TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2016

SUMMARY CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Apr to June		UNAUDITED Six Months Jan to June		AUDITED Year Jan to Dec
CONTINUING OPERATIONS	**2016**	**2015**	**2016**	**2015**	**2015**
REVENUE	**506,682**	**572,887**	**986,229**	**1,087,742**	**2,115,446**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	**158,739**	**181,271**	**312,513**	**319,483**	**588,479**
Depreciation	(31,012)	(27,574)	(59,575)	(55,225)	(110,796)
Loss on disposal of property, plant and equipment	20	–	20	–	(164)
Stockholding and inventory restructuring costs (Note 5)	(72,890)	–	(72,890)	–	–
Manpower restructuring costs (Note 6)	(22,232)	–	(22,232)	–	(31,099)
Operating profit	32,625	153,697	157,836	264,258	446,420
Net debt restructuring gain	–	194,243	–	197,094	205,819
Net finance costs	(32,529)	(36,277)	(73,557)	(92,694)	(164,630)
Profit before taxation from continuing operations	**96**	**311,663**	**84,279**	**368,658**	**487,609**
Taxation charge	(21,933)	(23,023)	(39,016)	(33,414)	(58,714)
(Loss)/profit from continuing operations	**(21,837)**	**288,640**	**45,263**	**335,244**	**428,895**
DISCONTINUED OPERATIONS					
Loss after taxation from discontinued operations	–	–	–	–	(115)
(Loss)/profit for the year	**(21,837)**	**288,640**	**45,263**	**335,244**	**428,780**
Attributable to:					
Shareholders of the Parent	(24,045)	278,510	31,437	321,029	405,108
Non-controlling interests	2,208	10,130	13,826	14,215	23,672
	(21,837)	**288,640**	**45,263**	**335,244**	**428,780**
Basic and diluted earnings per share – cents:					
From continuing operations	(6.5)	85.9	8.5	103.1	119.0
From discontinued operations	–	–	–	–	–
	(6.5)	**85.9**	**8.5**	**103.1**	**119.0**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.06.2016	UNAUDITED 30.06.2015	AUDITED 31.12.2015
Non-current assets	2,011,073	2,098,428	2,073,495
Current assets	920,297	1,201,485	959,587
Current liabilities	(692,793)	(1,984,756)	(709,499)
Non-current liabilities	(1,267,527)	(383,889)	(1,372,613)
Total net assets	**971,050**	**931,268**	**950,970**
Share capital	827,732	827,732	827,732
Reserves	143,698	122,765	135,561
Equity attributable to the Parent	**971,430**	**950,497**	**963,293**
Non-controlling interests	(380)	(19,229)	(12,323)
Total equity	**971,050**	**931,268**	**950,970**

DIRECTORS' STATEMENT

The revenue of the Group for the second quarter of the year (Q2 2016) reached $506.6 million which was 6% higher than the first quarter of 2016. This was driven by an increase of domestic sales in Jamaica. However, our Group revenue was 12% below the same period of 2015 due to lower volumes sold in Trinidad and Tobago, lower export volume of clinker sold to Venezuela and a 9% decrease in local prices mainly in Barbados and Guyana. Adjusted EBITDA (Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs) in Q2 2016 of $159 million was 3% higher than adjusted EBITDA for the first quarter of 2016, but represented a 12% decrease when compared with the same period of 2015, mainly due to the slowdown of the construction activity in Trinidad and Tobago. The net cash generated by operating activities in Q2 2016 was $119 million, a decrease of 29% when compared to the same quarter of 2015.

In Q2 2016, there were two major items of restructuring costs that had a negative impact on the income attributable to shareholders. Firstly, the Group incurred severance costs of $22.2 million due primarily to a manpower restructuring exercise in Jamaica. Secondly, the Group undertook a comprehensive review of its inventory of spares and consumables and has determined the optimal stockholding and reorder levels for all companies in the Group. The result of this exercise was a negative adjustment to our inventories of $72.9 million which has been recognised as a one-time expense in Q2 2016. Together, the impact of these one-time expenses was a reduction in net income by $95.1 million. As a result, our first half net income was $45.3 million, however, adjusting for the impact of those one-time restructuring expenses, our net income for the first half would have been $129.5 million.

