



TRINIDAD CEMENT LIMITED

# SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

TT\$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2014	2013	2014	2013
	<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	<b>515,784</b>	<b>439,190</b>	<b>2,103,074</b>	<b>1,930,553</b>
<b>Earnings before interest, tax, depreciation, impairment and loss on disposal of property, plant and equipment</b>	<b>78,976</b>	<b>81,442</b>	<b>407,845</b>	<b>407,725</b>
Depreciation	(36,478)	(30,521)	(131,113)	(126,266)
Impairment charges	(155,937)	(2,427)	(155,937)	(2,427)
Loss on disposal of property, plant and equipment	(1,649)	(2,017)	(3,963)	(2,484)
Operating profit	(115,088)	46,477	116,832	276,548
Finance costs	(68,835)	(63,249)	(213,551)	(237,659)
<b>(Loss)/profit before taxation from continuing operations</b>	<b>(183,923)</b>	<b>(16,772)</b>	<b>(96,719)</b>	<b>38,889</b>
Taxation (charge)/credit	(89,229)	7,110	(108,584)	34,005
<b>(Loss)/profit for the year from continuing operations</b>	<b>(273,152)</b>	<b>(9,662)</b>	<b>(205,303)</b>	<b>72,894</b>
<b>DISCONTINUED OPERATIONS</b>				
Loss after taxation from discontinued operations	(1,536)	(1,938)	(5,716)	(5,613)
<b>(Loss)/profit for year</b>	<b>(274,688)</b>	<b>(11,600)</b>	<b>(211,019)</b>	<b>67,281</b>
<b>Attributable to:</b>				
Shareholders of the Parent	(274,398)	(11,132)	(214,394)	58,199
Non-controlling interests	(290)	(468)	3,375	9,082
	<b>(274,688)</b>	<b>(11,600)</b>	<b>(211,019)</b>	<b>67,281</b>
<b>Basic and diluted (loss)/earnings per share – cents:</b>				
From continuing operations	<b>(111.3)</b>	<b>(4.2)</b>	<b>(86.1)</b>	<b>24.6</b>
From discontinued operations	<b>(0.3)</b>	<b>(0.3)</b>	<b>(1.0)</b>	<b>(0.9)</b>
	<b>(111.6)</b>	<b>(4.5)</b>	<b>(87.1)</b>	<b>23.7</b>

## DIRECTORS' STATEMENT

For the year 2014, the Group recorded its highest ever revenue of \$2.1 billion, an increase of \$172.5 million or 9.0% compared to the year 2013. This improvement was driven by growth in the domestic cement markets in Trinidad and Jamaica, improved concrete sales volume of 14.6%, and by price increases which were implemented in Trinidad, Jamaica and Guyana. Additionally, in Jamaica, CCCL was able to supply 155.4k tonnes of clinker (36.6k tonnes in 2013) to Venezuela under the PetroCaribe Agreement.

Earnings before Interest, Taxes, Depreciation, Impairment and Loss on disposal of property, plant and equipment from continuing operations showed a modest improvement of \$0.1 million as the increased revenue was eroded by higher operating costs in Barbados and the costs of the unsuccessful debt refinancing exercise. Net finance costs decreased by TT\$24.1 million mainly due to lower foreign exchange losses.

The operations of Premix & Precast Concrete Inc. (Barbados), a subsidiary of Readymix (West Indies) Limited (RML), was discontinued as at September 30, 2014 due to the prolonged operating losses at this location, resulting in a loss of \$5.7 million for 2014.

As a result of deteriorating market conditions the Group has impaired its investments in ACCL by \$153 million and deferred tax assets by \$86 million.

Loss after taxes and the above impairment charges amounted to \$211.0 million compared with profit of \$67.3 million in the prior year period which resulted in Loss per Share of 87.1 cents compared with 23.7 cents earnings for the prior year period.

### Condition of Default

The event of default disclosed in the third quarter 2014 statement also existed at year end. In accordance with International Financial Reporting Standards the total principal outstanding has been reclassified to current liabilities in the consolidated statement of financial position. This is detailed further in the Going Concern note number five (5).

