TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT $'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	
	2017	2016	2017	2016
Revenue	**434,883**	**450,806**	**1,712,569**	**1,887,013**
(Loss)/earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment, and restructuring costs	**(3,043)**	**69,974**	**312,998**	**464,226**
Depreciation and amortisation	(33,779)	(33,258)	(127,969)	(123,148)
Impairment	(93,418)	-	(93,418)	-
Loss on disposal of property, plant and equipment	(385)	(913)	(325)	(163)
Stockholding and inventory restructuring costs (Note 5)	(83,667)	1,039	(81,352)	(72,026)
Manpower restructuring costs (Note 6)	(37,848)	(17,367)	(59,023)	(44,464)
Operating (loss)/profit	**(252,140)**	**19,475**	**(49,089)**	**224,425**
Finance costs (net)	(20,223)	(27,750)	(123,137)	(134,798)
(Loss)/profit before taxation	**(272,363)**	**(8,275)**	**(172,226)**	**89,627**
Taxation (charge)/credit	(43,512)	3,794	(82,916)	(37,205)
(Loss)/profit for the period	**(315,875)**	**(4,481)**	**(255,142)**	**52,422**
Attributable to:				
Equity holders of the parent	(302,322)	(6,818)	(266,165)	36,859
Non-controlling interests	(13,553)	2,337	11,023	15,563
	(315,875)	**(4,481)**	**(255,142)**	**52,422**
Basic and diluted (loss)/earnings per share – cents (Note 3):	**(81.7)**	**(1.8)**	**(72.0)**	**10.0**

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT $'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	
	2017	2016	2017	2016
(Loss)/profit for the period	**(315,875)**	**(4,481)**	**(255,142)**	**52,422**
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translation of foreign operations	19,486	(1,117)	14,834	(12,864)
Change in fair value of cashflow hedge	716	-	3,976	-
Other comprehensive income/(loss) to be reclassified to to profit and loss in subsequent periods	**20,202**	**(1,117)**	**18,810**	**(12,864)**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:				
Re-measurement gains on pension plans and other post-retirement benefits	21,158	36,194	21,158	36,194
Income tax effect	(6,678)	2,508	(6,678)	2,508
Net other comprehensive income income not to be reclassified to profit and loss in subsequent periods:	**14,480**	**38,702**	**14,480**	**38,702**
Other comprehensive income for the period net of tax	**34,682**	**37,585**	**33,290**	**25,838**
Total comprehensive (loss)/income for the period net of tax	**(281,193)**	**33,104**	**(221,852)**	**78,260**
Attributable to:				
Equity holders of the Parent	(274,595)	31,248	(238,333)	65,790
Non-controlling interests	(6,598)	1,856	16,481	12,470
	(281,193)	**33,104**	**(221,852)**	**78,260**

DIRECTORS' STATEMENT

In 2017, the TCL Group continued to focus on its top priority of enhancing health and safety standards through a comprehensive "Zero for Life" programme, which places emphasis on our people. Aimed at creating a safer physical workplace and a stronger health and safety culture, the programme has yielded positive results with an overall reduction in Lost Time Incidents (LTIs) compared to 2016.

With respect to the financial performance of the Group, the unprecedented series of storms that impacted part of our eastern Caribbean market during the last quarter of the year, as well as the economic downturn in Trinidad and Tobago, led to the decrease of our revenue by 9% on a year-to-year basis to $1.7 billion from 2016. Jamaica was an exception and continues to display robust economic growth, driving higher demand for our products that partially offsets the Group's declining sales.

Group earnings before interest, taxes, depreciation, and loss on disposal of property, plant and equipment, and restructuring costs (adjusted EBITDA) was $313 million for the year, compared to $464 million in 2016. However, the Group incurred significant costs from manpower and stockholding and inventory restructuring, and together, the impact of these one-time expenses was a reduction in net income by $140 million, resulting in an Operating Loss of $49 million versus Operating Profit of $224 million in 2016.

Cash generated from improved working capital management during the year allowed the Group to successfully prepay and refinance its existing debt, substantially improving previous conditions and resulting in finance cost savings by 9% when compared with 2016. Also, the Group invested $215 million to improve the conditions and efficiency of its plants (CAPEX), while $8 million was used for dividend distribution.

Outlook

Despite expectations of even further decline in overall economic activity in Trinidad and Tobago and the escalation of competition in our export markets, the Board of Directors remains optimistic that the full impact of the Group's integration process with CEMEX along with the efficiency improvement and cost reduction initiatives that have been successfully completed, will serve to mitigate against any negative impact. In addition, strenuous effort will continue in the areas of health and safety, training and development of employees and stakeholder engagement to ensure the continued stability and growth of the Group.

