TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED		AUDITED	
	Three Months Oct to Dec		Year Jan to Dec	Year Jan to Dec
Continuing Operations	**2016**	**2015**	**2016**	**2015**
Revenue	**450,806**	**477,568**	**1,887,013**	**2,115,446**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment, and manpower and stockholding restructuring costs	**69,974**	**110,843**	**464,226**	**588,364**
Depreciation	(33,258)	(26,113)	(123,148)	(110,796)
Loss on disposal of property, plant and equipment	(913)	(180)	(163)	(164)
Stockholding and restructuring costs (Note 5)	1,039	–	(72,026)	–
Manpower restructuring costs (Note 6)	(17,367)	(31,099)	(44,464)	(31,099)
Operating profit	**19,475**	**53,451**	**224,425**	**446,305**
Debt refinancing gains (net)	–	–	–	205,819
Finance costs (net)	(27,750)	(37,177)	(134,798)	(164,630)
(Loss)/profit before taxation	**(8,275)**	**16,274**	**89,627**	**487,494**
Taxation charge	3,794	(6,744)	(37,205)	(58,714)
(Loss)/profit for the period	**(4,481)**	**9,530**	**52,422**	**428,780**
Attributable to:				
Equity holders of the Parent	(6,818)	10,577	36,859	405,108
Non-controlling interests	2,337	(1,047)	15,563	23,672
	(4,481)	**9,530**	**52,422**	**428,780**
Basic and diluted earnings per share – cents: (Note 3)	**(1.8)**	**0.4**	**10.0**	**119.0**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED		AUDITED	
	Three Months Oct to Dec		Year Jan to Dec	Year Jan to Dec
	2016	**2015**	**2016**	**2015**
(Loss)/profit for the period	**(4,481)**	**9,530**	**52,422**	**428,780**
Other comprehensive income/(loss):				
Other comprehensive loss to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translation of foreign operations	(1,117)	(1,240)	(12,864)	(18,930)
Other comprehensive loss to be reclassified to profit and loss in subsequent periods	**(1,117)**	**(1,240)**	**(12,864)**	**(18,930)**
Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods:				
Re-measurement gains/(losses) on pension plans and post-retirement benefits	36,194	(87,685)	36,194	(87,685)
Income tax effect	2,508	21,752	2,508	21,752
Net other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods:	**38,702**	**(65,933)**	**38,702**	**(65,933)**
Other comprehensive income/(loss) for the period net of tax	**37,585**	**(67,173)**	**25,838**	**(84,863)**
Total comprehensive income for the period net of tax	**33,104**	**(57,643)**	**78,260**	**343,917**
Attributable to:				
Equity holders of the Parent	31,248	(55,778)	65,790	324,790
Non-controlling interests	1,856	(1,865)	12,470	19,127
	33,104	**(57,643)**	**78,260**	**343,917**

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT		NON-CONTROLLING INTERESTS	
	AUDITED		AUDITED	
	Jan to Dec	Jan to Dec	Jan to Dec	Jan to Dec
	2016	**2015**	**2016**	**2015**
Balance at beginning of period	**963,293**	**276,977**	**(12,323)**	**(31,450)**
Other comprehensive income/(loss)	28,931	(80,318)	(3,093)	(4,545)
Profit for the year	36,859	405,108	15,563	23,672
Total comprehensive income	65,790	324,790	12,470	19,127
Share-based allocations	3,030	–	–	–
Dividends	(14,986)	–	(368)	–
Issue of shares	–	361,526	–	–
Balance at end of period	**1,017,127**	**963,293**	**(221)**	**(12,323)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	AUDITED 31.12.2016	AUDITED 31.12.2015
Assets		
Non-current assets		
Property, plant and equipment	1,805,255	1,729,794
Pension plan assets	37,256	5,390
Receivables	1,966	4,483
Deferred tax assets	394,075	333,828
	2,238,552	2,073,495
Current assets		
Inventories	362,521	480,924
Receivables and prepayments	134,683	190,163
Cash at bank and on hand	186,546	288,500
	683,750	959,587
Total assets	**2,922,302**	**3,033,082**
Equity and liabilities		
Equity		
Stated capital	827,732	827,732
Unallocated ESOP shares	(20,849)	(25,299)
Other reserves	(254,305)	(243,485)
Retained earnings	464,549	404,345
Equity attributable to the parent	**1,017,127**	**963,293**
Non-controlling interests	(221)	(12,323)
Total equity	**1,016,906**	**950,970**
Non-current liabilities		
Long-term portion of borrowings	839,646	976,541
Pension plan liabilities	24,928	32,025
Other post-retirement benefits	94,412	68,583
Deferred tax liabilities	344,959	295,464
	1,303,945	1,372,613
Current liabilities		
Payables and accruals	472,601	519,978
Current portion of borrowings	128,850	189,521
	601,451	709,499
Total equity and liabilities	**2,922,302**	**3,033,082**