### Outlook

The Company has commenced negotiations with the lenders and at the date of approval of the financial statements by the Board of Directors of the Company, the TCL Group and the majority of the lenders had reached agreement in principle on features of the loan restructuring and its key terms. In addition the Board has embarked upon a comprehensive financial and operational review of the TCL Group, which is in progress, and an overall restructuring plan for the TCL Group which seeks to secure the long-term viability of the Company is being implemented. This Plan includes the completion of the loan restructuring with the lenders, settlement of all back-pay payments to employees in Trinidad and Tobago and the injection of equity capital from the shareholders. This overall restructuring is expected to be completed by the second quarter of 2015.

To this end an overwhelming majority of Shareholders voted at a special general meeting on February 9th 2015 to remove the 20 per cent restriction on shareholding by any one shareholder.

We take this opportunity to thank all our stakeholders for the support they have given to the Company and look forward to the completion of all the initiatives that we have started in 2014 which we believe will bring lasting benefit to our employees, lenders, suppliers and our shareholders.

Wilfred Espinet  
Group Chairman  
February 19, 2015

Alejandro Ramirez  
Director/Group CEO (Ag)  
February 19, 2015

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT\$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2014	2013	2014	2013
	<b>(Loss)/profit for the year</b>			
<b>Other comprehensive income</b>	<b>(274,688)</b>	<b>(11,600)</b>	<b>(211,019)</b>	<b>67,281</b>
<i>Other comprehensive loss to be reclassified to profit and loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(1,732)	(8,151)	(30,437)	(37,583)
<b>Net other comprehensive loss to be reclassified to profit and loss in subsequent periods</b>	<b>(1,732)</b>	<b>(8,151)</b>	<b>(30,437)</b>	<b>(37,583)</b>
<i>Other comprehensive (loss)/ income not to be reclassified to profit and loss in subsequent periods:</i>				
Remeasurement (losses)/gains on defined benefit plans	(65,610)	59,678	(65,610)	59,678
Income tax effect	16,915	(13,685)	16,915	(13,685)
<b>Net other comprehensive (loss)/income not to be reclassified to profit and loss in subsequent periods</b>	<b>(48,695)</b>	<b>45,993)</b>	<b>(48,695)</b>	<b>45,993)</b>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(50,427)</b>	<b>37,842)</b>	<b>(79,132)</b>	<b>8,410)</b>
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<b>(325,115)</b>	<b>26,242)</b>	<b>(290,151)</b>	<b>75,691)</b>
<b>Attributable to:</b>				
Shareholders of the Parent	(323,099)	29,463	(284,556)	75,813
Non-controlling interests	(2,016)	(3,221)	(5,595)	(122)
	<b>(325,115)</b>	<b>26,242)</b>	<b>(290,151)</b>	<b>75,691)</b>

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT\$'000	AUDITED	AUDITED
	31.12.2014	31.12.2013
Non-Current assets	2,160,090	2,562,371
Current assets	849,911	836,769
Current liabilities	(2,376,213)	(689,808)
Non-current liabilities	(388,261)	(2,173,035)
<b>Total net assets</b>	<b>245,527</b>	<b>536,297</b>
Share capital	466,206	466,206
Reserves	(189,229)	95,327
<b>Equity attributable to the Parent</b>	<b>276,977</b>	<b>561,533</b>
Non-controlling interests	(31,450)	(25,236)
<b>Total equity</b>	<b>245,527</b>	<b>536,297</b>

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT\$'000	AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2014	2013
	<b>(Loss)/profit before taxation from continuing operations</b>	
Loss before taxation from discontinued operations	(96,719)	38,889
	(5,754)	(5,098)
	(102,473)	33,791
Adjustment for non-cash items	529,339	396,638
	426,866	430,429
Changes in working capital	16,966	(11,787)
	443,832	418,642
Net Interest, taxation and pension contributions paid	(233,237)	(235,936)
Net cash generated by operating activities	210,595	182,706
Net cash used in investing activities	(77,637)	(72,998)
Net cash used in financing activities	(92,963)	(93,971)
Net increase in cash	39,995	15,737
Net foreign exchange differences	(1,210)	(994)
Net cash – beginning of year	57,804	43,061
<b>Net cash – end of year</b>	<b>96,589</b>	<b>57,804</b>

