TRINIDAD CEMENT LIMITED

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

CONSOLIDATED AUDITED 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	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
CONTINUING OPERATIONS:				
REVENUE	400,653	403,041	1,615,888	1,560,860
Earnings before interest, tax and depreciation	37,284	35,937	159,973	87,703
Depreciation	(42,869)	(49,961)	(149,486)	(170,979)
Impairment charges and write-offs	(88,552)	(79,386)	(88,552)	(79,386)
Loss on disposal of property, plant and equipment	(6,806)	-	(6,806)	(3,429)
Operating Loss	(100,943)	(93,410)	(84,871)	(166,091)
Restructuring expenses	(5,691)	(103,201)	(49,143)	(103,201)
Finance costs	(72,229)	(42,670)	(244,655)	(187,960)
Loss before taxation from continuing operations	(178,863)	(239,281)	(378,669)	(457,252)
Taxation	(26,484)	(3,830)	(5,041)	72,823
Loss for the year from continuing operations	(205,347)	(243,111)	(383,710)	(384,429)
DISCONTINUED OPERATIONS:				
Operating loss for the year from discontinued operations	-	(964)	-	(1,681)
Gain on disposal of discontinued operations	-	923	-	11,092
Net (loss)/Income for the year from discontinued operations	-	(41)	-	9,411
Loss for the period	(205,347)	(243,152)	(383,710)	(375,018)
Attributable to:				
Shareholders of the Parent	(168,677)	(220,155)	(319,949)	(325,315)
Non-controlling Interests	(36,670)	(22,997)	(63,761)	(49,703)
	(205,347)	(243,152)	(383,710)	(375,018)
Basic and diluted (Loss)/ Earnings per Share - cents:				
From Continuing Operations	(69)	(89)	(130)	(135)
From Discontinued Operations	-	-	-	3
	(69)	(89)	(130)	(132)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2012	UNAUDITED Three Months Oct to Dec 2011	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
Loss after Taxation	(205,347)	(243,152)	(383,710)	(375,018)
Currency translation	2,990	(1,454)	1,791	(765)
Change in fair value of swap, net of tax	-	-	-	22,984
	(202,357)	(244,606)	(381,919)	(352,799)
Attributable to:				
Shareholders of the Parent	(166,125)	(221,253)	(318,559)	(302,805)
Non-controlling Interests	(36,232)	(23,353)	(63,360)	(49,994)
	(202,357)	(244,606)	(381,919)	(352,799)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	AUDITED 31.12.2012	AUDITED 31.12.2011
Non-Current Assets	2,931,468	3,144,383
Current Assets	856,345	808,662
Current Liabilities	(677,460)	(2,390,689)
Non-Current Liabilities	(2,325,654)	(394,225)
Total Net Assets	784,699	1,168,131
Share Capital	466,206	466,206
Reserves	340,955	659,514
Equity attributable to Shareholders of the Parent	807,161	1,125,720
Non-controlling Interests	(22,462)	42,411
Total Equity	784,699	1,168,131

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	AUDITED Year Jan to Dec 2012	AUDITED Year Jan to Dec 2011
Loss before Taxation from Continuing Operations	(378,669)	(457,252)
Profit before taxation from discontinued operations	-	9,411
Loss before Taxation	(378,669)	(447,841)
Adjustment for non-cash items	552,003	553,247
	173,334	105,406
Changes in working capital	(6,856)	55,034
	166,478	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	43,782	100,814
Net cash used in investing activities	(77,878)	(31,175)
Net cash used in financing activities	(10,020)	(32,565)
Decrease/Increase in cash and cash equivalents	(44,116)	37,074
Currency adjustment - opening balance	(2,033)	(59)
Net cash/borrowings - beginning of year	57,308	20,293
Net cash - end of year	11,159	57,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT AUDITED Year Jan to Dec 2012	PARENT AUDITED Year Jan to Dec 2011	NON-CONTROLLING INTERESTS AUDITED Year Jan to Dec 2012	NON-CONTROLLING INTERESTS AUDITED Year Jan to Dec 2011
Balance at beginning of period	1,125,720	1,424,907	42,411	92,405
Currency translation and other adjustments	1,390	(474)	401	(291)
Allocation to employees of ESOP shares, net of dividend	-	3,385	-	-
Change in fair value of swap, net of tax	-	22,984	-	-
Loss after taxation	(319,949)	(325,315)	(63,761)	(49,703)
Dividends forfeited/(paid)	-	233	(1,513)	-
Balance at end of period	807,161	1,125,720	(22,462)	42,411

DIRECTORS' STATEMENT

The Group's Earnings before Interest, Tax and Depreciation increased by 82% or $72.3m for the year ended December 31, 2012. This was achieved notwithstanding production difficulties at the Jamaica and Barbados plants due to working capital challenges and the 92-day labour strike at the Trinidad cement plant. 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 as a consequence of the challenges noted above. The 2012 results for the Group were negatively impacted by a charge of $49.1m for debt restructuring expenses and a non-cash charge of $88.6m 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 $56.7m as a result of $33.7m in foreign exchange losses in 2012 from our Jamaica subsidiaries due to the depreciation of the Jamaican dollar and higher interest costs due to higher principal balances arising from the capitalisation of interest at June 30 and September 30 in 2012 in accordance with our debt restructuring agreement. There is a taxation charge of $5.0m for 2012, compared with a net credit of $72.8m for 2011, due largely to the write back of $51.7m in deferred tax assets.
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
March 25, 2013

Dr. Rollin Bertrand
Director/Group CEO
March 25, 2013

REPORT OF THE INDEPENDENT AUDITOR'S ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Trinidad Cement Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2012, and the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Trinidad Cement Limited and its subsidiaries (the "Group") for the year ended 31 December 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 25 March 2013.
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 financial statements of the Group.

Management's 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.

Auditor's 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 2012 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 5 in these summarised financial statements and note 2 (ii) to the full financial statements which indicates that the Group has reported a loss before taxation of $378.7 million for the year ended 31 December 2012 ($457.3 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. Debt service (inclusive of principal and interest) is forecast to be $293 million for 2013.

The factors described above, along with other matters as set forth in these referenced notes indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Port of Spain,
TRINIDAD:
25 March 2013

TRINIDAD CEMENT LIMITED

CONSOLIDATED AUDITED FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR END 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	(609,246)	(7,819)	5,546	232,850	(378,669)
Depreciation and impairment	235,679	6,100	1,760	(5,501)	238,038
Segment Assets	4,433,106	162,284	111,439	(919,016)	3,787,813
Segment Liabilities	3,870,166	67,983	36,343	(971,378)	3,003,114
Capital expenditure	64,758	12,330	825		77,913
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	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

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 audited 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 audited 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 estimates and judgements as disclosed in "Note 2" of the 31 December 2012 audited 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 249.765 million, the 3.896 million (2011: 3.896 million) 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 $378.7 million for the year ended 31 December 2012 ($457.3 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. Debt service (inclusive of principal and interest) is forecast to be $293 million for 2013. 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.