TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2017

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
Revenue	**422,043**	**479,547**	**1,887,013**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	**97,511**	**153,774**	**464,226**
Depreciation	(31,042)	(28,563)	(123,148)
Loss on disposal of property, plant and equipment	–	–	(163)
Stockholding and inventory restructuring costs (Note 5)	–	–	(72,026)
Manpower restructuring costs (Note 6)	(187)	–	(44,464)
Operating profit	**66,282**	**125,211**	**224,425**
Finance costs (net)	(27,707)	(41,028)	(134,798)
Profit before taxation	**38,575**	**84,183**	**89,627**
Taxation charge	(12,572)	(17,083)	(37,205)
Profit for the period	**26,003**	**67,100**	**52,422**
Attributable to:			
Equity holders of the Parent	19,081	55,482	36,859
Non-controlling interests	6,922	11,618	15,563
	26,003	**67,100**	**52,422**
Basic and diluted earnings per share – cents (Note 3):	**5.1**	**15.0**	**10.0**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
Profit for the period	**26,003**	**67,100**	**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	1,666	1,522	(12,864)
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods	**1,666**	**1,522**	**(12,864)**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement gains/(losses) on pension plans and post-retirement benefits	–	–	36,194
Income tax effect	–	–	2,508
Net other comprehensive income not to be reclassified to profit and loss in subsequent periods:	**–**	**–**	**38,702**
Other comprehensive income for the periof net of tax	**1,666**	**1,522**	**25,838**
Total comprehensive income for the period net of tax	**27,669**	**68,622**	**78,260**
Attributable to:			
Equity holders of the Parent	20,067	56,222	65,790
Non-controlling interests	7,602	12,400	12,470
	27,669	**68,622**	**78,260**

DIRECTORS' STATEMENT

The Group has generated total revenue of $422 million for the first quarter of 2017 compared to $480 million (-12%) in the prior year period. This was due to lower domestic grey cement sales (-6%), mainly reflective of a slowdown in the construction industry in Trinidad and Tobago – one of its major markets, compounded by increased competition in the Caribbean Region. Positive trends continued in the Jamaica market, with a slight improvement in sales, which was created by increased demand in the retail trade and from tourism and infrastructural projects. In Barbados, cement volumes were driven by the residential and commercial sectors.

Profit after taxes amounted to $26.0 million or $0.05 diluted earnings per share for the quarter. Group earnings before interest, taxes, depreciation, loss on disposal of property, plant and equipment, and manpower and stockholding restructuring costs (adjusted EBITDA) was $97.5 million – reflecting an adjusted EBITDA margin of 23%. This mainly resulted from lower volumes and increased electricity costs.

The Group continued to manage its cash flow with the aim of further reducing the loan balance, and in February, was able to make a prepayment of $35 million, paying down the debt by 18% when compared to the first quarter 2016 balance of $1.1 billion. Favourably, net interest expense for the period was $27.7 million, a reduction of 32% compared to the Q1-2016 expense of $41 million.

Subsequent to the end of the first quarter of 2017, the Group has successfully prepaid and refinanced its existing debt mainly with proceeds from an intercompany loan with CEMEX and cash on hand as well as a short term facility provided by local financial institutions, substantially improving previous conditions. TCL Group debt has been reduced to $927 million after this refinancing and this balance is 50% of the balance at March 2015 when the amended override agreement was signed ($1.9 billion).

Outlook

Despite the reduced demand in Trinidad & Tobago and pricing pressure in most of our markets, the Board of Directors remains confident of a positive contribution on profit this year, primarily attributed to operational programmes being implemented across the Group along with cost savings which will come from restructuring initiatives completed last year.