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT\$'000	PARENT		NON-CONTROLLING INTERESTS	
	AUDITED Jan to Dec 2014	AUDITED Jan to Dec 2013	AUDITED Jan to Dec 2014	AUDITED Jan to Dec 2013
	<b>Balance at beginning of period</b>	<b>561,533</b>	<b>485,720</b>	<b>(25,236)</b>
Other comprehensive (loss)/income	(70,162)	17,614	(8,970)	(9,204)
(Loss)/profit for year	(214,394)	58,199	3,375	9,082
Total comprehensive (loss)/income	(284,556)	75,813	(5,595)	(122)
Dividends	–	–	(619)	(460)
<b>Balance at end of period</b>	<b>276,977</b>	<b>561,533</b>	<b>(31,450)</b>	<b>(25,236)</b>



TRINIDAD CEMENT LIMITED

# SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014 (Continued)

## SEGMENT INFORMATION

TT\$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
<b>AUDITED YEAR JAN TO DEC 2014</b>					
<b>Revenue</b>					
Total	2,230,020	210,900	83,521	-	2,524,441
Intersegment	(343,077)	-	(76,551)	-	(419,628)
Third party	1,886,943	210,900	6,970	-	2,104,813
Profit/(loss) before tax	79,029	15,732	3,932	(201,166)	(102,473)
Depreciation and impairment	284,092	5,579	1,279	(3,900)	287,050
Segment assets	3,342,154	132,175	103,934	(568,262)	3,010,001
Segment liabilities	3,238,704	36,997	29,525	(540,752)	2,764,474
Capital expenditure	71,926	5,032	769	-	77,727
<b>AUDITED YEAR JAN TO DEC 2013</b>					
<b>Revenue</b>					
Total	2,102,515	175,580	90,585	-	2,368,680
Intersegment	(343,612)	-	(84,019)	-	(427,631)
Third party	1,758,903	175,580	6,566	-	1,941,049
(Loss)/profit before tax	(404,510)	(185)	10,201	428,285	33,791
Depreciation and impairment	124,499	8,443	1,179	(3,831)	130,290
Segment assets	3,787,827	147,028	98,814	(634,529)	3,399,140
Segment liabilities	3,291,902	54,843	24,447	(508,349)	2,862,843
Capital expenditure	67,335	6,249	373	-	73,957

### 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, 2014 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, 2014 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 249.765 million, the 3.752 million (2013: 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. Going Concern

The TCL Group has reported a loss before taxation from continuing operations of TT\$96.7 million for the year ended 31 December 2014 (profit before taxation from continuing operations of TT\$38.9 million in 2013) and there is TT\$1.8 billion in outstanding debt obligations as presented within current liabilities in the consolidated statement of financial position as at 31 December 2014.

On 29 September 2014 the TCL Group suspended principal debt repayments due under the restructured loan agreement (the "Override Agreement"), which had the effect of creating a condition of default, rendering all outstanding debt covered by this agreement to become due immediately, resulting in the reclassification of all long-term debt principal outstanding to current liabilities (in accordance with International Financial Reporting Standards). As a consequence of this reclassification the net working capital deficit is TT \$1.5 billion as at 31 December 2014.

The Company has commenced negotiations with its lenders who have not sought to enforce their security and legal rights, which remain unchanged whilst formal agreement on new terms is being pursued. At the date of approval of the consolidated financial statements by the Board of Directors, the TCL Group and the majority of the lenders had reached an agreement in principle on the features of the loan restructuring and its key terms. Notwithstanding the agreement in principle on terms

with the majority of lenders, the new agreements have not been given legal force and were still subject to the approvals by the full book of lenders. Pending completion of this approval process and legal execution of a new agreement, the lenders could enforce their security and legal rights to demand immediate repayment of all outstanding obligations which the Group is not in a position to meet. Should the lenders execute their legal rights to enforce their security there may be a significant risk to the going concern of the Group.

