TRINIDAD CEMENT LIMITED

CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31. 2012

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2012	UNAUDITED Three Months Oct to Dec 2011	RESTATED Year Jan to Dec 2012	RESTATED Year Jan to Dec 2011
CONTINUING OPERATIONS:				
REVENUE	**400,653**	**403,041**	**1,615,888**	**1,560,860**
Earnings before interest, tax, depreciation and amortisation	**39,317**	**20,914**	**169,423**	**98,884**
Depreciation	(42,869)	(30,796)	(145,414)	(151,814)
Impairment charges and write-offs	(13,891)	(79,386)	(17,963)	118,885
Loss on disposal of property, plant and equipment	(6,806)	-	(6,806)	(3,429)
Operating (Loss)/profit	(24,249)	(89,268)	(760)	62,526
Restructuring expenses	(68,711)	(103,201)	(112,163)	(67,901)
Finance costs	(66,387)	(42,670)	(238,813)	(166,082)
Loss before taxation from continuing operations	**(159,347)**	**(235,139)**	**(351,736)**	**(171,457)**
Taxation	(1,831)	(7,972)	7,209	(50,343)
Loss from continuing operations	**(161,178)**	**(243,111)**	**(344,527)**	**(221,800)**
DISCONTINUED OPERATIONS:				
Operating loss for the year from discontinued operations	-	(964)	-	(1,681)
Gain on disposal of discontinued operations	-	923	-	11,092
Net Income/(loss) for the year from discontinued operations	-	(41)	-	9,411
Loss for the period	**(161,178)**	**(243,152)**	**(344,527)**	**(212,389)**
Attributable to:				
Shareholders of the Parent	(137,015)	(220,155)	(292,913)	(167,169)
Non-controlling Interests	(24,163)	(22,997)	(51,614)	(45,220)
	(161,178)	**(243,152)**	**(344,527)**	**(212,389)**
Basic and diluted (Loss)/Earnings per Share - cents:				
From Continuing Operations	(56)	(89)	(119)	(71)
From Discontinued Operations	-	-	-	3
	(56)	**(89)**	**(119)**	**(68)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2012	UNAUDITED Three Months Oct to Dec 2011	RESTATED Year Jan to Dec 2012	RESTATED Year Jan to Dec 2011
Loss for the period	**(161,178)**	**(243,152)**	**(344,527)**	**(212,389)**
Other Comprehensive Income to be reclassified to profit and loss in subsequent periods:				
Net movement on cash flow hedge (interest rate swap)	-	-	-	30,645
Income Tax Effect	-	-	-	(7,661)
			-	22,984
Exchange differences on translation of foreign operations	2,990	(1,454)	2,456	(416)
Net Other Comprehensive (loss)/Income to be reclassified to profit and loss in subsequent periods	**2,990**	**(1,454)**	**2,456**	**22,568**
Other Comprehensive Income not to be reclassified to profit and loss in subsequent periods:				
Re-measurement gains/(losses) on pension plans and other post retirement benefits	-	-	(6,341)	(48,230)
Income tax effect	-	-	727	12,937
Net Other Comprehensive Loss not to be reclassified to profit and loss in subsequent periods:	**-**	**-**	**(5,614)**	**(35,293)**
Other Comprehensive Income/(loss) for the year, net of tax	2,990	(1,454)	(3,158)	(12,725)
Total Comprehensive Income/(loss) for the year, net of tax	**(158,188)**	**(244,606)**	**(347,685)**	**(225,114)**
Attributable to:				
Shareholders of the Parent	(166,125)	(221,253)	(296,268)	(178,492)
Non-controlling Interests	(36,232)	(23,353)	(51,417)	(46,622)
	(202,357)	**(244,606)**	**(347,685)**	**(225,114)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	RESTATED 31.12.2012	RESTATED 31.12.2011
Non-Current Assets	2,596,419	2,697,821
Current Assets	856,345	808,662
