TRINIDAD CEMENT LIMITED

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED	RESTATED	UNAUDITED	RESTATED	RESTATED
	Three Months July to Sept		Nine Months Jan to Sept		Year Jan to Dec
	2014	2013	2014	2013	2013
CONTINUING OPERATIONS					
REVENUE	**513,707**	**495,985**	**1,587,290**	**1,490,088**	**1,941,049**
Operating Profit before Interest, Taxes, Depreciation and non-recurring Items from Continuing Operations	**124,624**	**92,980**	**357,581**	**326,283**	**409,885**
Depreciation	(31,770)	(31,890)	(94,635)	(95,745)	(127,863)
Non-recurring charges	(2,835)	–	(28,712)	–	(2,427)
Loss on Disposal of long-term assets	(32)	468	(2,314)	(467)	(2,484)
Operating Profit	89,987	61,558	231,920	230,071	277,111
Net Finance costs	(47,263)	(51,438)	(144,716)	(174,410)	(237,772)
Profit before taxation from Continuing Operations	42,724	10,120	87,204	55,661	39,339
Taxation	(7,631)	1,247	(19,355)	26,895	33,490
Profit for the year from Continuing Operations	**35,093**	**11,367**	**67,849**	**82,556**	**72,829**
DISCONTINUED OPERATIONS					
Loss after Taxation from Discontinued Operations	**(3,384)**	**(2,887)**	**(4,180)**	**(3,675)**	**(5,548)**
Total Profit for the year	**31,709**	**8,480**	**63,669**	**78,881**	**67,281**
Attributable to:					
Shareholders of the Parent	30,088	6,122	60,004	69,331	58,199
Non-controlling Interests	1,621	2,358	3,665	9,550	9,082
	31,709	**8,480**	**63,669**	**78,881**	**67,281**
Basic and diluted Earnings/(losses) per Share – cents:					
From Continuing Operations	**12.8**	**3.0**	**25.1**	**28.8**	**24.6**
From Discontinued Operations	(0.6)	(0.5)	(0.7)	(0.6)	(0.9)
	12.2	**2.5**	**24.4**	**28.2**	**23.7**

DIRECTORS' STATEMENT

For the nine month period of 2014, the Group recorded growth in revenue of $97.2 million or 6.5%, continuing the trend of improvement demonstrated in the two preceeding quarters of 2014. This improvement was driven by growth in the domestic cement markets in Trinidad and Jamaica, whilst the Barbados market remained relatively flat. In addition, concrete sales improved by 12.3%. In Jamaica, CCCL was able to supply 80.3k tonnes of clinker (nil in 2013) to Venezuela under the PetroCaribe Agreement. Price increases were Implemented in Trinidad, Jamaica and Guyana.

Operating Profit before Interest, Taxes, Depreciation and non-recurring items from continuing operations increased by $31.3 million or 9.6% as the increased revenue was eroded by escalating costs in Jamaica due to the depreciation of the Jamaican dollar and increased operating costs in Barbados. Net finance costs decreased by TT$29.7 million due to lower foreign exchange losses of TT$15.4 million and lower net interest cost of TT$14.3 million. Profit after taxes amounted to $63.7 million compared with $78.9 million (inclusive of one time tax credit of $37.7 million) in the prior year period which resulted in Earnings per Share (EPS) of 24.4 cents compared with 28.2 cents for the prior year period.

The operations of Premix & Precast Concrete Inc. (Barbados), a subsidiary of Readymix West Indies Limited (RML), was discontinued as at September 30, 2014 due to the prolonged operating losses at this location, resulting in a loss of $3.4 million recorded for the quarter and $4.2 million for the nine months of 2014.

Condition of default

Following a meeting with its lenders on September 29th 2014, the Board of TCL Group took a decision to place a hold on all payments due under the restructured loan agreements. This represents an event of default. In accordance with International Financial Reporting Standards the total principal outstanding has been reclassified to current liabilities in the Consolidated Statement of Financial Position. This has resulted in the Group showing a net current liability of $1.5 billion compared to net current assets of $138 million at Q3 2013. This is detailed further in the Going Concern note number five (5).

