	(43,674)
Additions	16,299	66,103	10,699	148,705	241,806
Disposals and adjustments	(1,060)	4,154	2,414	(16,693)	(11,185)
Depreciation charge	(12,050)	(126,900)	(12,699)	–	(151,649)
31 December 2009	301,233	1,928,090	40,724	299,761	2,569,808

7. **Property, plant and equipment** (continued)

The net carrying value of assets held under finance leases within property, plant and equipment amounted to $9.0 million (2009: $8.3 million) as at 31 December 2010. It is the Group's policy to capitalise interest on borrowings specific to capital projects during the period of construction. No borrowing costs was capitalised in 2010 (2009: $21.9 million).

Included under plant and machinery is the Kiln 4 asset with a carrying value of $250.4 million. This asset is not currently operating and is therefore idle. Management is expected to recommence operations of the Kiln in the medium term based on expected future market demands. The asset continues to be depreciated based on its current economic useful life.

8. Goodwill

	2010	**2009**
	$	**$**
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 2010, no further impairment charge is required.

Impairment testing of goodwill

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

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

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

8. Goodwill (continued)

Impairment testing of goodwill (continued)

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

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

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

	Caribbean Cement Company Limited	Subsidiaries of Readymix (West Indies) Limited
Carrying amount of goodwill	$214 million	$1.8 million
Basis for recoverable amount	Value in use	Value in use
Discount rate	17.73%	10.5%
Discount rate (extrapolation period)	15.79%	10.5%
Cash flow projection term	5 years	5 years
Growth rate (extrapolation period)	2.1%	1%

9. Pension plans and other post-retirement benefits

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

	2010 $	2009 $
a) Pension plan assets and other post retirement obligations:		
Pension plan assets	**216,072**	223,891
Other post retirement obligations:		
Retiree's medical benefit obligations	**(18,073)**	(15,126)
Service benefit obligations	**(1,252)**	(1,040)
Total post retirement obligations	**(19,325)**	(16,166)

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

	2010 $	2009 $
b) Amounts recognised in the statement of income in respect of pension costs:		
Current service cost	**22,296**	22,692
Past service cost	**9,731**	481
Interest cost	**42,560**	45,519
Expected return on plan assets	**(59,261)**	(65,922)
Amortised net loss	**1,483**	733
Total, included in personnel remuneration and benefits (Note 3)	**16,809**	3,503
Actual return on plan assets	**57,625**	36,235
c) Movement in pension plan assets		
Balance at 1 January	**223,891**	216,821
Net pension expense for the year	**(16,809)**	(3,503)
Contributions paid	**8,990**	10,573
Balance at 31 December	**216,072**	223,891
Net pension plan asset		
Defined benefit obligation	**(619,642)**	(578,712)
Fair value of plan assets	**762,731**	709,594
Surplus	**143,089**	130,882
Unrecognised actuarial loss	**72,983**	93,009
Net pension plan asset	**216,072**	223,891

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

c) Movement in pension plan assets (continued)

	2010 $	2009 $
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at 1 January	**(578,712)**	(534,627)
Interest cost	**(42,560)**	(45,519)
Current service cost	**(22,296)**	(23,173)
Actuarial loss	**16,167**	8,917
Benefits paid	**23,751**	21,902
Members' contribution	**(7,385)**	(6,156)
Expense allowance	**2,366**	1,629
Past service cost	**(9,731)**	(481)
Exchange differences	**(1,242)**	(1,204)
Defined benefit obligation at 31 December	**(619,642)**	(578,712)
Fair value of plan assets at 1 January	**709,594**	673,640
Expected return	**59,261**	65,922
Actuarial gain/(loss)	**2,366**	(25,182)
Benefits paid	**(23,751)**	(21,902)
Employer and employees' contribution	**16,375**	18,191
Expense allowance	**(1,528)**	(1,629)
Exchange differences	**414**	554
Fair value of plan assets at 31 December	**762,731**	709,594

The Group expects to contribute $11.4 million to its defined benefit plan in 2011.

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

c) Movement in pension plan assets (continued)

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

	2010	2009
Equities	34%	35%
Debt securities	46%	49%
Property	0%	0%
Other	20%	16%

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

	2010	2009	2008	2007	2006
	$	$	$	$	$
Defined benefit obligation	(619,642)	(578,712)	(534,627)	(454,549)	(407,527)
Fair value of plan assets	762,731	709,594	673,640	677,462	615,131
Surplus	143,089	130,882	139,013	222,913	207,604
Experience adjustments on plan liabilities	16,167	8,917	(29,623)	(9,124)	16,508
Experience adjustments on plan assets	2,366	(25,182)	(68,097)	8,343	(68,895)

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.