Current Liabilities	(677,460)	(2,333,516)
Non-Current Liabilities	(2,314,238)	(362,703)
Total Net Assets	**461,066**	**810,264**
Stated Capital	466,206	466,206
Reserves	19,514	315,782
Equity attributable to Shareholders of the Parent	**485,720**	**781,988**
Non-controlling Interests	(24,654)	28,276
Total Equity	**461,066**	**810,264**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	RESTATED Year Jan to Dec 2012	RESTATED Year Jan to Dec 2011
Loss before Taxation from Continuing Operations	**(351,736)**	**(171,457)**
Profit before Taxation from Discontinued Operations	-	9,411
Loss before Taxation	**(351,736)**	**(162,046)**
Adjustment for non-cash items	539,935	284,028
	188,199	121,982
Changes in working capital	10,181	38,458
	198,380	160,440
Restructuring expenses paid	(49,143)	(33,125)
Net Interest, taxation and pension contributions paid	(73,553)	(26,501)
Net cash generated by operating activities	75,684	100,814
Net cash used in investing activities	(77,878)	(31,175)
Net cash used in financing activities	(10,020)	(32,565)
Net (decrease)/increase in cash	(12,214)	37,074
Net foreign exchange differences	(2,033)	(59)
Net cash – beginning of year	57,308	20,293
Net cash - end of year	**43,061**	**57,308**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT RESTATED Year Jan to Dec 2012	PARENT RESTATED Year Jan to Dec 2011	NONCONTROLLING INTERESTS RESTATED Year Jan to Dec 2012	NONCONTROLLING INTERESTS RESTATED Year Jan to Dec 2011
Balance at beginning of period	**1,125,720**	**1,424,907**	**42,411**	**92,405**
Restatement - change in accounting policy	(97,745)	(59,479)	(1,750)	(477)
Restatement - correction of prior period errors	(245,987)	(408,566)	(12,385)	(17,030)
	781,988	**956,862**	**28,276**	**74,898**
Exchange difference on translation of foreign subsidiaries	1,884	(215)	197	(1,402)
Re-measurement gains/(losses) on pension plans and other post-retirement benefits	(5,239)	(34,092)	-	-
Net charge on swap transferred to statement of income (interest)	-	3,146	-	-
Net charge on swap transferred to statement of income (restructuring)	-	19,838	-	-
Other comprehensive income/(loss)	(3,355)	(11,323)	197	(1,402)
Loss after taxation	(292,913)	(167,169)	(51,614)	(45,220)
Total comprehensive income/(loss)	(296,268)	(178,492)	(51,417)	(46,622)
Allocation to employees of ESOP shares net of dvidends	-	3,385	-	-
Dividends forfeited/(paid)	-	233	(1,513)	-
Balance at end of period	**485,720**	**781,988**	**(24,654)**	**28,276**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
RESTATED YEAR JAN TO DEC 2012					
Revenue					
Total	1,744,067	136,528	79,347	-	1,959,942
Intersegment	(271,510)	-	(72,544)	-	(344,054)
Third Party	1,472,557	136,528	6,803	-	1,615,888
(Loss)/Profit before tax	(582,060)	(8,163)	5,637	232,850	(351,736)
Depreciation and impairment	161,018	6,100	1,760	(5,501)	163,377
Segment Assets	4,101,084	159,911	110,785	(919,016)	3,452,764
Segment Liabilities	3,852,473	69,318	41,285	(971,378)	2,991,698
Capital expenditure	64,778	12,310	825	-	77,913
RESTATED YEAR 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	(226,205)	(693)	8,889	46,552	(171,457)
Depreciation	27,931	8,543	2,159	(5,704)	32,929
Segment Assets	4,119,549	159,796	113,339	(886,201)	3,506,483
Segment Liabilities	3,314,166	61,080	40,051	(719,078)	2,696,219
Capital expenditure	38,484	1,856	381	-	40,721