Outlook

The Board is currently negotiating with the financiers to have a restructured loan agreement. Negotiations are also in progress between the Company and the OWTU to have an agreement with regard to retroactive payments for the expired collective agreements. A comprehensive financial and operational review of the Group is in progress and a restructuring plan, which seeks to secure the long-term viability of the Company, is scheduled to be completed by October 31st, 2014.

Wilfred Espinet
Group Chairman
October 16th, 2014

Alejandro Ramirez
Director/Group CEO (Ag)
October 16th, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED	RESTATED	UNAUDITED	RESTATED	RESTATED
	Three Months July to Sept		Nine Months Jan to Sept		Year Jan to Dec
	2014	2013	2014	2013	2013
Profit for the year	**31,709**	**8,480**	**63,669**	**78,881**	**67,281**
Other Comprehensive Income to be reclassified to profit and loss in subsequent periods:					
Exchange loss on loan to subsidiary	–	–	–	(30,962)	–
Exchange differences on translation of foreign operations	(4,473)	(10,096)	(28,705)	1,530	(37,583)
Net Other Comprehensive loss to be reclassified to profit and loss in subsequent periods	**(4,473)**	**(10,096)**	**(28,705)**	**(29,432)**	**(37,583)**
Other Comprehensive Income not to be reclassified to profit and loss in subsequent periods:					
Remeasurement gains on defined benefit plans	–	–	–	–	59,678
Income tax effect	–	–	–	–	(13,685)
Net Other Comprehensive Income not to be reclassified to profit and loss in subsequent periods:	**–**	**–**	**–**	**–**	**45,993**
Other Comprehensive Income/ (loss) for the year, net of tax	**(4,473)**	**(10,096)**	**(28,705)**	**(29,432)**	**8,410**
Total Comprehensive Income/ (loss) for the year, net of tax	**27,236**	**(1,616)**	**34,964**	**49,449**	**75,691**
Attributable to:					
Shareholders of the Parent	27,111	(1,552)	38,543	46,350	75,813
Non-controlling Interests	125	(64)	(3,579)	3,099	(122)
	27,236	**(1,616)**	**34,964**	**49,449**	**75,691**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED	AUDITED RESTATED
	30.09.2014	31.12.2013
Non-Current Assets	2,473,122	2,562,371
Current Assets	875,766	836,769
Current Liabilities	(2,385,449)	(698,732)
Non-Current Liabilities	(392,178)	(2,164,111)
Total Net Assets	**571,261**	**536,297**
Share Capital	466,206	466,206
Reserves	133,870	95,327
Equity attributable to Shareholders of the Parent	**600,076**	**561,533**
Non-controlling Interests	(28,815)	(25,236)
Total Equity	**571,261**	**536,297**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED	RESTATED	RESTATED
	Nine Months Jan to Sept		Year Jan to Dec
	2014	2013	2013
Profit before Taxation from Continuing Operations	**87,204**	**55,661**	**39,339**
Loss before Taxation from Discontinued Operations	**(4,180)**	**(3,675)**	**(5,548)**
	83,024	51,986	33,791
Adjustment for non-cash items	268,474	246,437	396,638
	351,498	298,423	430,429
Changes in working capital	39,940	33,636	(11,787)
	391,438	332,059	418,642
Net Interest, taxation and pension contributions paid	(186,670)	(195,696)	(235,936)
Net cash generated by operating activities	204,768	136,363	182,706
Net cash used in investing activities	(50,920)	(37,637)	(72,998)
Net cash used in financing activities	(87,184)	(70,228)	(93,971)
Increase in cash and cash equivalents	66,664	28,498	15,737
Currency adjustment – opening balance	(1,115)	(1,783)	(994)
Net cash – beginning of year	57,804	43,061	43,061
Net cash – end of year	**123,353**	**69,776**	**57,804**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED	RESTATED	AUDITED RESTATED	UNAUDITED	RESTATED	AUDITED RESTATED
	Jan to Sept	Jan to Sept	Jan to Dec	Jan to Sept	Jan to Sept	Jan to Dec
	2014	2013	2013	2014	2013	2013
Balance at beginning of period	**561,533**	**485,720**	**485,720**	**(25,236)**	**(24,654)**	**(24,654)**
Other Comprehensive (Loss)/Income	(21,461)	(22,981)	17,614	(7,244)	(6,451)	(9,204)
Profit after taxation	60,004	69,331	58,199	3,665	9,550	9,082
Total Comprehensive Income/ (Loss)	38,543	46,350	75,813	(3,579)	3,099	(122)
Dividends paid	–	–	–	–	–	(460)
Balance at end of period	**600,076**	**532,070**	**561,533**	**(28,815)**	**(21,555)**	**(25,236)**