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

c) Movement in pension plan assets (continued)

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

A roll-forward valuation in accordance with IAS 19 "Employee Benefits", using assumptions indicated below, was done as at 31 December 2010 for the sole purpose of preparing these financial statements.

Employees of Arawak Cement Company Limited are members of a defined benefit pension plan, which became effective in September 1994. The plan is established under an irrevocable trust and its assets are invested through an independently administered segregated fund policy. The triennial actuarial valuation was last carried out as at January 2010 and showed a funding surplus of $9.2 million. The actuary has recommended that the company and employees fund the plan and future service benefits at 7% of members' earnings.

Principal actuarial assumptions used are as follows:

	2010	2009
Discount rate	6.25% - 7.75%	7.00% - 7.50%
Expected return on plan assets	7.00% - 7.75%	7.00% - 8.50%
Rate of future salary increases	2.5% - 5.00%	6.00% - 6.25%
Rate of future pension increases	0.5% - 4.25%	2.00% - 3.00%

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

d) Other post-retirement benefits

	2010 $	2009 $
The retirees' medical/service benefit liabilities are derived as follows:		
Defined benefit obligation	27,148	26,680
Unrecognised loss	(7,823)	(10,514)
	19,325	16,166

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

d) Other post-retirement benefits (continued)

	2010 $	2009 $
Movement in the retirees' medical/service benefit liabilities:		
Opening balance	**16,166**	12,376
Total expense for the year	**3,775**	4,461
Benefits paid	**(616)**	(671)
Retirees' medical/service benefit liabilities	**19,325**	16,166
Changes in the present value of the benefit obligation are as follows:		
Defined benefit obligation at 1 January	**(26,680)**	(20,991)
Interest cost	**(1,978)**	(1,988)
Current service cost	**(1,274)**	(2,034)
Actuarial loss/(gain)	**2,162**	(2,338)
Benefits paid	**622**	671
Defined benefit obligation at 31 December	**(27,148)**	(26,680)

Expected benefits to be paid in 2011 will amount to $1.1 million.

Principal actuarial assumptions as at 31 December were:

	2010	2009
Discount rate	6.25%	7.50%
Medical expense inflation	5.00%	6.25%
Rate of future salary increases	5.00%	6.00%

10. Inventories

	2010 $	2009 $
Plant spares	177,781	178,880
Raw materials and work in progress	210,191	203,036
Consumables	116,801	109,367
Finished goods	64,299	76,398
	569,072	567,681

Inventories are shown as net of provision of $7.2 million (2009: $2.3 million).

11. Receivables and prepayments

	2010	2009
	$	$
Trade receivables	**143,373**	150,959
Less: provision for doubtful debts	**(24,959)**	(23,310)
Trade receivables (net)	**118,414**	127,649
Sundry receivables and prepayments	**47,328**	48,696
Deferred expenditure	**8,774**	8,112
Taxation recoverable	**10,054**	8,713
	184,570	193,170

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

			Past due but not impaired		
	Total	Neither past due nor impaired	1-90 days	91-180 days	Over 180 days
	$	$	$	$	$
2010	118,414	40,923	36,126	6,867	34,498
2009	127,649	45,534	41,388	17,666	23,061

As at 31 December, the impairment provision for trade receivables assessed to be doubtful was $24.9 million (2009: $23.3 million). Movements in the provision for impaired receivables were as follows:

	2010	2009
	$	$
At 1 January	**23,310**	20,358
Charge for the year	**7,591**	4,966
Unused amounts reversed	**(1,481)**	(2,014)
	29,420	23,310
Discontinued operations	**(4,461)**	–
At 31 December	**24,959**	23,310

12. Cash at bank and short-term deposits

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are in the form of cash instruments which are readily convertible into cash. These instruments consist of US$ denominated money market funds which bear interest at rates ranging from 0.6% to 2% per annum.

