TRINIDAD CEMENT LIMITED

# CONSOLIDATED INTERIM FINANCIAL REPORT

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

### CONSOLIDATED STATEMENT OF INCOME

| TT$'000 | UNAUDITED Three Months Jul to Sep 2013 | RESTATED Three Months Jul to Sep 2012 | UNAUDITED Nine Months Jan to Sep 2013 | RESTATED Nine Months Jan to Sep 2012 | RESTATED Year Jan to Dec 2012 |
|---|---|---|---|---|---|
| **REVENUE** | 495,985 | 426,252 | 1,490,088 | 1,215,235 | 1,615,888 |
| **Earnings before interest, tax, depreciation & amortisation** | 85,382 | 87,509 | 346,557 | 118,951 | 154,987 |
| Depreciation | (31,890) | (33,723) | (95,745) | (106,617) | (149,486) |
| Impairment charges and write-offs | - | - | - | - | (88,552) |
| Loss on disposal of property, plant and equipment | 468 | - | (467) | - | (6,806) |
| **Operating Profit/(Loss)** | 53,960 | 53,786 | 250,345 | 12,334 | (89,857) |
| Restructuring expenses | - | (3,161) | - | (43,452) | (49,143) |
| Finance costs | (51,438) | (61,709) | (174,410) | (172,426) | (244,655) |
| **Profit/(Loss) before taxation** | 2,522 | (11,084) | 75,935 | (203,544) | (383,655) |
| Taxation | 5,958 | 138 | 2,946 | 20,195 | (6,704) |
| **Profit/(Loss) for the year** | 8,480 | (10,946) | 78,881 | (183,349) | (390,359) |
| **Attributable to:** | | | | | |
| Shareholders of the Parent | 6,122 | (7,516) | 69,331 | (155,898) | (326,115) |
| Non-controlling Interests | 2,358 | (3,430) | 9,550 | (27,451) | (64,244) |
| | 8,480 | (10,946) | 78,881 | (183,349) | (390,359) |
| **Basic and diluted Earnings/ (Loss) per Share - cents:** | 2.5 | (3.1) | 28.2 | (63.4) | (132.6) |

### DIRECTORS' STATEMENT

For the nine months ended September 30 2013, the Group's EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) increased by 191% to $346.6 million, compared with $119 million for the prior year period. This improved performance was driven by an increase of 23% (or $275 million) in Group Revenue to $1,490 million compared with the prior year period as domestic volumes increased by 16%, notably in Trinidad and to a lesser extent Jamaica, and a 26% increase in export volumes in combination with higher selling prices. Higher production of clinker by 15% and cement by 19% contributed to the enhanced results.

For the quarter ended September 30 2013, EBITDA was marginally down at $85.4 million compared with $87.5 million for the prior year quarter. Whilst Group Revenue for the quarter increased by $69.7 million (or 16%) to $496 million, unplanned stoppages due to technical problems at the Trinidad and Barbados plants hampered production and efficiency with the consequence of higher unit costs. The technical issues at the Trinidad plant have been resolved. Finance costs for the 2013 quarter are lower than the prior year quarter largely due to higher foreign exchange losses included in the prior year total.

Earnings per Share (EPS) for the nine months ended September 30 2013, amounted to 28.2 cents compared with the prior year restated Loss per Share of 63.4 cents. For the 2013 third quarter, EPS was 2.5 cents compared with a restated Loss per Share of 3.1 cents in the prior year quarter.

The Group has met all its debt service payments and financial ratio covenants under the debt restructuring agreement with lenders.

**OUTLOOK**

The Barbados operations have had plant challenges for most of 2013 and results have been made worse by very low domestic demand due to the global economic crisis. Critical repairs are being done in the fourth quarter 2013. The operations and financial performance of the Jamaican plant have improved to the extent that it is now marginally profitable and continued improvement is anticipated. Notwithstanding the third quarter challenges, the Trinidad and Tobago operations are delivering exceptional results and this trend is expected to continue throughout 2014 on the strength of the many major construction projects outlined in government's annual budget presentation.

