TRINIDAD CEMENT LIMITED

CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2014

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Jan to Mar 2014	RESTATED 2013
REVENUE	513,564	482,139
Earnings before interest, tax, depreciation and loss on disposal of assets	99,943	118,899
Depreciation	(31,527)	(32,351)
Loss on disposal of property, plant and equipment	(500)	–
Operating Profit	67,916	86,548
Finance costs	(50,773)	(65,232)
Profit before taxation	17,143	21,316
Taxation	(4,174)	(7,135)
Profit for the year	12,969	14,181
Attributable to:		
Shareholders of the Parent	11,262	17,056
Non-controlling Interests	1,707	(2,875)
	12,969	14,181
Basic and diluted Earnings per Share – cents:	4.6	6.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Jan to Mar 2014	RESTATED 2013
Profit for the year	12,969	14,181
Other Comprehensive Income to be reclassified to profit and loss in subsequent periods:		
Exchange differences on translation of foreign operations	(11,458)	(12,663)
Net Other Comprehensive Loss to be reclassified to profit and loss in subsequent periods	(11,458)	(12,663)
Other Comprehensive Loss for the year, net of tax	(11,458)	(12,663)
Total Comprehensive Income for the year, net of tax	1,511	1,518
Attributable to:		
Shareholders of the Parent	2,636	6,752
Non-controlling Interests	(1,125)	(5,234)
	1,511	1,518

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 31.03.2014	RESTATED 31.12.2013
Non-Current Assets	2,530,301	2,562,371
Current Assets	812,226	836,769
Current Liabilities	(684,903)	(698,732)
Non-Current Liabilities	(2,119,816)	(2,164,111)
Total Net Assets	537,808	536,297
Share Capital	466,206	466,206
Reserves	97,963	95,327
Equity attributable to Shareholders of the Parent	564,169	561,533
Non-controlling Interests	(26,361)	(25,236)
Total Equity	537,808	536,297

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Jan to Mar 2014	RESTATED 2013
Profit before Taxation	17,143	21,316
Adjustment for non-cash items	86,852	102,408
	103,995	123,724
Changes in working capital	23,354	(18,460)
	127,349	105,264
Net Interest, taxation and pension contributions paid	(58,723)	(58,381)
Net cash generated by operating activities	68,626	46,883
Net cash used in investing activities	(15,445)	(14,846)
Repayment of borrowings	(43,625)	(25,548)
Net cash used in financing activities	(43,625)	(25,548)
Net increase in cash	9,556	6,489
Net foreign exchange differences	(432)	(422)
Net cash – beginning of period	57,804	43,061
Net cash – end of period	66,928	49,128

DIRECTORS' STATEMENT

Group revenue in Q1 2014 increased by TT$31.4 million or 6.5% when compared with Q1 2013. The increase was largely driven by higher domestic cement sales volume in Trinidad and to a lesser extent in Jamaica, higher concrete sales volume of 8,800 cubic meters and clinker sales of 44,300 tonnes where there were no clinker sales in Q1 2013.

Earnings before interest, tax, depreciation and loss on disposal of assets amounted to $99.9 million for Q1 2014 compared with $118.9 million for the prior year quarter. The decline is largely due to planned and unplanned maintenance stops at the Trinidad and Barbados plants. At the Trinidad plant there was a planned extended stop on one of the kilns and the annual stop on the other was advanced into March from April. The Barbados plant experienced similar planned and unplanned stops during the quarter which have the effect of reducing margins as fixed costs are incurred without compensating sales due to the lower production and reduced product availability.

Net finance costs decreased by TT$14.5 million due to lower foreign exchange losses of TT$10.5 million (US$1.6 million) largely due to the conversion of debt owed to the parent into equity in June 2013 and lower net interest cost of TT$3.4 million (US$0.5 million) largely due to the repayment of loan principal at each quarter end in 2013.

As a consequence of the above factors, Profit after taxes for Q1 2014 amounted to $13.0 million compared with $14.2 million in the prior year period with Earnings per Share (EPS) of 4.6 cents compared with 6.9 cents for the prior year quarter.

The Group met all debt service payments and satisfied all ratio covenants for Q1 2014.