13. Bank overdraft and advances

	2010	2009
	$	$
Bankers' acceptances and other advances	**325,582**	251,875
Bank overdrafts	**106,012**	41,392
	431,594	293,267

Bank overdraft and advances of $12.4 million (2009: $14.5 million) are secured by certain fixed assets of the Group. All other bank overdraft and advances are unsecured. Bank overdraft and advances are denominated in Trinidad and Tobago dollars, Jamaican dollars, Barbados dollars and United States dollars with rates of interest in the range of 3.75% to 21% (2009: 6% to 22%) per annum. The 21% (2009: 22%) rate of interest relates to short-term borrowings by the subsidiary in Jamaica. These bank overdraft and advances are included in the debt to be re-profiled that is being negotiated with Lenders.

14. Payables and accruals

	2010	2009
	$	$
Sundry payables and accruals	**306,982**	278,593
Trade payables	**118,522**	122,698
Statutory obligations – Jamaica Subsidiary	**4,750**	13,217
Taxation payable	**3,585**	4,407
	433,839	418,915

15. Borrowings

	2010	2009
Maturity of borrowings:		
One year	**1,234,417**	123,486
Two years	**3,239**	297,799
Three years	**2,908**	137,867
Four years	**1,851**	137,864
Five years and over	**523**	661,936
	1,242,938	1,358,952
Current portion	**(1,234,417)**	(123,486)
Non-current portion	**8,521**	1,235,466

15. Borrowings (continued)

At year end the Group is in default of most loan agreements either for non-compliance with financial ratios or as a result of cross default clauses. Therefore as required by IAS 1 "Presentation of Financial Statements" all loan balances in default have been classified as current liabilities to reflect the fact that the loans are callable on demand as a result of the breach as described in Note 26. The non-current portion represents loans and finance leases which are not covered under these agreements.

	2010 $	2009 $
Type of borrowings:		
Bonds	**484,343**	564,457
Project financing	**584,854**	621,274
Term loans	**167,288**	167,373
Finance lease obligations	**6,453**	5,848
	1,242,938	1,358,952
Currency denomination of borrowings		
US dollar	**446,854**	468,597
Local currencies	**796,084**	890,355
	1,242,938	1,358,952
Interest rate profile		
Fixed rates	**1,236,413**	1,350,800
Floating rates	**6,525**	8,152
	1,242,938	1,358,952

	2010	2009
The weighted average effective interest rate for medium and long-term financing is:	**8.02%**	8.24%

a. Bonds

(i) Barbados $50 million Bond

This bond, with current book value of TT$107.9 million (2009: TT$124.7 million), is secured by a charge on the fixed and floating assets of Arawak Cement Company Limited and is repayable by 18 equal semi-annual instalments which commenced in March 2008. The rates of interest are fixed in the range 7.4% to 9.45% for the four tranches.

15. Borrowings (continued)

a. Bonds (continued)

(ii) TT$346.5 million Bond

This bond, with current book value of TT$137.8 million (2009: TT$172.1 million), is secured by a charge on the fixed and floating assets of the Group and is repayable by 20 equal semi-annual installments of TT$17.3 million scheduled to end in August 2014 and carries a fixed rate of interest of 6.87% per annum.

(iii) TT$187 million Bond

This bond, with current book value of TT$164.4 million (2009: TT$183.8 million) is secured by a charge on certain fixed assets of the Group. It carries a fixed rate of interest of 8.95% per annum and is to be repaid by nineteen semi-annual installments commencing February 2010.

(iv) TT$100 million Bond

This bond, with current book value of TT$74.3 million (2009: TT$83.9 million), is secured by a charge on the fixed and floating assets of the Group. It carries a fixed interest rate of 8.5% per annum and is to be repaid by twenty equal semi-annual principal repayments scheduled to end in February 2018.

b. Project financing

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

15. Borrowings (continued)

b. Project financing (continued)

(i) TT$315 million Project Bond

This bond, with current book value of TT$298.1 million (2009: TT$310.6 million), is secured by a charge on certain fixed assets of the Group and is repayable by 24 equal semi-annual installments of TT$13.1 million which commenced in September 2010 and carries a fixed rate of interest of 9.1% per annum.

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

This loan, with current book value of TT$113.9 million (2009: TT$129.9 million), is secured by a charge on certain fixed assets of the Group and is repayable by 18 equal semi-annual installments of US$1.389 million which commenced in October 2008 and carries a floating rate of interest of 6-month Libor plus 225 basis points.

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

This loan, with current book value of TT$63.1 million (2009: TT$62.2 million), is secured by a charge on certain fixed assets of the Group and is scheduled to be repaid by 2 installments of US$5 million each in April 2016 and in April 2017. It carries a floating rate of interest of 6-month Libor plus 100 basis points.

