TRINIDAD CEMENT LIMITED

CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

ONE CARIBBEAN... ONE COMPANY
A member of the TCL GROUP

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2011	2010	2011	2010
CONTINUING OPERATIONS:				
REVENUE	**403,041**	**358,735**	**1,560,860**	**1,561,084**
Earnings before interest, tax and depreciation (Ebitda)	**35,937**	**8,096**	**84,274**	**169,001**
Depreciation	(49,961)	(39,979)	(170,979)	(165,975)
Impairment charges and write-offs	(79,386)	—	(79,386)	—
Operating (Loss)/Profit	**(93,410)**	**(31,883)**	**(166,091)**	**3,026**
Restructuring expenses	(103,201)	—	(103,201)	—
Finance costs	(42,670)	(35,537)	(187,960)	(148,364)
Loss before taxation from continuing operations	**(239,281)**	**(67,420)**	**(457,252)**	**(145,338)**
Taxation	(3,830)	16,968	72,823	69,264
Loss for the year from continuing operations	**(243,111)**	**(50,452)**	**(384,429)**	**(76,074)**
DISCONTINUED OPERATIONS:				
Operating loss for the year from discontinued operations	(964)	(266)	(1,681)	(4,253)
Gain on disposal of discontinued operations	923	—	11,092	—
Net Income/(loss) for the year from discontinued operations	(41)	(266)	9,411	(4,253)
Loss for the year	**(243,152)**	**(50,718)**	**(375,018)**	**(80,327)**
Attributable to:				
Shareholders of the Parent	(220,155)	(40,856)	(325,315)	(48,549)
Non-controlling Interests	(22,997)	(9,862)	(49,703)	(31,778)
	(243,152)	**(50,718)**	**(375,018)**	**(80,327)**
Basic and diluted (Loss)/Earnings per Share - cents:				
From Continuing Operations	(89)	(17)	(135)	(18)
From Discontinued Operations	—	—	3	(2)
	(89)	**(17)**	**(132)**	**(20)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2011	2010	2011	2010
Loss after Taxation	**(243,152)**	**(50,718)**	**(375,018)**	**(80,327)**
Currency translation	(1,454)	8,320	(765)	22,657
Change in fair value of swap, net of tax	—	5,760	22,984	(4,085)
	(244,606)	**(36,638)**	**(352,799)**	**(61,755)**
Attributable to:				
Shareholders of the Parent	(221,253)	(30,895)	(302,805)	(35,181)
Non-controlling Interests	(23,353)	(5,743)	(49,994)	(26,574)
	(244,606)	**(36,638)**	**(352,799)**	**(61,755)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	AUDITED 31.12.2011	AUDITED 31.12.2010
Non-Current Assets	3,144,383	3,352,888
Current Assets	808,662	768,033
Current Liabilities	(2,390,689)	(2,137,406)
Non-Current Liabilities	(394,225)	(466,203)
Total Net Assets	**1,168,131**	**1,517,312**
Share Capital	466,206	466,206
Reserves	659,514	958,701
Equity attributable to Shareholders of the Parent	**1,125,720**	**1,424,907**
Non-controlling Interests	42,411	92,405
Total Equity	**1,168,131**	**1,517,312**

DIRECTORS' STATEMENT

Performance

For the year, Group revenue of $1.56 billion was materially unchanged from the prior year. Domestic cement sales volume was 1% more than the prior year whilst export volume was 9% higher. However, there was significant cost escalation of 21% for kiln fuel and electricity ($73m) and 14% for raw materials ($21m) largely due to unit price increases as production of clinker and cement was only higher than the prior year by 1.5% and 4% respectively. As a consequence, Ebitda declined from the $169m of the prior year to $84m.

Finance costs include additional charges of $32.4m for a 200 basis points increase on the original rates from January 14, 2011 agreed with Lenders as part of the terms of the debt restructuring programme. There was further negative impact from non-cash charges of $79.4m for impairment and write-off of kiln 4 and related assets due to the projected deferral in their return into production given the debt restructuring exercise and difficult market conditions. The debt restructuring exercise itself has incurred expenses of which $103m has been recognized in 2011. Further, the Group did not recognize $46.3m of deferred tax credits arising at Caribean Cement Company Limited(CCCL) on the grounds of prudence given the still difficult business conditions in Jamaica.