Wilfred Espinet
Group Chairman
February 9, 2018

Nigel Edwards
Director
February 9, 2018

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT $'000	AUDITED 31.12.17	AUDITED 31.12.16
Assets		
Non-current assets		
Property, plant and equipment	1,811,779	1,805,255
Pension plan assets	34,392	37,256
Receivables	114	1,966
Deferred tax assets	332,655	394,075
	2,178,940	2,238,552
Current assets		
Inventories	205,374	362,521
Receivables and prepayments	160,539	134,683
Cash at bank and on hand	118,826	186,546
	484,739	683,750
Total assets	**2,663,679**	**2,922,302**
Equity and liabilities		
Equity		
Stated capital	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,849)
Other reserves	(240,405)	(254,305)
Retained earnings	193,890	464,549
Equity attributable to the parent	**761,198**	**1,017,127**
Non-controlling interests	(8,365)	(221)
Total equity	**752,833**	**1,016,906**
Non-current liabilities		
Long-term portion of borrowings	669,137	839,646
Pension plan liabilities	20,501	24,928
Other post-retirement benefits	103,359	94,412
Deferred tax liabilities	327,956	344,959
Payables and accruals	87	-
	1,121,040	1,303,945
Current liabilities		
Payables and accruals	545,835	472,601
Current portion of borrowings	243,971	128,850
	789,806	601,451
Total equity and liabilities	**2,663,679**	**2,922,302**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT $'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	
	2017	2016	2017	2016
Cash flows from operating activities				
(Loss)/profit before taxation	**(272,363)**	**(8,275)**	**(172,226)**	**89,627**
Adjustments to reconcile profit before taxation to net cash generated by operating activities				
Depreciation	33,779	33,258	127,969	123,148
Impairment	93,418	-	93,418	-
Stockholding and inventory restructuring costs (Note 5)	83,667	72,026	81,352	72,026
Finance cost (net)	20,223	27,750	123,137	134,798
ESOP share allocation and sale of shares, net of dividends	-	3,030	630	3,030
Pension and other post-retirement expenses	25,850	13,943	41,515	36,692
Loss/(gain) on disposal of property, plant and equipment	385	(587)	325	163
	(15,041)	141,145	296,120	459,484
Decrease/(increase) in inventories	56,666	(82,490)	77,522	48,958
(Increase)/decrease in receivables and prepayments	(39,616)	132,956	(24,043)	79,501
Increase/(decrease) in payables and accruals	121,402	(76,648)	73,011	(57,139)
Cash generated by operations	123,411	114,963	422,610	530,804
Pension contributions paid	(2,736)	(2,674)	(9,822)	(10,928)
Post-retirement benefits paid	1,438	2,106	(3,140)	(2,408)
Taxation paid	(8,150)	(10,823)	(42,059)	(62,385)
Net interest paid	(26,971)	(22,962)	(72,104)	(88,842)
Net cash generated by operating activities	**86,992**	**80,610**	**295,485**	**366,241**
Investing activities				
Additions to property, plant and equipment	(92,962)	(100,435)	(214,914)	(200,520)
Proceeds from disposal of property, plant and equipment	886	713	886	713
Net cash used in investing activities	**(92,076)**	**(99,722)**	**(214,028)**	**(199,807)**
Financing activities				
Repayment of borrowings	(6,754)	(116,361)	(1,135,922)	(261,133)
Proceeds from borrowings	-	-	1,029,155	-
Dividends paid	(1)	3	(7,519)	(15,354)
Acquisition of non-controlling interest	310	-	(35,332)	-
Net cash used in financing activities	**(6,445)**	**(116,358)**	**(149,618)**	**(276,487)**
Net (decrease)/increase in cash and cash equivalents	(11,529)	(135,470)	(68,161)	(110,053)
Net foreign exchange differences	16	8,110	441	8,099
Net cash – beginning of period	130,339	313,906	186,546	288,500
Net cash – end of period	**118,826**	**186,546**	**118,826**	**186,546**
Represented by:				
Cash at bank and on hand	**118,826**	**186,546**	**118,826**	**186,546**

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT $'000	PARENT		NON-CONTROLLING INTERESTS	
	AUDITED		AUDITED	
	Jan to Dec		Jan to Dec	
	2017	2016	2017	2016
Balance at beginning of period	**1,017,127**	**963,293**	**(221)**	**(12,323)**
Other comprehensive income/(loss)	27,832	28,931	5,458	(3,093)
(Loss)/profit after taxation	(266,165)	36,859	11,023	15,563
Total comprehensive income	(238,333)	65,790	16,481	12,470
Share-based allocations	630	3,030	-	-
Dividends	(7,493)	(14,986)	(26)	(368)
Acquisition of NCI without change of control	(10,733)	-	(24,599)	-
Balance at end of period	**761,198**	**1,017,127**	**(8,365)**	**(221)**

SEGMENT INFORMATION

TT $'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR JAN TO DEC 2017					
Revenue					
Total	1,870,226	120,541	69,232	-	2,059,999
Intersegment	(284,603)	-	(62,827)	-	(347,430)
Third party	1,585,623	120,541	6,405	-	1,712,569
(Loss)/profit before tax	(450,392)	(27,324)	(20,181)	325,671	(172,226)
Depreciation and impairment	123,952	5,239	2,333	(3,555)	127,969
Segment assets	3,082,702	134,642	80,971	(634,636)	2,663,679
Segment liabilities	2,684,067	60,414	31,268	(864,903)	1,910,846
Capital expenditure	203,724	8,181	3,009	-	214,914
AUDITED YEAR JAN TO DEC 2016					
Revenue					
Total	2,019,321	139,936	80,288	-	2,239,545
Intersegment	(279,428)	-	(73,104)	-	(352,532)
Third party	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 and impairment	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

NOTES:

1. **Basis of Preparation**
   These summary consolidated financial statements are prepared in accordance with established criteria developed by management, and 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.

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, 2017 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 1st, 2017, 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 374.648M, the weighted average of 2.988M (2016: 3.989M) 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 Inventory Restructuring Costs**
   A review of inventory quantities on hand was undertaken during 2017. In accordance with IAS 2: "Inventories", management has recorded an expense of $81 million in 2017, 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.

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 summary consolidated statement of financial position as at December 31, 2017, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") for the year ended December 31, 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in the notes to the summary consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited consolidated financial statements.

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 9, 2018. 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 for the current period.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes to the summary consolidated financial statements.

Auditors' Responsibility

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".

KPMG

Chartered Accountants
February 9, 2018
Port of Spain
Trinidad, West Indies