TRINIDAD CEMENT LIMITED

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED NINE MONTHS ENDED JANUARY TO SEPTEMBER 2014					
Revenue					
Total	1,704,272	162,278	65,262	–	1,931,812
Intersegment	(284,778)	–	(59,744)	–	(344,522)
Third Party	1,419,494	162,278	5,518	–	1,587,290
Profit before tax	61,174	14,670	4,960	2,220	83,024
Depreciation and impairment	91,397	5,297	877	(2,936)	94,635
Segment assets	3,893,194	141,557	113,463	(799,326)	3,348,888
Segment liabilities	3,038,233	43,298	38,000	(341,904)	2,777,627
Capital expenditure	47,048	3,299	562	–	50,909
RESTATED NINE MONTHS JANUARY TO SEPTEMBER 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	35,530	5,324	8,514	2,618	51,986
Depreciation and impairment	93,215	4,870	892	(3,232)	95,745
Segment Assets	3,781,907	155,775	105,058	(700,093)	3,342,647
Segment Liabilities	3,204,666	64,451	28,885	(465,869)	2,832,133
Capital expenditure	33,344	4,642	137	–	38,123
RESTATED YEAR JAN TO DEC 2013					
Revenue					
Total	2,102,515	175,580	90,585	–	2,368,680
Intersegment	(343,612)	–	(84,019)	–	(427,631)
Third Party	1,758,903	175,580	6,566	–	1,941,049
(Loss)/Profit before tax	(404,510)	(185)	10,201	428,285	33,791
Depreciation and impairment	124,499	8,443	1,179	(3,831)	130,290
Segment assets	3,787,827	147,028	98,814	(634,529)	3,399,140
Segment liabilities	3,291,902	54,843	24,447	(508,349)	2,862,843
Capital expenditure	67,335	6,249	373	–	73,957

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 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.

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 249.765 million, the 3.752 million (2013: 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. **Going Concern**
   The TCL Group has reported profit before taxation of $83.9 million for the nine months of 2014 (year ended December 2013 – $33.8 million), and generated cash from operations of $204.8 million (year ended December 2013 – $182.7 million). At September 2014 the TCL Group had outstanding debt obligations of $1.8 billion, with existing annual debt service obligations of $368 million. In addition, there is an obligation for settlement of retroactive payroll costs of approximately $100 million to employees for the three-year period ending in 2011, based on agreements between the Parent Company and the Union and the award of the Industrial Court. On September 29th, 2014 the Parent Board took a decision to place a hold on all payments due under the restructured loan agreement, which had the effect of creating a condition of default, resulting in the reclassification of all long-term debt principal outstanding to current liabilities (in accordance with International Financial Reporting Standards). As a consequence of this reclassification the net working capital deficit is $1.5 billion (year ended December 2013 – positive $138 million). Other key risks to the TCL Group include declining markets and plant stoppages from technical issues.

   The Parent Company has filed an appeal in the Appeal Court seeking a review of the Industrial Court ruling. The Union and the Parent Company have agreed on a stay of the ruling until November 10th and discussions are in progress to settle the matter out of Court. The Company has been advised that the lenders do not intend to enforce their rights under the restructured loan agreement at this time. In addition, a comprehensive financial and operational review of the TCL Group is in progress and a restructuring plan, which seeks to secure the long-term viability of the Company, is scheduled to be completed by October 31st, 2014.

   Markets have remained buoyant with domestic volumes in the Group showing a 5% increase for 2014 to date over the prior year period, while the Trinidad and Jamaica plants have performed consistently, with the Barbados plant experiencing some challenges. The Directors have a reasonable expectation that the implementation of the restructuring plan is expected to generate adequate cash flows and profitability which would allow the TCL Group to continue in operational existence for the foreseeable future.