Outlook

The Group continues to implement internationally competitive operating structures and procedures to ensure a sustainable and competitive level of profitability, liquidity and cash flow in the face of challenges of current construction trends in Trinidad and Tobago and the competitive environment in Barbados and Guyana.

Wilfred Espinet
Group Chairman
July 20, 2016

Nigel Edwards
Director
July 20, 2016

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Apr to June		UNAUDITED Six Months Jan to June		AUDITED Year Jan to Dec
	2016	**2015**	**2016**	**2015**	**2015**
(Loss)/profit for the year	**(21,837)**	**288,640**	**45,263**	**335,244**	**428,780**
Other comprehensive income					
Other comprehensive loss to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	(11,719)	(6,314)	(10,197)	(11,029)	(18,930)
Net other comprehensive loss to be reclassified to profit and loss in subsequent periods	**(11,719)**	**(6,314)**	**(10,197)**	**(11,029)**	**(18,930)**
Other comprehensive (loss)/income not to be reclassified to profit and loss in subsequent periods:					
Remeasurement losses on defined benefit plans	–	–	–	–	(87,685)
Income tax effect	–	–	–	–	21,752
Net other comprehensive loss not to be reclassified to profit and loss in subsequent periods:	**–**	**–**	**–**	**–**	**(65,933)**
Other comprehensive loss for the year, net of tax	**(11,719)**	**(6,314)**	**(10,197)**	**(11,029)**	**(84,863)**
Total comprehensive (loss)/income for the year, net of tax	**(33,556)**	**282,326**	**35,066**	**324,215**	**343,917**
Attributable to:					
Shareholders of the Parent	(33,099)	273,956	23,123	311,994	324,790
Non-controlling interests	(457)	8,370	11,943	12,221	19,127
	(33,556)	**282,326**	**35,066**	**324,215**	**343,917**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Apr to June		UNAUDITED Six Months Jan to June		AUDITED Year Jan to Dec
	2016	**2015**	**2016**	**2015**	**2015**
Profit before taxation from continuing operations	**96**	**311,663**	**84,279**	**368,658**	**487,609**
Loss before taxation from discontinued operations	**–**	**–**	**–**	**–**	**(115)**
	96	311,663	84,279	368,658	487,494
Adjustments to reconcile (loss)/ profit before taxation to net cash generated by operating activities:					
Depreciation	31,012	27,574	59,575	55,225	110,796
Interest expense net of interest income	32,529	36,951	73,557	92,694	164,630
Pension and post-retirement	17,623	10,530	11,738	20,234	28,372
Loss on disposal of property, plant and equipment	20	–	20	–	164
Net debt restructuring gain	–	(197,094)	–	(197,094)	(205,819)
	81,280	189,624	229,169	339,717	585,637
Changes in net current assets					
Decrease in inventories	63,529	17,321	60,417	49,710	30,801
(Increase)/decrease in receivables and prepayments	4,573	10,510	(20,953)	26,854	38,111
Increase/(decrease) in payables and accruals	24,752	(2,039)	2,533	(46,928)	(21,530)
	174,134	215,416	271,166	369,353	633,019
Net Interest, taxation and pension contributions paid					
Pension contributions paid	(3,955)	(7,752)	(6,593)	(12,803)	(12,482)
Post-retirement benefits paid	(3,206)	–	(3,611)	–	(1,927)
Taxation paid	(25,466)	(10,867)	(40,792)	(20,223)	(33,687)
Net interest paid	(22,249)	(28,855)	(44,596)	(64,967)	(115,663)
Net cash generated by operating activities	119,258	167,942	175,574	271,360	469,260
Net cash used in investing activities					
Additions to property, plant and equipment	(37,062)	(11,825)	(55,456)	(24,044)	(117,517)
Proceeds from disposal of property, plant and equipment	–	–	–	–	305
	(37,062)	(11,825)	(55,456)	(24,044)	(117,212)
Net cash used in financing activities					
Proceeds from borrowings	–	1,486,383	–	1,486,383	1,188,830
Proceeds from issuance of new shares	–	–	–	364,552	364,552
Transaction costs incurred on issuance of new shares	–	–	–	(3,026)	(3,026)
Repayment of borrowings	(48,543)	(1,660,904)	(96,426)	(1,661,810)	(1,709,364)
Dividends paid	(14,986)	–	(14,986)	–	(984)
Net cash (used in)/generated by financing activities	(63,529)	(174,521)	(111,412)	186,099	(159,992)
Increase/(decrease) in cash and cash equivalents	18,667	(18,404)	8,706	433,415	192,056
Currency adjustment – opening balance	(755)	(248)	70	(312)	(145)
Net cash – beginning of year	279,364	548,344	288,500	96,589	96,589
Net cash – end of year	**297,276**	**529,692**	**297,276**	**529,692**	**288,500**

