TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

SUMMARY CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months July to Sept		UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2016	2015	2015
CONTINUING OPERATIONS					
REVENUE	**449,978**	**550,136**	**1,436,207**	**1,637,878**	**2,115,446**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	**81,739**	**158,038**	**394,252**	**477,637**	**588,479**
Depreciation	(30,315)	(29,458)	(89,890)	(84,683)	(110,796)
Loss on disposal of property, plant and equipment	730	16	750	16	(164)
Stockholding and inventory restructuring costs (Note 5)	(175)	–	(73,065)	–	–
Manpower restructuring costs (Note 6)	(4,865)	–	(27,097)	–	(31,099)
Operating profit	47,114	128,596	204,950	392,970	446,420
Net debt restructuring gain	–	8,725	-	205,819	205,819
Net finance costs	(33,491)	(34,759)	(107,048)	(127,453)	(164,630)
Profit before taxation from continuing operations	**13,623**	**102,562**	**97,902**	**471,336**	**487,609**
Taxation charge	(1,983)	(18,556)	(40,999)	(51,970)	(58,714)
Profit for the year from continuing operations	**11,640**	**84,006**	**56,903**	**419,366**	**428,895**
DISCONTINUED OPERATIONS					
Loss after taxation from discontinued operations	–	–	–	(116)	(115)
Profit for the year	**11,640**	**84,006**	**56,903**	**419,250**	**428,780**
Attributable to:					
Shareholders of the Parent	12,240	73,502	43,677	394,531	405,108
Non-controlling interests	(600)	10,504	13,226	24,719	23,672
	11,640	**84,006**	**56,903**	**419,250**	**428,780**
Basic and diluted earnings per share – cents:					
From continuing operations	**3.3**	**15.5**	**11.8**	**118.6**	**119.0**
From discontinued operations	–	–	–	–	–
	3.3	**15.5**	**11.8**	**118.6**	**119.0**

DIRECTORS' STATEMENT

Against the backdrop of challenging markets and significant maintenance by the Group, the Group's overall revenue for the third quarter of $449.9 million represents a decrease of 18% compared to the same quarter last year. Our Net Income after tax also decreased this quarter, from $84.0 million in Q3 2015 to $11.6 million this year bringing our Earnings per Share (EPS) for the quarter to 3.3 cents.

The revenue decline has been largely caused by the precipitous fall in construction activity in Trinidad and Tobago where the Group has faced a decline in sales across all business segments. Weak demand also impacted some of the countries in our Caribbean market, but was offset by the positive performance in Jamaica despite the discontinuation of clinker exports to Venezuela.

Operationally, the Group incurred Capital expenditure and maintenance costs of $44.6 million on our plants to conduct much needed overhauls during the quarter. The Group undertook extensive work on our plants in Jamaica and Trinidad and Tobago which resulted in scheduled plant maintenance shutdowns of eight weeks in Jamaica and seven weeks in Trinidad with a direct impact on our adjusted EBITDA and Net Income in the quarter. In addition to the focus on our physical plant to generate more efficiencies, the Group also continued other restructuring efforts aimed at enhancing our overall competitiveness. As a result, the quarter's results have been impacted by severance costs of $4.8 million.

The net cash generated by operating activities increased 32% this quarter from $83.3 million in 2015 to $110 million; the result primarily of targeted focus on working capital management. On the balance sheet, the Group continues to improve its liquidity position with $313.9 million cash on hand and an overall reduction in total debt at the end of third quarter 2016 by $145.8 million when compared to the same period in 2015.

Outlook

We expect that construction activity will remain challenging for the Group particularly in Trinidad and Tobago and Barbados; in addition, we are seeing increasingly aggressive competition in the region. Notwithstanding, the Board of Directors continues to focus on three key elements to reinforce the position of the company: firstly, on implementing health and safety initiatives in all our plants to create a better work environment for our people; secondly, to seek out and to develop new markets for all our products and finally, to relentlessly focus on the comprehensive operational and restructuring programme in each plant to be internationally competitive to preserve all our markets while creating new opportunities.