Wilfred Espinet
Group Chairman
April 27, 2017

Nigel Edwards
Director
April 27, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	31.03.2017	31.03.2016	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment	1,803,869	1,729,289	1,805,255
Pension plan assets	34,285	5,113	37,256
Receivables	6,341	14,756	1,966
Deferred tax assets	290,399	321,592	394,075
	2,134,894	2,070,750	2,238,552
Current assets			
Inventories	336,865	484,036	362,521
Receivables and prepayments	153,016	212,138	134,683
Cash at bank and on hand	180,076	279,364	186,546
	669,957	975,538	683,750
Total assets	**2,804,851**	**3,046,288**	**2,922,302**
Equity and liabilities			
Equity			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,849)	(25,299)	(20,849)
Other reserves	(253,319)	(242,745)	(254,305)
Retained earnings	483,630	459,827	464,549
Equity attributable to the Parent	**1,037,194**	**1,019,515**	**1,017,127**
Non-controlling interests	7,381	77	(221)
Total equity	**1,044,575**	**1,019,592**	**1,016,906**
Non-current liabilities			
Long-term portion of borrowings	797,896	950,008	839,646
Pension plan liabilities	15,354	36,973	24,928
Other post-retirement benefits	105,431	69,186	94,412
Deferred tax liabilities	240,810	284,137	344,959
	1,159,491	1,340,304	1,303,945
Current liabilities			
Payables and accruals	458,740	494,050	472,601
Current portion of borrowings	142,045	192,342	128,850
	600,785	686,392	601,451
Total equity and liabilities	**2,804,851**	**3,046,288**	**2,922,302**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2017	2016	2016
Profit before taxation	38,575	84,183	89,627
Adjustments to reconcile profit before taxation to net cash generated by operating activities:			
Depreciation	31,042	28,563	123,148
Stockholding and inventory restructuring costs (Note 5)	–	–	72,026
Finance cost (net)	27,707	41,028	134,798
ESOP share allocation and sale of shares net of dividends	–	–	3,030
Pension and other post-retirement expenses	1,893	(5,885)	36,692
Loss on disposal of property, plant and equipment	–	–	163
	99,217	147,889	459,484
Changes in net current assets			
Decrease/(increase) in inventories	25,656	(3,112)	48,958
(Increase)/decrease in receivables and prepayments	(27,873)	(25,526)	79,501
Decrease in payables and accruals	(8,098)	(22,219)	(57,139)
Cash generated from operations	88,902	97,032	530,804
Net interest, taxation and pension contributions paid			
Pension contributions paid	(2,420)	(2,638)	(10,928)
Post-retirement benefits paid	(1,399)	(405)	(2,408)
Taxation paid	(8,717)	(15,326)	(62,385)
Net interest paid	(18,893)	(22,347)	(88,842)
Net cash provided by operating activities	**57,473**	**56,316**	**366,241**
Investing activities			
Additions to property, plant and equipment	(28,319)	(18,394)	(200,520)
Proceeds from disposal of property, plant and equipment	–	–	713
Net cash used in investing activities	**(28,319)**	**(18,394)**	**(199,807)**
Financing activities			
Repayment of borrowings	(35,919)	(47,883)	(261,133)
Dividends paid	–	–	(15,354)
Net cash used in financing activities	**(35,919)**	**(47,883)**	**(276,487)**
Net decrease in cash and cash equivalents	(6,765)	(9,961)	(110,053)
Net foreign exchange differences	295	825	8,099
Net cash – beginning of period	186,546	288,500	288,500
Net cash – end of period	**180,076**	**279,364**	**186,546**

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2017

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Mar		Jan to Dec	Jan to Mar		Jan to Dec
	2017	2016	2016	2017	2016	2016
Balance at beginning of period	**1,017,127**	**963,293**	**963,293**	**(221)**	**(12,323)**	**(12,323)**
Other comprehensive income/(loss)	986	740	28,931	680	782	(3,093)
Profit after taxation	19,081	55,482	36,859	6,922	11,618	15,563
Total comprehensive Income	20,067	56,222	65,790	7,602	12,400	12,470
Share-based allocations	–	–	3,030	–	–	–
Dividends	–	–	(14,986)	–	–	(368)
Balance at end of period	**1,037,194**	**1,019,515**	**1,017,127**	**7,381**	**77**	**(221)**

NOTES

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

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, 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 01, 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 Q2 and Q3 2016. In accordance with IAS 2: "Inventories," management has recorded an expense of $72 million in 2016 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.

SEGMENT INFORMATION

TT$'000	Cement	Concrete & Aggregates	Packaging	Consolidation Adjustments	Total
UNAUDITED THREE MONTHS JAN TO MAR 2017					
Revenue					
Total	466,823	35,523	17,275	–	519,621
Intersegment	(83,035)	(1,526)	(13,017)	–	(97,578)
Third party	383,788	33,997	4,258	–	422,043
Profit/(loss) before tax	40,703	1,901	565	(4,594)	38,575
Depreciation	29,628	1,400	548	(534)	31,042
Segment assets	3,100,821	137,283	108,421	(541,674)	2,804,851
Segment liabilities	2,248,543	55,865	45,232	(589,363)	1,760,276
Capital expenditure	27,264	877	178	–	28,319
UNAUDITED THREE MONTHS JAN TO MAR 2016					
Revenue					
Total	519,156	32,917	18,938	–	571,011
Intersegment	(76,698)	–	(14,766)	–	(91,464)
Third Party	442,458	32,917	4,172	–	479,547
Profit/(loss) before tax	87,726	(716)	669	(3,496)	84,183
Depreciation	27,147	1,548	468	(600)	28,563
Segment assets	3,379,860	143,631	93,768	(570,971)	3,046,288
Segment liabilities	2,699,998	47,010	31,201	(751,513)	2,026,696
Capital expenditure	17,860	259	275	–	18,394
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	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

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