Restated Directors' Statement

The Group's Earnings before Interest, Tax and Depreciation increased by 71% or $70.5m for the year ended December 31, 2012. This was achieved notwithstanding a 92-day labour strike at the Trinidad cement plant and production difficulties at the Jamaica and Barbados plants due to working capital challenges. Group revenue increased by $55m or 4% due to better pricing as domestic cement sales volume declined by 4% whilst that of exports fell more steeply at 24% due to in part to limited product availability. The 2012 results for the Group were negatively impacted by a charge of $112.2m for debt restructuring expenses and a non-cash charge of $18.0m for impairment of Kiln 4 and related spares whose return to operation is dependent on significant market improvement but in accordance with our accounting standards have to be impaired.

Finance costs increased by $72.7m as a result of $30.4m higher foreign exchange losses in 2012 mainly from our Jamaica subsidiaries due to the depreciation of the Jamaican dollar. Additionally, interest costs were higher due to higher principal balances arising from the capitalization of interest at June 30 and September 30 in 2012 in accordance with our debt restructuring agreement and there were reclassification adjustments affecting finance costs for 2011 and 2012 with a net increase in 2012 of $16.1M.

The Group completed the debt restructuring exercise in May 2012 and paid the first interest installment of $51m in December 2012 and the second installment of $71m on March 22, 2013.

Outlook

The Group remains challenged by the markets of Barbados, Jamaica and other selected export countries which are flat to declining. The Trinidad and Tobago market is experiencing a resurgence in demand and the Trinidad cement and concrete operations stand to benefit from continued buoyancy in 2013. The Guyana and Suriname markets are also recording strong demand. Moreover, the Group continues to pursue cost control and cost reduction initiatives as well as new markets.

Andy J. Bhajan

Andy J. Bhajan
Group Chairman
May 2, 2014

Dr. Rollin Bertrand
Director/Group CEO
May 2, 2014

Notes:

1. Basis of Preparation

The 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 consolidated financial statements of Trinidad Cement Limited and its subsidiaries for the year ended 31 December 2012.

2. Accounting Policies

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2012 financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 2" of the 31 December 2012 financial statements, have also remained unchanged.

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 (2011: 3.896M) 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

The Group has reported a loss before taxation of $351.7 million for the year ended 31 December 2012 ($171.4 million in 2011) and there is $2.05 billion in outstanding debt obligations as presented on its statement of financial position as at 31 December 2012. The TCL Group's strategies to achieve sustainability include aggressively pursuing new markets and additional market share in existing markets. Approximately 10% growth in cement sales volume is projected in the budget for Trinidad with modest volume growth in Barbados for 2013. In Jamaica, Caribbean Cement Company Limited (CCCL) is projecting additional market share by attracting current importers of cement to be supplied by CCCL. To counter rising input costs, the Group has increased its selling prices in most of its markets during 2012, further increases were made in January 2013 and the Group continues to implement cost reduction initiatives.

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

6. Restatement

(a) The Group has restated various pension balances and related expenses for 2012 as a result of the adoption of the revised IAS 19 – Employee Benefits – which became effective January 1, 2013 and required retrospective application.

(b) TCL proposes to embark on an exercise to refinance its existing debt by the issuance of Senior Secured First Lien Notes in the Trinidad and Tobago, United States and Canadian markets. As a requirement of this exercise, TCL's external auditors, Ernst & Young undertook a pre-issuance review of the audited financial statements for the year ended December 31, 2013, which included the comparatives for 2012 and 2011. For the purpose of this cross-border transaction, the pre-issuance review was conducted as a result of which certain transactions and balances were restated.

The non-current assets and retained earnings in both the current and prior periods have been reduced by $214.1M to reflect an impairment provision in relation to goodwill that arose from the acquisition of Caribbean Cement Company Limited. In addition withholding tax has been re-classified from EBITDA to tax charge also for the current and prior periods presented on this statement.