TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Revenue	427,349	449,978	1,277,686	1,436,207	1,887,013
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	118,560	81,739	321,430	394,252	464,226
Depreciation and amortisation	(32,849)	(30,315)	(94,190)	(89,890)	(123,148)
(Loss)/gain on disposal of property, plant and equipment	(2)	730	60	750	(163)
Stockholding and inventory restructuring costs (Note 5)	2,315	(175)	2,315	(73,065)	(72,026)
Manpower restructuring costs (Note 6)	(13,367)	(4,865)	(21,175)	(27,097)	(44,464)
Integration restructuring expenses (Note 7)	(5,274)	-	(5,389)	-	-
Operating profit	69,383	47,114	203,051	204,950	224,425
Finance costs (net)	(13,621)	(33,491)	(102,914)	(107,048)	(134,798)
Profit before taxation	55,762	13,623	100,137	97,902	89,627
Taxation charge	(13,263)	(1,983)	(39,404)	(40,999)	(37,205)
Profit for the period	42,499	11,640	60,733	56,903	52,422
Attributable to:					
Equity holders of the Parent	31,827	12,240	36,157	43,677	36,859
Non-controlling interests	10,672	(600)	24,576	13,226	15,563
	42,499	11,640	60,733	56,903	52,422
Basic and diluted Earnings per Share - cents (Note 3):	8.5	3.3	9.7	11.8	10.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Profit for the period	42,499	11,640	60,733	56,903	52,422
Other comprehensive (loss)/income					
Other comprehensive (loss)/income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	(7,649)	(1,550)	(4,652)	(11,747)	(12,864)
Change in fair value of cashflow hedge	1,989	-	3,260	-	-
Other comprehensive loss to be reclassified to profit and loss in subsequent periods	(5,660)	(1,550)	(1,392)	(11,747)	(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	-	-	-	-	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 (loss)/ income for the period net of tax	(5,660)	(1,550)	(1,392)	(11,747)	25,838
Total comprehensive income for the period net of tax	36,839	10,090	59,341	45,156	78,260
Attributable to:					
Equity holders of the Parent	28,794	11,419	36,262	34,542	65,790
Non-controlling interests	8,045	(1,329)	23,079	10,614	12,470
	36,839	10,090	59,341	45,156	78,260

DIRECTORS' STATEMENT

Firstly, we wish to express our sincerest consideration to all our stakeholders and neighbors who were in any way affected by the catastrophic hurricanes experienced in the last quarter. As a Group operating within this region for many years, we felt duty-bound to immediately respond through a campaign that has embraced the humanitarian spirit of our employees, distributors, suppliers and other well-wishers, who came forward with donations of much needed items. This was further enhanced by cash contributions from our employees, which were matched by the company. The Group remains committed to supporting the rebuilding of our Caribbean communities in the shortest possible time.

With respect to the company's financial performance for the third quarter, results were largely driven by worsening economic conditions in the Trinidad and Tobago market, which continued to negatively affect demand. Conversely, in Barbados there was a marginal increase in demand, while Jamaica continued with robust construction activity. Although all three territories were impacted by adverse weather conditions, we are pleased to advise that no damage was reported at any of our plants.

Generally, revenue from exports also decreased due to challenging economic conditions in several of our main markets. In the third quarter of 2017 the Group recorded revenue of $427 million in the period, representing a decline of $23 million or 5% compared to the corresponding period of 2016 and bringing total revenue for the first nine months of the year to $1,278 million - 11% less than the comparative period in 2016.

Profit before taxation for the quarter was $55.7 million. This demonstrated a significant improvement over the third quarter of 2016, and was mainly due to realized efficiency savings and lower marketing, general and administrative expenses. Year-to-date profit before tax of $100.1 million, signified a 2% increase over the comparative period in 2016.

Year-to-date, net profit of $60.7 million represented an improvement of $3.8 million over the comparative year-to-date net profit of 2016.

Net cash generated from operations was $63 million, of which $24 million was invested in CAPEX, while $8 million was used for dividend payments. During the quarter, the Group repaid $34 million of its intercompany loan from CEMEX. Additionally, the Group benefitted from significant finance cost savings as a result of the repayment of the third party loan in the second quarter of 2017.

Outlook

Improved health and safety standards across all our operations remain the top priority of the Board of Directors. Training and development of our people has been intensified to ensure safe behavior at all times and at all levels throughout the organization. Our focus on these important factors, together with the implementation of industry best practices, promote a better working environment.

The Group's integration process with CEMEX continues with several initiatives successfully completed, including a workshop hosted in Trinidad by the CEMEX Research Group's Swiss team, which introduced our technical and sales teams to the latest technologies in the industry.

Restructuring programmes and streamlining initiatives will also continue and the Board strongly anticipates that the efficiencies and synergies achieved via this process would have a positive impact on the Group's operations during the next financial year.