Andy J. Bhajan

**Andy J. Bhajan**
**Group Chairman**
**November 4, 2013**

**Dr. Rollin Bertrand**
**Director/Group CEO**
**November 4, 2013**

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TT$'000 | UNAUDITED Three Months Jul to Sep 2013 | RESTATED Three Months Jul to Sep 2012 | UNAUDITED Nine Months Jan to Sep 2013 | RESTATED Nine Months Jan to Sep 2012 | RESTATED Year Jan to Dec 2012 |
|---|---|---|---|---|---|
| **Profit/(Loss) after Taxation** | 8,480 | (10,946) | 78,881 | (183,349) | (390,359) |
| Revised IAS 19: actuarial loss | - | (1,669) | - | (5,007) | (6,676) |
| Foreign currency loss on subsidiary loans | - | - | (30,962) | - | - |
| Currency translation | (10,096) | (198) | 1,530 | (1,199) | 1,791 |
| | (1,616) | (12,813) | 49,449 | (189,555) | (395,244) |
| **Attributable to:** | | | | | |
| Shareholders of the Parent | (1,552) | (9,370) | 46,350 | (161,680) | (330,886) |
| Non-controlling Interests | (64) | (3,443) | 3,099 | (27,875) | (64,358) |
| | (1,616) | (12,813) | 49,449 | (189,555) | (395,244) |

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TT$'000 | UNAUDITED 30.09.2013 | RESTATED 31.12.2012 |
|---|---|---|
| Non-current assets | 2,694,745 | 2,800,933 |
| Current assets | 849,612 | 856,345 |
| Current liabilities | (610,663) | (677,460) |
| Non-current liabilities | (2,221,469) | (2,317,042) |
| **Total Net Assets** | 712,225 | 662,776 |
| Share capital | 466,206 | 466,206 |
| Reserves | 268,136 | 221,786 |
| **Equity attributable to Shareholders of the Parent** | 734,342 | 687,992 |
| Non-controlling interests | (22,117) | (25,216) |
| **Total Equity** | 712,225 | 662,776 |

### CONSOLIDATED STATEMENT OF CASH FLOWS

| TT$'000 | UNAUDITED Nine Months Jan to Sep 2013 | RESTATED Year Jan to Dec 2012 |
|---|---|---|
| **Profit/(Loss) before Taxation** | 75,935 | (383,655) |
| Adjustment for non-cash items | 246,437 | 556,989 |
| | 322,372 | 173,334 |
| Changes in working capital | (2,414) | (6,856) |
| | 319,958 | 166,478 |
| Restructuring expenses paid | - | (49,143) |
| Net Interest, taxation and pension contributions paid | (183,595) | (73,553) |
| Net cash generated by operating activities | 136,363 | 43,782 |
| Net cash used in investing activities | (37,637) | (77,878) |
| Net cash used in financing activities | (61,173) | (10,020) |
| Increase/(decrease) in cash and cash equivalents | 37,553 | (44,116) |
| Currency adjustment – opening balance | (1,783) | (2,033) |
| Net cash – beginning of year | 11,159 | 57,308 |
| **Net cash – end of year** | 46,929 | 11,159 |

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TT$'000 | PARENT | | NON-CONTROLLING INTERESTS | |
|---|---|---|---|---|
| | UNAUDITED Nine Months Jan to Sep 2013 | RESTATED Year Jan to Dec 2012 | UNAUDITED Nine Months Jan to Sep 2013 | RESTATED Year Jan to Dec 2012 |
| **Balance at beginning of period** | 687,992 | 1,125,720 | (25,216) | 42,411 |
| Restatement of opening balance | - | (106,842) | - | (1,756) |
| | 687,992 | 1,018,878 | (25,216) | 40,655 |
| Revised IAS 19 charge | - | (6,161) | - | (515) |
| Currency translation and other adjustments | (38) | 1,390 | 1,568 | 401 |
| Foreign currency loss on subsidiary loans | (22,943) | - | (8,019) | - |
| Profit/(Loss) after taxation | 69,331 | (326,115) | 9,550 | (64,244) |
| Dividends forfeited/(paid) | - | - | - | (1,513) |
| **Balance at end of period** | 734,342 | 687,992 | (22,117) | (25,216) |

# CONSOLIDATED INTERIM FINANCIAL REPORT

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 (CONTINUED)