Wilfred Espinet
Group Chairman
October 27, 2016

Nigel Edwards
Director
October 27, 2016

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months July to Sept		UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2016	2015	2015
Profit for the year	**11,640**	**84,006**	**56,903**	**419,250**	**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	(1,550)	(6,661)	(11,747)	(17,690)	(18,930)
Net other comprehensive loss to be reclassified to profit and loss in subsequent periods	**(1,550)**	**(6,661)**	**(11,747)**	**(17,690)**	**(18,930)**
Other comprehensive loss 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	**(1,550)**	**(6,661)**	**(11,747)**	**(17,690)**	**(84,863)**
Total comprehensive income for the year, net of tax	**10,090**	**77,345**	**45,156**	**401,560**	**343,917**
Attributable to:					
Shareholders of the Parent	11,419	68,574	34,542	380,568	324,790
Non-controlling interests	(1,329)	8,771	10,614	20,992	19,127
	10,090	**77,345**	**45,156**	**401,560**	**343,917**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.09.2016	UNAUDITED 30.09.2015	AUDITED 31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment	1,744,290	1,674,402	1,729,794
Pension plan assets	3,916	60,405	5,390
Receivables and prepayments	7,662	6,956	4,483
Deferred tax assets	343,969	327,891	333,828
	2,099,837	2,069,654	2,073,495
Current Assets			
Inventories	349,478	451,552	480,924
Receivables and prepayments	178,648	224,575	190,119
Cash at bank and on hand	313,906	301,910	288,500
	842,032	978,037	959,543
Assets held for distribution	44	44	44
TOTAL ASSETS	**2,941,913**	**3,047,735**	**3,033,082**
Equity and liabilities			
Share Capital	827,732	827,732	827,732
Unallocated ESOP shares	(25,299)	(25,299)	(25,299)
Other reserves	(252,620)	(242,154)	(243,485)
Retained earnings	433,036	458,792	404,345
Equity attributable to the Parent	**982,849**	**1,019,071**	**963,293**
Non-controlling interests	(2,080)	(10,458)	(12,323)
TOTAL EQUITY	**980,769**	**1,008,613**	**950,970**
Non-current liabilities			
Long-term portion of borrowings	881,683	1,027,496	976,541
Pension plan liabilities	46,598	–	32,025
Other post-retirement benefits	70,180	67,935	68,583
Deferred tax liabilities	300,706	307,087	295,464
Payables and accruals	–	3,200	–
	1,299,167	1,405,718	1,372,613
Current liabilities			
Payables and accruals	465,718	463,329	519,576
Current portion of borrowings	195,857	169,673	189,521
	661,575	633,002	709,097
Liabilities directly associated with assets held for distribution	402	402	402
TOTAL EQUITY AND LIABILITIES	**2,941,913**	**3,047,735**	**3,033,082**