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

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

This loan, with current book value of TT$109.8 million (2009: TT$118.6 million), is secured by a charge on certain fixed assets of the Group and is repayable by 24 equal semi-annual installments of TT$5.0 million which commenced in April 2010 and carries a floating rate of interest of 6-month Libor plus 275 basis points.

15. Borrowings (continued)

Interest rate swap

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

The swap instruments are carried at market values representing the present values of all future settlements under the swaps as determined by a specific formula based upon current market conditions. The carrying values, which will vary in response to changes in market conditions, are recorded as assets or liabilities with the resultant charge or credit recorded as a 'Hedging Reserve' directly in shareholders' equity. At each statement of financial position date, the swap instruments are marked to market and the change in value recorded in the Hedging Reserve. For each accounting period, an amount is transferred from the Hedging Reserve and charged or credited in the statement of income such that the overall interest expense on the related project loans is reflective of the fixed interest rates.

As at 31 December 2010, the swaps carried an aggregate value of a $33.3 million (2009: $28.2 million) liability in the books of the Group. Subsequent to the year end, on 13 April 2011 as part of the measures required by Lenders to re-profile the Group's debt portfolio, the swaps were terminated which crystallised a liability of US$5.26 million that will be included in the obligations to be addressed in the debt re-profiling exercise.

c. Term loans

(i) US$25 million commercial paper

The loan obtained in December 2008 with current book value of TT$160.1 million (2009: TT$157.9 million), is unsecured and carries a fixed rate of interest of 7.25% per annum. It is scheduled to be repaid by one bullet payment in December 2011.

15. Borrowings (continued)

c. Term loans (continued)

(ii) TT$18.5 million loan

A ten (10) year loan with an outstanding balance of $6.5 million (2009: $8.1 million), taken by Readymix (West Indies) Limited carrying rates of interest of 6%, fixed for the first five years and variable over the remaining five years. The security for this loan is a first charge on the fixed and floating assets of that company.

(iii) Other term loans

- Medium term loans, with aggregate outstanding balance of $0.1 million (2009: $1.0 million), taken by Premix & Precast Concrete Incorporated, carrying fixed rate of interest of 9.7%, and secured by a charge over the fixed and floating assets of the company and a guarantee from Readymix (West Indies) Limited.
- Loans obtained by the Jamaica subsidiary from RBTT Bank Jamaica Limited, Bank of Nova Scotia Jamaica Limited and Palisadoes Credit Union with current book value of TT$0.6 million (2009: TT$0.4 million) are repayable in equal monthly installments and are secured by a bill of sale over certain of the subsidiary's motor vehicles.

As discussed further in Note 26, the Group has commenced negotiations with the majority of its lenders for a re-profiling of its debt portfolio. The lenders have agreed to a process for undertaking these negotiations which when concluded will alter the terms of the debts as described above.

d. Finance leases

Included in total borrowings are finance leases amounting to $6.4 million (2009: $5.8 million). The minimum lease payments under these finance leases are as follows:

	2010 $	2009 $
Due not more than one year	3,171	2,978
Due in years two to five	4,403	3,504
Total minimum lease payments	7,574	6,482
Less: Finance charges	(1,121)	(634)
Total net present value	6,453	5,848

16. Stated capital and other reserves

(a) Stated capital

	2010 $	2009 $
Authorised		
An unlimited number of ordinary and preference shares of no par value		
Issued and fully paid		
249,765,136 (2009: 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 2010			
Balance at 1 January 2010	(197,048)	(18,899)	(215,947)
Other comprehensive income:			
Currency translation and other adjustments	17,453	–	17,453
Change in fair value of swap obligation	–	(18,797)	(18,797)
Net charge on swap transferred to statement of income	–	13,381	13,381
Deferred taxation on swap obligation	–	1,331	1,331
Total other comprehensive income	17,453	(4,085)	13,368
Balance at 31 December 2010	(179,595)	(22,984)	(202,579)
Year ended 31 December 2009			
Balance at 1 January, 2009	(174,103)	(31,549)	(205,652)
Other comprehensive income:			
Currency translation and other adjustments	(22,945)	–	(22,945)
Change in fair value of swap obligation	–	7,772	7,772
Net charge on swap transferred to statement of income	–	9,091	9,091
Deferred taxation on swap obligation	–	(4,213)	(4,213)
Total other comprehensive income	(22,945)	12,650	(10,295)
Balance at 31 December 2009	(197,048)	(18,899)	(215,947)

16. Stated capital and other reserves (continued)

(b) Other reserves (continued)

Nature and purpose of reserves

Foreign currency translation account

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

Hedging reserve

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

17. Dividends

	2010 $	2009 $
Paid 2009 Final - 0¢ (2008 - 0¢)	–	–

During the year, the Parent Company wrote back an amount of $0.3 million (2009: $1.1 million) to retained earnings in respect of prior years' dividend declarations which have been forfeited.