DIRECTORS' STATEMENT

Our Group's results for Q4 2016 was significantly impacted by the adverse economic conditions affecting one of its major markets, Trinidad and Tobago. According to the Central Statistical Office, construction activity contracted by approximately 7.6% in 2016 which was a further deterioration over the 3.7% contraction in 2015. Partly reflecting the fall in construction activity, our revenue in the final quarter of 2016 of $450 million represented a decline of 6% when compared with 2015.

Increased cement sales in Jamaica that came from a combination of infrastructure projects, government projects and the retail trade, provided some buoyancy in an otherwise depressed collection of Caribbean markets. Overall, the Group generated $1.9 billion of revenue during 2016, an 11% decrease over 2015.

Our adjusted EBITDA for 2016 (earnings before interest, taxes, depreciation, and loss on disposal of property, plant and equipment, and manpower and stockholding restructuring costs) was $464.2 million, reflecting an adjusted EBITDA margin of 25%. During the year, the Group absorbed a number of one-time charges amounting to $140 million including:

- $44.5 million from manpower restructuring exercises;
- $72 million in respect of overstocked spares which exceed the foreseeable operating requirements of the Group;
- $7 million in relation to obsolete inventory items and;
- $16.7 million based on a revision of the estimated life of installed refractory material.

The outcome of all this was that Group profit after tax was $52.4 million, representing $0.10 earnings per share. Going forward however, these restructuring activities will help to reduce the overall cost structure and will enable the Group to be even more competitive in the future.

In comparing our 2016 profit after tax to the 2015 result, we note the one-time benefit of $205.8 million in 2015 which resulted from renegotiating and settling the restructured debt under the Override Agreement. Adjusting for the effects of these one-off items from the results of both years, the profit after tax of 2016 would have declined by 24% compared to 2015.

We are encouraged that the Group generated very healthy cash flows from operations of $530.8 million during 2016. This allowed the Group to make:

- Total loan payments of $193 million, including a prepayment of $67.3 million, reducing the loan balance to $968 million and resulting in a 27% reduction in net interest expense from $151.8 million to $110.8 million; and
- Capital Expenditure investments of $200.5 million across our plants in Trinidad, Jamaica and Barbados to complete extensive repair and maintenance programmes in each territory. This investment was absolutely essential to enhance plant reliability and to ensure the achievement of our production targets at the lowest possible cost. Notably, this investment was made with the permission of our lenders, reflecting the very positive relationship that we have been able to cultivate.

Outlook

We expect that construction activity will remain sluggish during the coming year, particularly in Trinidad and Tobago and Barbados. At the same time, we are seeing increasingly aggressive competition in the region. Nonetheless, the Board of Directors remains confident that the restructuring initiatives completed so far positions the Group on the path for creation of long-term value to all the stakeholders. The Board will continue to focus on three key elements to reinforce the position of the company: firstly, on implementing health and safety initiatives in all our plants to create a better work environment for our people; secondly, to seek out and develop new markets for all our products; and finally, to relentlessly focus on the comprehensive operational and restructuring programmes in each plant.