In addition to negotiation of new terms with the lenders, the Group has embarked upon a comprehensive financial and operational review of the Group which is in progress, and an overall restructuring plan for the Group which seeks to secure the long-term viability of the Group is being implemented. This Plan includes the completion of the loan restructuring with the lenders, settlement of all back-pay payments to employees in Trinidad and Tobago and the injection of equity capital from the shareholders. This overall restructuring is expected to be completed by the second quarter of 2015.

The key risks to the Group's sustainability are declining domestic markets and unexpected plant stoppages due to technical problems with plant assets. The Group's operating results in recent years have been below the budgeted targets given the declining market demand and plant challenges arising from constrained working capital. The Group's strategies to achieve sustainability include aggressively pursuing new markets or additional market share in existing markets and adjusting its selling prices where required in response to rising input costs.

The ability of the Group to generate the sustained incremental cash flows to meet its debt service and other obligations is sensitive to the successful implementation of the overall restructuring plan and the strategies and the key assumptions around market size growth, new markets, cost reductions, plant performance and price adjustments. Should these assumptions not materialise such that the Group is unable to remedy the current loan default condition and subsequently service its debt service and other obligations in the future, this will present a significant going concern risk to the Group.

Based on the loan restructuring being undertaken with the lenders and current plans and strategies being pursued and implemented, the Directors have a reasonable expectation that the Group will be successful in rescheduling of the debt service obligations. Further to this, the implementation of the overall restructuring plan is expected to result in the injection of additional equity by the shareholders, generate adequate cash flows and profitability which would allow the Group to continue in operational existence for the foreseeable future.

On this basis, the Directors have maintained the going concern assumption in the preparation of these consolidated financial statements. This basis of preparation assumes that the Group will be able to realise its assets and discharge its liabilities in the ordinary course of business. The factors described above indicate the existence of material uncertainties 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.

## Independent Auditor's Report 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 2014, and the summary consolidated statements of income, 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 31 December 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 19 February 2015.

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.

### 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 2014 are consistent, in all material respects, with the audited consolidated 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 the summary consolidated financial statements and Note 2 (ii) to the full audited consolidated financial statements which indicates that the Group has reported a loss before taxation from continuing operations of \$96.7 million for the year ended 31 December 2014 and there is \$1.8 billion in outstanding debt obligations presented within current liabilities.

Note 5 in the summary consolidated financial statements also indicates that on 29 September 2014 the Group suspended principal debt repayments due under the restructured loan agreement (the "Override Agreement") which had the effect of creating a condition of default at year end, rendering all outstanding debt covered by this agreement to become due immediately, resulting in the reclassification of all long term debt to current liabilities. As a consequence of this reclassification the net working capital deficit of the Group is \$1.5 billion as at 31 December 2014.

The Group has commenced negotiations with its lenders who have not sought to enforce their security and legal rights. The rights of the lenders remain unchanged whilst formal agreement on new terms is being pursued. Pending completion of formal agreement of new terms, the lenders could enforce their security and legal rights to demand immediate repayment of all outstanding obligations, which the Group would be unable to meet. Should the lenders execute their legal rights to enforce their security there may be a significant risk that the Group would be unable to continue as a going concern.

The summary consolidated financial statements have been prepared on the going concern basis because, as described in Note 5, the directors have a reasonable expectation that the Group will be successful in rescheduling the debt service obligations with its lenders, and implement the overall restructuring plan. On this basis, the Directors have a reasonable expectation that the Group will generate adequate cash flows and profitability which would allow it to continue in operational existence in the foreseeable future and have therefore maintained the going concern assumption in the preparation of the summary consolidated financial statements.

This basis of preparation assumes that the Group will be able to realise its assets and discharge its liabilities in the ordinary course of business. The factors described above, along with other matters disclosed in Note 5 indicates the existence of material uncertainties 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 ordinary course of business.

Port of Spain  
Trinidad:  
February 19, 2015