18. Employee share ownership plan (ESOP)

	2010 $	2009 $
Employee share ownership plan		
Number of shares held - unallocated (thousands)	4,121	4,294
Number of shares held - allocated (thousands)	4,362	4,189
	8,483	8,483
Fair value of shares held - unallocated	11,951	16,531
Fair value of shares held - allocated	12,650	16,129
	24,601	32,660
Cost of unallocated ESOP shares	28,658	29,345
Charge to earnings for shares allocated to employees	663	664

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

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

Shares acquired by the ESOP are funded by Group contributions. The cost of shares so acquired of $28.7 million (2009: $29.3 million) which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. All dealings in these shares will be recognised directly in equity. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at year end.

19. Capital commitments and contingent liabilities

Capital commitments

The Group has approved no contractual capital commitments as at December 2010 (2009: $2.5 million).

Contingent liabilities

There are contingent liabilities amounting to $10 million (2009: $3.6 million) for various claims, bank guarantees, and bonds against the Group. There are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Group's attorneys at law, that if any liability should arise out of these claims it is not likely to be material. Accordingly, no provision has been made in these financial statements in respect of these matters.

In 2010, one of the Group's subsidiaries was assessed for additional taxes of approximately $6.3 million by the taxation authorities for income tax years 2002, 2003 and 2004. The subsidiary has formally objected to these assessments and no provision has been recorded to 31 December 2010 as the directors are of the opinion that the liability is not considered probable.

20. Cash from operations

	2010 $	2009 $
(Loss)/profit before taxation continuing operations	(145,338)	93,328
Loss before taxation discontinued operations	(4,253)	(9,286)
(Loss)/profit before taxation	(149,591)	84,042
Adjustments to reconcile (loss)/profit before taxation to net cash generated by operating activities:		
Depreciation	165,975	151,649
Interest expense net of interest income	151,335	146,179
ESOP share allocation and sale of shares net of dividends	24	913
Other post-retirement benefit expense	3,775	4,461
Pension plan expense	16,809	3,503
(Gain)/loss on disposal of property, plant and equipment	(7,084)	10,867
Other non-cash items	325	(5,813)
	181,568	395,801
Changes in net current assets		
(Increase)/decrease in inventories	(1,929)	14,162
Decrease in receivables and prepayments	9,941	24,167
Increase/(decrease) in payables and accruals	22,910	(50,892)
	212,490	383,238

21. Fair value and fair value hierarchies

The fair values of cash and short term deposits, receivables, payables and short term borrowings approximate their carrying amounts due to the short term nature of these instruments. The fair values of these instruments and long term borrowings are presented below:

	Carrying amount 2010 $	Fair value 2010 $	Carrying amount 2009 $	Fair value 2009 $
Financial assets:				
Cash at bank and short term deposits	20,416	20,416	20,696	20,696
Trade receivables	118,414	118,414	127,649	127,649
Financial liabilities:				
Bank overdraft and advances	431,594	431,594	293,267	293,267
Borrowings and swap	1,276,287	1,249,131	1,387,178	1,438,220
Trade payables	118,522	118,522	122,698	122,698

21. 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.

There are no financial assets in Level 1 and Level 3. Level 2 includes an Interest Rate Swap carried at an aggregate value of $33.3 million (2009: $28.2 million). During the reporting period ending 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

22. Subsidiary undertakings

The Group's subsidiaries are as follows:

	Country of incorporation	Ownership level	
		2010	2009
Readymix (West Indies) Limited	Trinidad and Tobago	71%	71%
TCL Packaging Limited	Trinidad and Tobago	80%	80%
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	65%	65%
TCL Leasing Limited	Trinidad and Tobago	100%	100%
Caribbean Cement Company Limited	Jamaica	74%	74%
Jamaica Gypsum and Quarries Limited	Jamaica	74%	74%
Rockfort Mineral Bath Complex Limited	Jamaica	74%	74%
Caribbean Gypsum Company Limited	Jamaica	74%	74%
Arawak Cement Company Limited	Barbados	100%	100%
Premix & Precast Concrete Incorporated	Barbados	43%	43%
TCL Trading Limited	Anguilla	100%	100%
TCL Service Limited	Nevis	100%	100%
TCL (Nevis) Limited	Nevis	100%	100%
Island Concrete Products N.V.	St. Maarten	71%	71%
Island Concrete SARL	St. Martin	71%	71%
TCL Guyana Inc.	Guyana	80%	80%

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

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.