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2016

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS JANUARY TO JUNE 2016					
Revenue					
Total	1,061,730	71,155	38,761	–	1,171,646
Intersegment	(154,791)	(143)	(30,483)	–	(185,417)
Third party	906,939	71,012	8,278	–	986,229
Profit/(loss) before tax	100,838	(2,773)	(151)	(13,635)	84,279
Depreciation and impairment	56,695	3,006	943	(1,069)	59,575
Segment assets	3,270,730	135,850	89,485	(564,695)	2,931,370
Segment liabilities	2,615,346	41,886	27,581	(724,493)	1,960,320
Capital expenditure	51,097	3,820	539	–	55,456
UNAUDITED SIX MONTHS JANUARY TO JUNE 2015					
Revenue					
Total	1,150,813	116,824	32,118	–	1,299,755
Intersegment	(183,893)	–	(28,120)	–	(212,013)
Third party	966,920	116,824	3,998	–	1,087,742
Profit/(loss) before tax	360,881	10,418	(4,353)	1,712	368,658
Depreciation and impairment	53,886	2,616	681	(1,958)	55,225
Segment assets	3,982,387	154,394	106,446	(943,314)	3,299,913
Segment liabilities	3,026,687	55,968	35,297	(749,307)	2,368,645
Capital expenditure	19,409	3,304	1,331	–	24,044
AUDITED YEAR JAN TO DEC 2015					
Revenue					
Total	2,202,494	216,716	62,695	–	2,481,905
Intersegment	(309,972)	–	(56,487)	–	(366,459)
Third party	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 and impairment	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

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to June 2016	Jan to June 2015	Jan to Dec 2015	Jan to June 2016	Jan to June 2015	Jan to Dec 2015
Balance at beginning of period	**963,293**	**276,977**	**276,977**	**(12,323)**	**(31,450)**	**(31,450)**
Other comprehensive loss	(8,314)	(9,035)	(80,318)	(1,883)	(1,994)	(4,545)
Profit after taxation	31,437	321,029	405,108	13,826	14,215	23,672
Total comprehensive income	23,123	311,994	324,790	11,943	12,221	19,127
Dividends	(14,986)	–	–	–	–	–
Rights issue proceeds	–	361,526	361,526	–	–	–
Balance at end of period	**971,430**	**950,497**	**963,293**	**(380)**	**(19,229)**	**(12,323)**

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 31, 2015 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 1, 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 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 Inventory Restructuring Costs
In June 2016, the Group undertook a comprehensive review of its inventory of spares and consumables and has determined the optimal stockholding and reorder levels for all companies in the Group. As a result the Group has written down overstocked inventory items to their net realisable value in accordance with *IAS 2: Inventories* and recorded an expense of $72.9 million. 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 this new development.

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.