OUTLOOK

The Trinidad and Tobago, Guyana and Suriname markets continue to record relatively strong demand. Demand in Barbados, Jamaica and the export market are steady without further declines. The initial Venezuela clinker supply contract will be fully satisfied in May and discussions are being pursued for a new contract. The main Trinidad plant has completed all planned maintenance stops for the year and therefore in combination with the Jamaica and Barbados plants increased production rates are expected which will result in better financial performance over the rest of the year.

The Group is advanced in the process to refinance its debt portfolio by the new issue of Notes in Canada, United States and Trinidad. In this regard, it was necessary to conduct a review of our financial statements for 2013, with comparatives for 2012 and 2011, for the purpose of including in an Offering Memorandum. The review resulted in the restatement in certain balances and transactions for non-cash items in those years, as disclosed in our separate statement.

Andy J. Bhajan

Andy J. Bhajan
Group Chairman
May 2, 2014

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT UNAUDITED Jan to Mar 2014	PARENT UNAUDITED RESTATED Jan to Mar 2013	NON-CONTROLLING INTERESTS UNAUDITED Jan to Mar 2014	NON-CONTROLLING INTERESTS UNAUDITED RESTATED Jan to Mar 2013
Balance at beginning of period	561,533	485,720	(25,236)	(24,654)
Other Comprehensive Loss	(8,626)	(10,304)	(2,832)	(2,359)
Profit/(loss) for the period	11,262	17,056	1,707	(2,875)
Total Comprehensive Income/(loss)	2,636	6,752	(1,125)	(5,234)
Balance at end of period	564,169	492,472	(26,361)	(29,888)

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SEGMENT INFORMATION

TT$'000	Cement	Concrete	Packaging	Consolidation Adjustments	Total
UNAUDITED THREE MONTHS JANUARY TO MARCH 2014					
Revenue					
Total	550,208	43,783	21,809	–	615,800
Intersegment	(82,104)	–	(20,132)	–	(102,236)
Third party	468,104	43,783	1,677	–	513,564
Profit before tax	11,069	2,818	3,355	(99)	17,143
Depreciation and impairment	30,619	1,528	290	(910)	31,527
Segment assets	3,676,082	142,340	107,914	(583,809)	3,342,527
Segment liabilities	3,059,362	52,703	30,829	(338,175)	2,804,719
Capital expenditure	14,015	1,424	6	–	15,445
RESTATED THREE MONTHS JANUARY TO MARCH 2013					
Revenue					
Total	520,424	36,282	23,092	–	579,798
Intersegment	(77,360)	–	(20,299)	–	(97,659)
Third party	443,064	36,282	2,793	–	482,139
Profit before tax	16,362	(186)	3,959	1,181	21,316
Depreciation and impairment	31,944	1,558	295	(1,446)	32,351
Segment assets	3,892,617	152,930	111,233	(713,092)	3,443,688
Segment liabilities	3,838,464	66,415	38,163	(961,938)	2,981,104
Capital expenditure	12,446	2,375	25	–	14,846

NOTES

1. Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31st, 2013 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. These statements are in compliance with IAS 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2013.

2. 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 (2013: 3.752m) shares that were held as unallocated shares by our ESOP.

3. Segment Information

Management's principal reporting and decision making are by product and accordingly the segment information is so presented.

4. Going Concern

The Group has reported a profit before taxation of $33.8 million (restated) for the year ended December 31, 2013 (restated loss of $351.7 million in 2012) and there is $2.0 billion in outstanding debt obligations as presented on the consolidated statement of financial position as at December 31, 2013. For the TCL Group, debt service (inclusive of principal and interest) is forecast to be $368 million for 2014 (2013:$298 million). The key risks to the Group's sustainability are declining domestic markets and unexpected plant stoppages due to technical problems with plant assets. Debt service as a percentage of budgeted Group EBITDA ranges from 67% in 2014 to 55 % in 2018. 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.

Based on current plans and strategies being pursued and implemented 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.

5. Restatement

The non-current assets and retained earnings at December 31, 2013 have been restated by $214.1 million to reflect an impairment charge in relation to goodwill that arose from the acquisition of Caribbean Cement Company Limited. In addition, for the period Jan to Mar 2013, earnings before interest, tax, depreciation and loss on disposal of assets (EBITDA) and taxation have been restated to reflect the reclassification of certain withholding taxes. Withholding taxes of $4.742 million have been reclassified from EBITDA (previously reported EBITDA - $114.157 million) to taxation (previously reported taxation - $2.393 million).