	2010	2009
	$	$
Short-term employment benefits	**20,030**	22,170
Pension plan and post retirement benefits	**556**	520

23. Financial risk management

Introduction

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

Risk management structure

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

Credit risk

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

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one customer, or group of customers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

Exposure to credit risk is further managed through regular analysis of the ability of debtors and financial institutions to settle outstanding balances, meet capital and interest repayment obligations and by changing these lending limits when appropriate. The Group does not generally hold collateral as security.

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

	Gross maximum exposure 2010 $	Gross maximum exposure 2009 $
Trade receivables	**118,414**	127,649
Cash and short-term deposits	**20,416**	20,696
Credit risk exposure	**138,830**	148,345

23. Financial risk management (continued)

Credit risk (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 customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2010, the Group had thirteen customers (2009: sixteen customers) that owed the Group more than $2 million each and which accounted for 47% (2009: 45%) of all trade receivables owing.

Credit risk related to cash and short-term deposits

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

Liquidity risk

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

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

2010	On demand	1 year	2 to 5 years	> 5 years	Total
	$	$	$	$	$
Bank overdraft and advances	387,587	53,405	–	–	440,992
Borrowings	1,630,622	4,878	8,308	523	1,644,331
Trade payables	–	118,522	–	–	118,522
	2,018,209	176,805	8,308	523	2,203,845

2009	On demand	1 year	2 to 5 years	> 5 years	Total
Bank overdraft and advances	296,219	–	–	–	296,219
Borrowings	–	242,356	1,027,202	666,215	1,935,773
Trade payables	–	122,698	–	–	122,698
	296,219	365,054	1,027,202	666,215	2,354,690

23. Financial risk management (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy financial position in order to support its business activities and maximise shareholder value. The Group is required to comply with several financial ratios and other quantitative targets in accordance with certain loan agreements. Important amongst these targets are a Current Ratio of not less than 1.2 and a Debt to EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) of not more than 3. Refer to Note 26 for details concerning compliance with financial ratios.

Foreign currency risk

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

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

	Increase/decrease in US/Euro rate	Effect on profit before tax $	Effect on equity $
2010			
US dollar	+1%	(6,100)	(4,575)
	-1%	6,100	4,575
Euro	+1%	(91)	(68)
	-1%	91	68
2009			
US dollar	+1%	(6,101)	(4,576)
	-1%	6,101	4,576
Euro	+1%	(12)	(9)
	-1%	12	9

The effect on profit is shown net of US dollar financial assets (2010: $53.3 million, 2009: $49.6 million), and liabilities (2010: $663.3 million, 2009: $659.7 million) and EURO net financial liabilities (2010: $9.1 million, 2009: $1.2 million).

23. Financial risk management (continued)

Foreign currency risk (continued)

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

2010	TTD	USD	JMD	BDS	Other	Total
	$	$	$	$	$	$
ASSETS						
Cash and short-term deposits	823	12,319	5,935	–	1,339	20,416
Trade receivables	48,485	40,991	15,935	4,762	8,241	118,414
	49,308	53,310	21,870	4,762	9,580	138,830
LIABILITIES						
Bank overdraft and advances	188,106	145,988	58,689	38,811	–	431,594
Borrowings and swap obligation	682,625	485,098	595	107,969	–	1,276,287
Trade payables	32,110	32,254	23,412	21,518	9,235	118,529
	902,841	663,340	82,696	168,298	9,235	1,826,410
NET LIABILITIES	853,533	610,030	60,826	163,536	(345)	1,687,580