Wilfred Espinet
Group Chairman
October 24, 2017

Nigel Edwards
Director
October 24, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	30.09.2017	30.09.2016	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment	1,832,331	1,744,290	1,805,255
Pension plan assets	28,945	3,916	37,256
Receivables	7,246	7,662	1,966
Deferred tax assets	307,521	343,969	394,075
	2,176,043	2,099,837	2,238,552
Current assets			
Inventories	343,979	349,478	362,521
Receivables and prepayments	135,089	178,692	134,683
Cash at bank and on hand	130,339	313,906	186,546
	609,407	842,076	683,750
Total assets	2,785,450	2,941,913	2,922,302
Equity and liabilities			
Equity			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,020)	(25,299)	(20,849)
Other reserves	(254,200)	(252,620)	(254,305)
Retained earnings	481,973	433,036	464,549
Equity attributable to the Parent	1,035,485	982,849	1,017,127
Non-controlling interests	(1,771)	(2,080)	(221)
Total equity	1,033,714	980,769	1,016,906
Non-current liabilities			
Long term portion of borrowings	675,451	881,683	839,646
Pension plan liabilities	16,054	46,598	24,928
Other post-retirement benefits	106,222	70,180	94,412
Deferred tax liabilities	257,225	300,706	344,959
	1,054,952	1,299,167	1,303,945
Current liabilities			
Payables and accruals	451,784	466,120	472,601
Current portion of borrowings	245,000	195,857	128,850
	696,784	661,977	601,451
Total equity and liabilities	2,785,450	2,941,913	2,922,302

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2017	2016	2017	2016	2016
Cash flows from operating activities					
Profit before taxation	55,762	13,623	100,137	97,902	89,627
Adjustments to reconcile profit before taxation to net cash generated by operating activities:					
Depreciation	32,849	30,315	94,190	89,890	123,148
Stockholding and inventory restructuring costs (Note 5)	(2,315)	-	(2,315)	-	72,026
Finance cost (net)	13,621	33,491	102,914	107,048	134,798
ESOP share allocation and sale of shares net of dividends	630	-	630	-	3,030
Pension and other post-retirement expenses	13,440	11,011	15,665	22,749	36,692
Loss/(gain) on disposal of property, plant and equipment	2	730	(60)	750	163
	113,989	89,170	311,161	318,339	459,484
(Increase)/decrease in inventories	(19,026)	71,031	20,856	131,448	48,958
Decrease/(increase) in receivables and prepayments	9,963	(32,502)	15,573	(53,455)	79,501
(Decrease)/increase in payables and accruals	(3,812)	16,976	(48,391)	19,509	(57,139)
Cash generated by operations	101,114	144,675	299,199	415,841	530,804
Pension contributions paid	(2,232)	(1,661)	(7,086)	(8,254)	(10,928)
Post retirement benefits paid	(1,533)	(903)	(4,578)	(4,514)	(2,408)
Taxation paid	(16,253)	(10,770)	(33,909)	(51,562)	(62,385)
Net interest paid	(17,775)	(21,284)	(45,133)	(65,880)	(88,842)
Net cash generated by operating activities	63,321	110,057	208,493	285,631	366,241
Investing activities					
Additions to property, plant and equipment	(24,074)	(44,629)	(121,952)	(100,085)	(200,520)
Proceeds from disposal of property, plant and equipment	-	-	-	-	713
Net cash used in investing activities	(24,074)	(44,629)	(121,952)	(100,085)	(199,807)
Financing activities					
Repayment of borrowings	(33,777)	(48,346)	(1,129,168)	(144,772)	(261,133)
Proceeds from borrowings	-	-	1,029,155	-	-
Dividends paid	(7,518)	(371)	(7,518)	(15,357)	(15,354)
Acquisition of non-controlling interests	(336)	-	(35,642)	-	-
Net cash used in financing activities	(41,631)	(48,717)	(143,173)	(160,129)	(276,487)
Net (decrease)/increase in cash and cash equivalents	(2,384)	16,711	(56,632)	25,417	(110,053)
Net foreign exchange differences	(38)	(81)	425	(11)	8,099
Net cash – beginning of period	132,761	297,276	186,546	288,500	288,500
Net cash - end of period	130,339	313,906	130,339	313,906	186,546
Represented by:					
Cash at bank and on hand	130,339	313,906	130,339	313,906	186,546

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Sep		Jan to Dec	Jan to Sep		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)	105	(9,135)	28,931	(1,497)	(2,612)	(3,093)
Profit after taxation	36,157	43,677	36,859	24,576	13,226	15,563
Total comprehensive income	36,262	34,542	65,790	23,079	10,614	12,470
Share-based allocations	630	-	3,030	-	-	-
Dividends	(7,493)	(14,986)	(14,986)	(26)	(371)	(368)
Acquisition of NCI without change of control	(11,039)	-	-	(24,603)	-	-
Balance at end of period	**1,035,487**	**982,849**	**1,017,127**	**(1,771)**	**(2,080)**	**(221)**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2017					
Revenue					
Total	1,393,885	101,371	52,614	-	1,547,870
Intersegment	(229,003)	(2,017)	(39,164)	-	(270,184)
Third party	1,164,882	99,354	13,450	-	1,277,686
Profit/(loss) before tax	93,577	8,648	(2,883)	795	100,137
Depreciation and impairment	90,150	3,984	1,730	(1,674)	94,190
Segment assets	3,037,385	128,493	105,434	(485,862)	2,785,450
Segment liabilities	2,193,088	41,256	46,044	(528,652)	1,751,736
Capital expenditure	116,758	3,922	1,272	-	121,952
UNAUDITED NINE MONTHS JAN TO SEP 2016					
Revenue					
Total	1,537,483	107,072	59,076	-	1,703,631
Intersegment	(220,884)	(528)	(46,012)	-	(267,424)
Third party	1,316,599	106,544	13,064	-	1,436,207
Profit/(loss) before tax	114,152	(201)	1,469	(17,518)	97,902
Depreciation and impairment	85,539	4,667	1,428	(1,744)	89,890
Segment assets	3,207,004	136,866	91,457	(493,414)	2,941,913
Segment liabilities	2,577,201	41,718	27,745	(685,520)	1,961,144
Capital expenditure	93,739	5,565	781	-	100,085
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 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.

7. Integration Restructuring Expenses

Integration restucturing costs comprise the expenses incurred to align the operations and integrate the processes with the ultimate parent company.