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months July to Sept		UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2016	2015	2015
Profit before taxation from continuing operations	**13,623**	**102,562**	**97,902**	**471,336**	**487,609**
Loss before taxation from discontinued operations	–	–	–	(116)	(115)
Profit before taxation	**13,623**	**102,562**	**97,902**	**471,220**	**487,494**
Adjustments to reconcile profit before taxation to net cash generated by operating activities:					
Depreciation	30,315	29,458	89,890	84,683	110,796
Interest expense net of interest income	33,491	34,759	107,048	127,453	164,630
Pension & post-retirement	11,011	12,174	22,749	32,408	28,372
Loss/(gain) on disposal of property, plant and equipment	730	(16)	750	(16)	164
Net debt restructuring gain	–	(8,725)	–	(205,819)	(205,819)
	89,170	170,212	318,339	509,929	585,637
Changes in net current assets					
Decrease in inventories	71,031	19,176	131,448	68,886	30,801
(Increase)/decrease in receivables and prepayments	(32,502)	(27,675)	(53,455)	(821)	38,111
Increase/(decrease) in payables and accruals	16,976	(29,774)	19,509	(76,702)	(21,530)
	144,675	131,939	415,841	501,292	633,019
Net interest, taxation and pension contributions paid					
Pension contributions paid	(1,661)	(6,995)	(8,254)	(19,798)	(12,482)
Post-retirement benefits paid	(903)	–	(4,514)	–	(1,927)
Taxation paid	(10,770)	(10,478)	(51,562)	(30,701)	(33,687)
Net interest paid	(21,284)	(31,198)	(65,880)	(96,165)	(115,663)
Net cash generated by operating activities	**110,057**	**83,268**	**285,631**	**354,628**	**469,260**
Net cash used in investing activities					
Additions to property, plant and equipment	(44,629)	(12,883)	(100,085)	(36,927)	(117,517)
Proceeds from disposal of property, plant and equipment	–	–	–	–	305
Net cash used in investing activities	**(44,629)**	**(12,883)**	**(100,085)**	**(36,927)**	**(117,212)**
Net cash used in financing activities					
Proceeds from long-term borrowings	–	–	–	1,188,830	1,188,830
Proceeds from short-term borrowings	–	–	–	–	–
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	(48,346)	(298,002)	(144,772)	(1,662,259)	(1,709,364)
Dividends paid to equity holders of the parent	–	–	(14,986)	–	–
Dividends paid to non-controlling interests	(371)	–	(371)	–	(984)
Net cash used in financing activities	**(48,717)**	**(298,002)**	**(160,129)**	**(111,903)**	**(159,992)**
Increase/(decrease) in cash and cash equivalents	16,711	(227,617)	25,417	205,798	192,056
Currency adjustment – opening balance	(81)	(165)	(11)	(477)	(145)
Net cash – beginning of year	297,276	529,692	288,500	96,589	96,589
Net cash – end of year	**313,906**	**301,910**	**313,906**	**301,910**	**288,500**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED NINE MONTHS JANUARY TO SEPTEMBER 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
UNAUDITED NINE MONTHS JANUARY TO SEPTEMBER 2015					
Revenue					
Total	1,721,768	174,105	47,428	–	1,943,301
Intersegment	(264,192)	–	(41,231)	–	(305,423)
Third party	1,457,576	174,105	6,197	–	1,637,878
Profit/(loss) before tax	453,311	19,286	(3,836)	2,459	471,220
Depreciation and impairment	81,358	3,917	1,051	(1,643)	84,683
Segment assets	3,755,099	156,055	101,523	(964,942)	3,047,735
Segment liabilities	2,729,738	51,351	30,157	(772,124)	2,039,122
Capital expenditure	29,743	5,219	1,965	–	36,927
AUDITED YEAR JANUARY TO DECEMBER 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 Jan to Sept		AUDITED Jan to Dec	UNAUDITED Jan to Sept	RESTATED Jan to Sept	AUDITED Jan to Dec
	2016	2015	2015	2016	2015	2015
Balance at beginning of period	**963,293**	**276,977**	**276,977**	**(12,323)**	**(31,450)**	**(31,450)**
Other comprehensive loss	(9,135)	(13,963)	(80,318)	(2,612)	(3,727)	(4,545)
Profit after taxation	43,677	394,531	405,108	13,226	24,719	23,672
Total comprehensive income	34,542	380,568	324,790	10,614	20,992	19,127
Dividends	(14,986)	–	–	(371)	–	–
Rights issue proceeds	–	361,526	361,526	–	–	–
Balance at end of period	**982,849**	**1,019,071**	**963,293**	**(2,080)**	**(10,458)**	**(12,323)**

NOTES:

1. **Basis of Preparation**
These summary consolidated financial statements are prepared in accordance with established criteria developed by management and disclose 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 01, 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**
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 $73.1 million 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.