2009	TTD	USD	JMD	BDS	Other	Total
ASSETS						
Cash and short-term deposits	3,913	10,949	3,614	162	2,058	20,696
Trade receivables	63,141	38,635	5,555	9,977	10,341	127,649
	67,054	49,584	9,169	10,139	12,399	148,345
LIABILITIES						
Bank overdraft and advances	85,816	123,478	49,840	34,133	–	293,267
Borrowings and swap obligation	764,072	496,822	433	125,851	–	1,387,178
Trade payables	26,235	39,350	36,572	14,992	5,549	122,698
	876,123	659,650	86,845	174,976	5,549	1,803,143
NET LIABILITIES	809,069	610,066	77,676	164,837	(6,850)	1,654,798

23. Financial risk management (continued)

Interest rate risk

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

The interest rate exposure of borrowings is as follows:

Total borrowings:

	2010 $	2009 $
At fixed rate	**1,236,413**	1,350,800
At floating rates	**438,119**	301,419

Effective 13 April 2011, the Group terminated its interest swap agreements with the effect that interest rates on debt amounting to $291.3 million will become variable when they were previously fixed by the swaps. At that date the variable rates average 2.6% per annum compared with the fixed rate average of 7.1% per annum which will result in an interest expense reduction of $12.9 million per annum.

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 $
2010	+100	(4,381)
	-100	4,381
2009	+100	(3,014)
	-100	3,014

24. 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.

24.1 Operating segment information

	Cement $	Concrete $	Packaging $	Consolidation adjustments $	Total $
2010					
Total revenue	1,677,203	138,525	89,387	–	1,905,115
Inter-segment revenue	(265,211)	–	(78,820)	–	(344,031)
Third party revenue	1,411,992	138,525	10,567	–	1,561,084
Depreciation	159,930	9,211	2,262	(5,428)	165,975
(Loss)/profit before tax	(158,129)	(7,669)	10,764	5,443	(149,591)
Segment assets	4,563,411	165,812	118,494	(726,796)	4,120,921
Segment liabilities	2,996,377	65,581	47,594	(505,943)	2,603,609
Capital expenditure	57,478	5,518	677	–	63,673
2009					
Total revenue	1,842,287	195,474	82,838	–	2,120,599
Inter-segment revenue	(311,072)	–	(69,066)	–	(380,138)
Third party revenue	1,531,215	195,474	13,772	–	1,740,461
Depreciation	144,635	9,798	2,581	(5,365)	151,649
Profit before tax	55,265	15,630	6,459	6,688	84,042
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

24. Financial information by segment (continued)

24.2. Geographical segment information

	Revenue 2010 $	Revenue 2009 $	Non-current assets 2010 $	Non-current assets 2009 $	Additions property plant and equipment 2010 $	Additions property plant and equipment 2009 $
Trinidad and Tobago	567,733	696,034	2,270,684	2,278,456	29,505	143,658
Jamaica	492,513	550,341	638,653	530,323	26,807	69,119
Barbados	161,271	180,373	380,058	389,498	7,319	28,817
Other countries	339,567	329,089	54,290	54,552	42	212
Group total	1,561,084	1,755,837	3,343,685	3,252,829	63,673	241,806

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

25. 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 due to a major decline in the demand for concrete on the island.

On 31 March 2010 the Board of Directors of these subsidiaries agreed to pursue disposal of the subsidiaries, Island Concrete Product N.V. and Island Concrete SARL and management continues to explore all options in this regard.

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 subsidiaries for the years ended 31 December 2010 and 2009 are presented below:

	2010 $	2009 $
Revenue	**1,020**	15,376
Expenses	**(5,179)**	(24,375)
Operating loss	**(4,159)**	(8,999)
Finance costs	**(94)**	(287)
Loss before tax from discontinued operations	**(4,253)**	(9,286)
Taxation	**–**	(36)
Loss for the year from discontinued operations	**(4,253)**	(9,322)

The major classes of assets and liabilities of Island Concrete Products N.V. and Island Concrete SARL classified as held for sale as at 31 December 2010 are as follows:

	2010 $
Assets	
Property, plant and equipment (Note 7)	2,622
Inventories	539
Cash and short term deposits	17
Assets classified as held for sale	3,178
Liabilities	
Payables and accruals	(3,238)
Bank overdraft	(969)
Liabilities associated with assets classified as held for sale	(4,207)
Net assets directly associated with disposal group	(1,029)

25. Assets classified as held for sale (continued)

The net cash flows incurred by Island Concrete Products N.V. and Island Concrete SARL for the year ended 31 December 2010 are as follows:

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

The overdraft facility held by Island Concrete Products N.V. attracts interest at the rate of 8.5% per annum (2009: 8.5%) and is secured by a charge over the fixed and floating assets of that company and by a guarantee from Readymix (West Indies) Limited.