TRINIDAD CEMENT LIMITED

### SEGMENT INFORMATION

| TT$'000 | CEMENT | CONCRETE | PACKAGING | CONSOLIDATION ADJUSTMENTS | TOTAL |
|---|---|---|---|---|---|
| **UNAUDITED NINE MONTHS ENDED JAN TO SEPT 2013** | | | | | |
| **Revenue** | | | | | |
| Total | 1,601,310 | 130,410 | 67,844 | - | 1,799,564 |
| Intersegment | (248,123) | - | (61,353) | - | (309,476) |
| Third party | 1,353,187 | 130,410 | 6,491 | - | 1,490,088 |
| Profit before tax | 59,479 | 5,324 | 8,514 | 2,618 | 75,935 |
| Depreciation and impairment | 93,215 | 4,870 | 892 | (3,232) | 95,745 |
| Segment assets | 3,983,617 | 155,775 | 105,058 | (700,093) | 3,544,357 |
| Segment liabilities | 3,204,666 | 64,451 | 28,885 | (465,869) | 2,832,133 |
| Capital expenditure | 33,344 | 4,642 | 137 | - | 38,123 |
| **RESTATED NINE MONTHS ENDED JAN TO SEPT 2012** | | | | | |
| **Revenue** | | | | | |
| Total | 1,297,329 | 97,661 | 60,524 | - | 1,455,514 |
| Intersegment | (186,027) | - | (54,252) | - | (240,279) |
| Third party | 1,111,302 | 97,661 | 6,272 | - | 1,215,235 |
| (Loss)/Profit before tax | (210,672) | (2,677) | 5,817 | 3,988 | (203,544) |
| Depreciation and impairment | 104,299 | 4,914 | 1,399 | (3,995) | 106,617 |
| Segment assets | 4,789,833 | 156,061 | 113,563 | (1,054,588) | 4,004,869 |
| Segment liabilities | 3,795,413 | 59,617 | 34,845 | (872,829) | 3,017,046 |
| Capital expenditure | 45,542 | 5,230 | 156 | - | 50,928 |
| **RESTATED YEAR JAN TO DEC 2012** | | | | | |
| **Revenue** | | | | | |
| Total | 1,744,067 | 136,528 | 79,347 | - | 1,959,942 |
| Intersegment | (271,510) | - | (72,544) | - | (344,054) |
| Third party | 1,472,557 | 136,528 | 6,803 | - | 1,615,888 |
| (Loss)/Profit before tax | (613,891) | (8,160) | 5,546 | 232,850 | (383,655) |
| Depreciation and impairment | 235,679 | 6,100 | 1,760 | (5,501) | 238,038 |
| Segment assets | 4,313,810 | 157,268 | 105,217 | (919,017) | 3,657,278 |
| Segment liabilities | 3,862,302 | 67,472 | 36,110 | (971,382) | 2,994,502 |
| Capital expenditure | 64,758 | 12,330 | 825 | - | 77,913 |

**NOTES:**

**1. Basis of Preparation**

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management 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 31 December 2012 audited financial statements, except that the Group has adopted all the new and revised accounting standards, including IAS 19, and interpretations that are mandatory for annual accounting periods begining on or after January 1, 2013 and which are relevant to the Groups 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 249.765M, the 3.896M (2011: 3.896M) 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 Group had reported a loss before taxation of $378.7 million for the year ended 31 December 2012 ($457.3 million in 2011) and $2.05 billion in outstanding debt obligations in its audited financial statements for the year ended 31 December 2012. The Group's strategies to achieve sustainability include pursuing new markets, additional market share in existing markets and costs reduction through enhanced plant efficiencies and process changes. These strategies have begun to generate positive outcomes with improved financial performance and position as reflected in the results for the nine months of 2013.

Notwithstanding the improvement in operating performance and financial position over the past nine months, the directors have concluded that the challenging demand environment and the still existing weakened financial position of the TCL Group and its key subsidiaries, CCCL and ACCL, continue to represent a material uncertainty that may impact the ability of the Group to continue as a going concern.

However, based on plans and strategies being pursued, 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.

**6. Restatement**

The Group has restated various pension balances and related expenses for 2012 as a result of the adoption of the revised IAS 19 – Employee Benefits – which became effective January 1, 2013 and required retrospective application.

**7. Ebitda/Debt Conversion & Forgiveness**

Effective 29 June 2013, intra-group obligation of US$75M owed to parent company, Trinidad Cement Limited (TCL), by the Jamaica subsidiary, CCCL, was restructured to strengthen the equity position of the subsidiary and significantly reduce its earnings statement exposure to foreign exchange rate fluctuations. Pursuant to CCCL shareholders' approval, US$37M was converted to redeemable preference shares and further obligations of US$38M were converted into an additional capital contribution to CCCL. As a consequence of the capital restructuring, accrued withholding tax of TT$38.8M associated with the obligations was no longer payable by CCCL and accordingly was reversed in June 2013 with a credit of equal value to EBITDA.