Two minor subsidiaries of Readymix (West Indies) Limited in St Maarten were disposed effective June 30, 2011 generating a net gain of $9.4m for the year. However, as a consequence of the one-time additional charges and the reduced tax credit with combined negative impact of $228.9m, the Group is reporting Net Losses of $375m compared with $80.3m for 2010.

Opinion - Impairment Losses

You will observe from the Independent Auditors' report that they have issued a qualified opinion, on the basis that they have not obtained sufficient appropriate audit evidence to support some of the assumptions used by management in determining the impairment losses of assets in CCCL. The Board of Directors considers that there is a reasonable expectation that management's assumptions will be realised and therefore approved management's calculation of the impairment losses.

Outlook

The Group has increased prices by up to 9% across most markets to compensate for the increase in input prices and costs. The pursuit of new markets and additional volumes into existing ones continues with notable success. Contracts have been agreed for additional supply into Haiti and Brazil. Shipments into the French West Indies started in December 2011 and will increase in the second half of 2012 when the full quality certification process is completed. Demand in the critical domestic markets appears to have stabilized and marginal growth is expected for Trinidad and Jamaica whilst cost containment initiatives will continue. The debt restructuring exercise when completed will allow the Group to refocus on building its core businesses. Notwithstanding the strike action TCL continues to supply the domestic market from its subsidiary operations in the Caribbean and its strategic allies.

Andy J. Bhajan
Group Chairman
March 28, 2012

Dr. Rollin Bertrand
Director/Group CEO
March 28, 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	AUDITED Year Jan to Dec 2011	AUDITED Year Jan to Dec 2010
Loss before Taxation from Continuing Operations	**(457,252)**	**(145,338)**
Profit/(loss) before taxation from discontinued operations	9,411	(4,253)
Loss before Taxation	**(447,841)**	**(149,591)**
Adjustment for non-cash items	553,247	331,159
	105,406	181,568
Changes in working capital	55,034	30,922
	160,440	212,490
Net Interest, taxation and pension contributions paid	(59,626)	(173,650)
Net cash generated by operating activities	100,814	38,840
Net cash used in investing activities	(31,175)	(55,451)
Net cash generated by/(used in) financing activities	(32,565)	63,981
Increase in cash and cash equivalents	37,074	47,370
Currency adjustment - opening balance	(59)	(6,381)
Net cash/borrowings – beginning of year	20,293	(20,696)
Net cash/borrowings - end of year	**57,308**	**20,293**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT		NON-CONTROLLING INTEREST	
	AUDITED Year Jan to Dec 2011	AUDITED Year Jan to Dec 2010	AUDITED Year Jan to Dec 2011	AUDITED Year Jan to Dec 2010
Balance at beginning of period	1,424,907	1,459,739	92,405	119,548
Currency translation and other adjustments	(474)	17,453	(291)	5,204
Allocation to employees of ESOP shares, net of dividend	3,385	24	—	—
Change in fair value of swap, net of tax	22,984	(4,085)	—	—
Loss after taxation	(325,315)	(48,549)	(49,703)	(31,778)
Dividends forfeited	233	325	—	(569)
Balance at end of period	**1,125,720**	**1,424,907**	**42,411**	**92,405**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR END JAN TO DEC 2011					
Revenue					
Total	1,691,382	116,242	91,036	—	1,898,660
Intersegment	(257,287)	—	(80,513)	—	(337,800)
Third Party	1,434,095	116,242	10,523	—	1,560,860
(Loss)/Profit before tax	(502,869)	(425)	8,901	46,552	(447,841)
Depreciation and Impairment	245,367	8,543	2,159	(5,705)	250,364
Segment Assets	4,562,639	162,144	114,463	(886,201)	3,953,045
Segment Liabilities	3,406,799	60,825	36,365	(719,075)	2,784,914
Capital expenditure	38,484	1,856	381	—	40,721
AUDITED YEAR END JAN TO DEC 2010					
Revenue					
Total	1,677,203	138,525	89,387	—	1,905,115
Intersegment	(265,211)	—	(78,820)	—	(344,031)
Third Party	1,411,992	138,525	10,567	—	1,561,084
(Loss)/Profit before tax	(158,129)	(7,669)	10,764	5,443	(149,591)
Depreciation	159,930	9,211	2,262	(5,428)	165,975
Segment Assets	4,563,411	165,812	118,494	(726,796)	4,120,921
Segment Liabilities	2,996,377	65,581	47,594	(505,943)	2,603,609
Capital expenditure	57,478	5,518	677	—	63,673

Notes:

1. **Basis of Preparation**
   These summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries for the year ended 31 December, 2011 which are prepared in accordance with International Financial Reporting Standards.