26. Subsequent events and going concern

Subsequent events

Loan agreements require Trinidad Cement Limited and its Subsidiaries (TCL Group) and Caribbean Cement Company Limited and its Subsidiaries (CCCL Group) to maintain a minimum current ratio of 1.2 and carry maximum short term debt of US$45 million at 31 December 2010. Both TCL Group and CCCL Group were not in compliance with their current ratio limits at 31 December 2010. TCL Group also exceeded its short term borrowing limit and as such was in default of its obligations under the loan agreements.

Subsequent to year end, on 14 January 2011, Trinidad Cement Limited (TCL) publicly declared a moratorium on all debt service payments due by all entities in the TCL Group. Challenged by weak demand volumes across most markets, TCL had commenced negotiation in 2010 with lenders for a re-profiling of its debt portfolio and the declaration was made after informal agreement with the majority of lenders who wanted to ensure adequate liquidity in the TCL Group to allow for continuity of business operations. Subsequent to the declaration, debt service payments falling due have not been made by TCL and its subsidiaries. Debt agreements covering loans in the amount of $1,704.7 million are therefore in default either through non-payment of interest and principal or due to cross default clauses.

The majority of lenders have formed a Steering Committee to participate in the re-profiling process and have caused the engagement of independent restructuring consultants and legal advisors. The restructuring consultants have completed their review and report on TCL Group's business plans and financial projections which will form the basis of the re-profiling negotiation. The specific features of the re-profiling are yet to be negotiated but TCL expects the exercise to be completed by 30 September 2011.

The arrangement between the majority of lenders and TCL Group, and the declaration of the moratorium on debt service payments are informal and not subject to any legal agreement between TCL Group and the lenders. Notwithstanding the explicit action taken by the majority of lenders to undertake the re-profiling of TCL Group's debt portfolio and continued credit support, lenders have retained their rights to demand immediate repayment of outstanding obligations in the amount of $1,704.7 million which the TCL Group is not in a position to immediately meet. Should lenders demand immediate repayment and initiate legal action to enforce their security there may be a risk to the going concern of the TCL Group. However, no legal action has been taken to pursue recovery and the majority of lenders has maintained their lines of short term operating credit to TCL and its subsidiaries at the levels existing at 14 January 2011. Moreover, lenders have actively participated in the re-profiling process and have given every indication of their willingness to negotiate a successful conclusion.

26. Subsequent events and going concern (continued)

Going concern

The current economic environment is challenging and the Group has reported a consolidated loss of $80.3 million for the year ended 31 December 2010. At year end, current liabilities exceeded current assets by $1.360 billion mainly owing to the reclassification of the borrowings to current as discussed in note 15.

As noted above, the Group is currently undertaking negotiations with its lenders for the re-profiling of its debt portfolio and the lenders are participating in the process without prejudice to their legal rights. The directors and management are pursuing a number of new markets with some level of success to date and there is increased focus on new marketing pursuits. Based on current plans and strategies, including the anticipated successful completion of the debt re-profiling exercise, the directors and management have a reasonable expectation that the Group will generate adequate cash flows and profitability that will allow it to continue in operational existence in the foreseeable future. The restructuring exercise is intended to facilitate the full repayment of the debt obligations and position TCL Group to prosper from the rebound in market conditions. For these reasons, the directors and management continue to adopt the going concern assumption in preparing its consolidated financial statements.

Notes

Proxy Form

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.

BLOCK CAPITALS PLEASE

I/We ____

NAME(S) OF SHAREHOLDER(S)

of ____

ADDRESS

being a Member/Members of the above named Company, 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 July 15, 2011 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 December 31, 2010 and the Reports of the Directors and Auditors thereon be adopted	☐	☐
2. Election of Directors		
(i) Be it resolved that Mr. Bevon Francis, having been appointed by the Board to fill a casual vacancy is subject to election at the Annual Meeting in accordance with Clause 4.4.2 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(ii) 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 Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third 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 Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(iv) Be it resolved that Dr. Aleem Mohammed who retires by rotation and being eligible, be re-elected a director of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(v) 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 Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
3. Be it resolved that Ernst & Young be appointed as the Auditors for the year 2011 and that the Board be authorised to fix their remuneration.	☐	☐

NOTES:

1. A member may appoint a proxy of his own 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.

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Number of Shares ______________________

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