Wilfred Espinet
Group Chairman
February 23, 2017

Nigel Edwards
Director
February 23, 2017

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED		AUDITED	
	Three Months Oct to Dec		Year Jan to Dec	
	2016	2015	2016	2015
Profit before taxation	(8,275)	16,274	89,627	487,494
Adjustments to reconcile (loss)/profit before taxation to net cash generated by operating activities:				
Depreciation	33,258	26,113	123,148	110,796
Stockholding and restructuring costs (Note 5)	72,026	–	72,026	–
Finance cost (net)	27,750	37,177	134,798	164,630
ESOP share allocation and sale of shares net of dividends	3,030	–	3,030	–
Pension and other post-retirement expenses	13,943	(4,036)	36,692	28,372
(Gain)/loss on disposal of property, plant and equipment	(587)	180	163	164
Debt refinancing gains (net)	–	–	–	(205,819)
	141,145	75,708	459,484	585,637
Changes in net current assets				
(Increase)/decrease in inventories	(82,490)	(38,085)	48,958	30,801
Decrease in receivables and prepayments	132,956	38,932	79,501	38,111
(Decrease)/increase in payables and accruals	(76,648)	55,172	(57,139)	(21,530)
Cash generated from operations	114,963	131,727	530,804	633,019
Net interest, taxation and pension contributions paid				
Pension contributions paid	(2,674)	7,316	(10,928)	(12,482)
Post-retirement benefits paid	2,106	(1,927)	(2,408)	(1,927)
Taxation paid	(10,823)	(2,986)	(62,385)	(33,687)
Net interest paid	(22,962)	(19,498)	(88,842)	(115,663)
Net cash provided by operating activities	**80,610**	**114,632**	**366,241**	**469,260**
Investing activities				
Additions to property, plant and equipment	(100,435)	(80,590)	(200,520)	(117,517)
Proceeds from disposal of property, plant and equipment	713	305	713	305
Net cash used in investing activities	**(99,722)**	**(80,285)**	**(199,807)**	**(117,212)**
Financing activities				
Proceeds from borrowings	–	–	–	1,188,830
Proceeds from issuance of new shares – gross up	–	–	–	364,552
Transaction costs incurred on issuance of new shares	–	–	–	(3,026)
Repayment of borrowings	(116,361)	(47,105)	(261,133)	(1,709,364)
Dividends paid	3	(984)	(15,354)	(984)
Net cash used in financing activities	**(116,358)**	**(48,089)**	**(276,487)**	**(159,992)**
Net (decrease)/increase in cash	(135,470)	(13,742)	(110,053)	192,056
Net foreign exhange differences	8,110	332	8,099	(145)
Net cash – beginning of period	313,906	301,910	288,500	96,589
Net cash – end of period	**186,546**	**288,500**	**186,546**	**288,500**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE & AGGREGATES	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR JANUARY TO DECEMBER 2016					
Total revenue	2,019,321	139,936	80,288	–	2,239,545
Intersegment revenue	(279,428)	–	(73,104)	–	(352,532)
Third party revenue	1,739,893	139,936	7,184	–	1,887,013
Profit/(loss) before tax	25,623	(9,730)	1,915	71,819	89,627
Depreciation	117,982	6,859	2,032	(3,725)	123,148
Segment assets	3,556,747	140,617	104,051	(879,113)	2,922,302
Segment liabilities	2,602,229	49,788	35,987	(782,608)	1,905,396
Capital expenditure	177,804	20,282	2,434	–	200,520
AUDITED YEAR JANUARY TO DECEMBER 2015					
Total revenue	2,202,494	216,716	62,695	–	2,481,905
Intersegment revenue	(309,972)	–	(56,487)	–	(366,459)
Third party revenue	1,892,522	216,716	6,208	–	2,115,446
Profit/(loss) before tax	676,731	13,185	(5,068)	(197,354)	487,494
Depreciation	106,561	6,596	1,503	(3,864)	110,796
Segment assets	3,713,276	147,289	96,728	(924,211)	3,033,082
Segment liabilities	2,764,719	43,425	30,704	(756,736)	2,082,112
Capital expenditure	103,962	10,692	2,863	–	117,517

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Trinidad Cement Limited

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statement of income, the consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") for the year ended December 31, 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 23, 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Port of Spain
TRINIDAD
February 23, 2017

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 consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") for the year ended December 31, 2016, which are prepared in accordance with International Financial Reporting Standards.

2. Accounting Policies

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31st, 2016 audited financial statements consistently applied from period to period. The Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 01st, 2016 and which are relevant to the Group's operations.

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 374.648 million, the weighted average of 3.618 million (2015: 3.752 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. Stockholding and Restructuring Costs

A review of inventory quantities on hand was undertaken during Q2 and Q3 2016. In accordance with IAS 2: "Inventories," management has recorded an expense of $73.1 million in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" resulting from new developments.

6. Manpower Restructuring Costs

Manpower restructuring costs mainly comprise severance costs incurred during implementation of restructuring programmes. The objective of the restructuring programmes is to improve cost efficiency.

7. Subsequent events

On January 24, 2017 CEMEX, S.A.B. de C.V, through its indirect subsidiary Sierra Trading acquired 113 million of the ordinary shares of Trinidad Cement Limited and on that date increased their shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary share of Trinidad Cement Limited. As a result of this transaction the TCL group and the Company became a subsidiary of Sierra Trading and as at January 24, 2017 CEMEX, S.A.B. de C.V is the ultimate parent of the TCL Group and the Company.