2. **Accounting Policies**
   Accounting policies used in the preparation of these financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2011. The Group has adopted all the new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after January 01, 2011 and which are relevant to the Group's operations. The adoption of these standards and interpretations did not have any material effect on the Group's financial position or results.

3. **Earnings Per Share**
   Earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares in issue for the period has been determined by deducting from the total number of issued shares of 249.765M, the 3.752M (2010: 4.121M) shares that were held as unallocated shares by our ESOP.

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

5. **Going Concern/Debt Restructuring**
   On 14 January 2011, the TCL Group initiated a debt restructuring exercise under which a moratorium was declared on all debt service payments by all entities in the Group. Accordingly, at year end all loan agreements were in legal default through non-payment of interest and principal and non-compliance with other terms. The Group has reached agreement in principle with its lenders on the restructuring of the Group's debt and the terms of such restructuring, however, the legal documentation and sign off of the agreement is expected in April 2012. Until the restructuring agreements are executed by TCL, lenders could demand immediate repayment of all outstanding obligations. Should the lenders execute their legal rights to enforce security there may be a risk to the going concern of the TCL Group. The current economic environment is challenging and as a result the Group has reported an operating loss of $166 million for the year ended 31 December 2011. At that date the current liabilities exceeded current assets by $1.58 billion, mainly due to the reclassification of most borrowings to current liabilities. The Group is aggressively pursuing new markets and additional market share in existing markets.

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

CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

TO THE SHAREHOLDERS OF TRINIDAD CEMENT LIMITED

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2011, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Trinidad Cement Limited and its Subsidiaries (the "Group") for the year ended 31 December 2011. We expressed a qualified audit opinion on those consolidated financial statements in our report dated April 12, 2012.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore is not a substitute for reading the audited consolidated financial statements of the Group.

Managements' Responsibility for the Summary Financial Statements
Management is responsible for the preparation of a summary of the audited consolidated financial statements, on the basis of their established criteria as described in Note 1.

Auditors' Responsibility
Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion
In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2011 are consistent, in all material respects, with those consolidated financial statements. However, in our audit report dated April 12, 2012 in respect of the audited consolidated financial statements of the Group for the year ended 31 December 2011, our audit opinion was qualified for the matter described below.

In 2011 management recorded impairment losses pertaining to certain plant and machinery and deferred tax assets amounting to $61.3 million and $46 million respectively. These impairment losses were determined based on management's projections which assume that the Group will generate significant revenue from exports to a certain market under a proposed agreement currently under active negotiation for which the terms and conditions have not been agreed as at the date of this audit report. We have not obtained sufficient appropriate audit evidence to support the inclusion of the cashflows from these exports. Had management excluded these cashflows from its projections, the Group would have recognized an additional impairment loss of $131.4 million in the statement of income for the year then ended. The impact of this adjustment would reduce the carrying amount of plant and machinery, inventories (spares), deferred tax assets and Group equity by $90.9 million, $6.5 million, $34 million and $131.4 million respectively. Additionally, the Group would have reported total equity amounting to $1,036.7 million and net loss after tax of $506.4 million as at 31 December, 2011 and for the year then ended. Accordingly, the basic loss per share would be reported as ($1.72) for 2011. Our qualified audit opinion states that, except for the effects of the matter described, those financial statements give a true and fair view of the financial position of the Group as at 31 December 2011, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
We draw attention to Note 5 in the summarised consolidated financial statements which indicates that the Group has reported an operating loss of $166 million for the year ended 31 December 2011 and the Group's current liabilities have exceeded its current assets by $1.58 billion as at 31 December 2011. The operating loss and net current liabilities have not been adjusted for the impact of the matters described in the Opinion paragraph above. These conditions, along with other matters as set forth in Note 5, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on the going concern basis because, as described in Note 5 the lenders have not sought to enforce their security and legal rights to call on the outstanding debt but have reached agreement in principle on the features of the restructuring and its key terms. Furthermore, based on current plans and strategies being pursued, including the anticipated successful completion of the debt restructure exercise, the Directors have a reasonable expectation that the Group will generate adequate cashflows and profitability which would allow the Group to continue in operational existence in the foreseeable future. Our opinion is not qualified in respect of this matter.

Ernst & Young

Port of Spain
TRINIDAD
April 12, 2012