TRINIDAD CEMENT LIMITED

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2014

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Apr to Jun 2014	RESTATED Three Months Apr to Jun 2013	UNAUDITED Six Months Jan to Jun 2014	RESTATED Six Months Jan to Jun 2013	AUDITED RESTATED Year Jan to Dec 2013
REVENUE	560,019	511,964	1,073,583	994,103	1,941,049
Earnings before Interest, Taxes, Depreciation and Non-Recurring Charges	132,218	113,616	232,161	232,515	404,337
Depreciation	(31,338)	(31,504)	(62,865)	(63,855)	(127,863)
Non-recurring charges	(25,877)	–	(25,877)	–	(2,427)
Loss on disposal of long-term assets	(1,782)	(935)	(2,282)	(935)	(2,484)
Operating Profit	73,221	81,177	141,137	167,725	271,563
Net finance costs	(46,680)	(57,740)	(97,453)	(122,972)	(237,772)
Profit before taxation	26,541	23,437	43,684	44,753	33,791
Taxation	(7,550)	32,783	(11,724)	25,648	33,490
Profit for the year	18,991	56,220	31,960	70,401	67,281
Attributable to:					
Shareholders of the Parent	18,654	46,153	29,916	63,209	58,199
Non-controlling Interests	337	10,067	2,044	7,192	9,082
	18,991	56,220	31,960	70,401	67,281
Basic and diluted earnings per Share – cents:	7.6	18.8	12.2	25.7	23.7

DIRECTORS' STATEMENT

For Q2 2014, the TCL Group recorded growth in Earnings before Interest, Taxes, Depreciation and Non-Recurring Charges of $18.6 million or 16% to $132.2 million compared with Q2 2013. Revenue increased by 9% or $48 million to $560 million as demand remained strong in key markets. The Q2 EBITDA margin was 23.6% compared with 19.4% of Q1 2014.

Non-Recurring Charges are for addition of $9.9m to provision for retroactive pay increases (2009 – 2011) arising from the Industrial Court ruling and a charge of $16 million for mainly legal expenses incurred on the debt refinancing exercise initiated in Q2. Notwithstanding these charges, Profit before Taxes for Q2 was higher by $3.1 million compared with Q2 2013 as Net Finance cost was lower by $11m in Q2 2014 due to lower foreign exchange losses from the Jamaican subsidiaries. For Q2 2014, Profit After Taxes (PAT) of $19.0 million was lower than Q2 2013 which included a one-time tax credit of $37.7 million that if excluded will result in a PAT of $18.5 million for Q2 2013.

For the first half year of 2014, revenue increased by $79.5 million or 8% whilst Earnings before Interest, Taxes, Depreciation and Non-Recurring Charges remained flat at $232.2 million compared with the first half year of 2013. The H1 2014 EBITDA was negatively impacted by both the Jamaica and Trinidad plants undertaking planned annual maintenance stops with the Trinidad stop being longer than normal due to major equipment refurbishment. The plant in Barbados had frequent unplanned stoppages during the period and its planned maintenance stop is scheduled for August 2014.

The withholding tax credit in 2013 H1 of $37.7m is equal to 15.6 cents which if excluded from the reported Earnings per Share (EPS) of 25.7 cents will leave comparison of 10.1 cents for H1 2013 compared 12.2 cents for H1 2014 which itself includes 9.1 cents for the Non-Recurring Charges. Accordingly, core EPS for H1 2014 would be 21.3 cents compared to 10.1 cents for H1 2013.

For H1 2014, the TCL Group made all debt service payments by their due dates and was fully compliant with all ratio covenants and other loan terms.

The Industrial Court issued its ruling in the labour dispute involving workers in Trinidad which has resulted in an obligation of $100 million for retroactive pay for TCL and TPL to be paid by August 8. Whilst the full provision has been made in the financials at June 30, the two affected companies appealed the entire ruling and a stay of execution has been granted until October 13, 2014, when the substantive matter will be heard.

OUTLOOK

Key markets of Trinidad, Guyana, and Suriname remain buoyant whilst the others have stabilized and accordingly the Group expects better second half results from operations as the annual plant stops at the two largest plants have already taken place in H1. The high finance cost remains a major drag on net profits and the Group will continue its efforts to secure a reduction in the high rate of interest which in turn will result in lower debt service payments and enhanced financial performance.

A shareholder group is seeking to hold a Compulsory Meeting of Shareholders which the TCL Group intends to challenge as our attorneys have advised that the calling of this meeting is in contempt of Court, as an Appeal Court Injunction is currently in place.

Andy J. Bhajan

Andy J. Bhajan
Group Chairman
August 11, 2014

Dr. Rollin Bertrand
Director/Group CEO
August 11, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Apr to Jun 2014	RESTATED Three Months Apr to Jun 2013	UNAUDITED Six Months Jan to Jun 2014	RESTATED Six Months Jan to Jun 2013	AUDITED RESTATED Year Jan to Dec 2013
Profit for the year	18,991	56,220	31,960	70,401	67,281
Other Comprehensive Income to be reclassified to profit and loss in subsequent periods:					
Exchange loss on loan to subsidiary	–	(11,558)	–	(30,962)	–
Exchange differences on translation of foreign operations	(12,774)	4,885	(24,232)	11,626	(37,583)
Net Other Comprehensive (loss)/Income to be reclassified to profit and loss in subsequent periods	(12,774)	(6,673)	(24,232)	(19,336)	(37,583)
Other Comprehensive Income not to be reclassified to profit and loss in subsequent periods:					
Re-measurement gains/(losses) 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	(12,774)	(6,673)	(24,232)	(19,336)	8,410
Total Comprehensive Income/(loss) for the year, net of tax	6,217	49,547	7,728	51,065	75,691
Attributable to:					
Shareholders of the Parent	8,796	41,150	11,432	47,902	75,813
Non-controlling Interests	(2,579)	8,397	(3,704)	3,163	(122)
	6,217	49,547	7,728	51,065	75,691

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.06.2014	AUDITED RESTATED 31.12.2013
Non-current assets	2,503,039	2,562,371
Current assets	789,714	836,769
Current liabilities	(680,326)	(698,732)
Non-current liabilities	(2,068,402)	(2,164,111)
Total net assets	544,025	536,297
Share capital	466,206	466,206
Reserves	106,759	95,327
Equity attributable to Shareholders of the Parent	572,965	561,533
Non-controlling interests	(28,940)	(25,236)
Total Equity	544,025	536,297

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Six Months Jan to Jun 2014	RESTATED Six Months Jan to Jun 2013	AUDITED RESTATED Year Jan to Dec 2013
Profit before Taxation	43,684	44,753	33,791
Adjustment for non-cash items	171,098	168,760	396,638
	214,782	213,513	430,429
Changes in working capital	54,529	(3,527)	(11,787)
	269,311	209,986	418,642
Net interest, taxation and pension contributions paid	(125,018)	(119,790)	(235,936)
Net cash generated by operating activities	144,293	90,196	182,706
Net cash used in investing activities	(36,751)	(32,045)	(72,998)
Net cash used in financing activities	(87,675)	(48,415)	(93,971)
Increase in cash and cash equivalents	19,867	9,736	15,737
Currency adjustment – opening balance	(596)	(944)	(994)
Net cash – beginning of year	57,804	43,061	43,061
Net cash – end of year	77,075	51,853	57,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT UNAUDITED Jan to June 2014	PARENT RESTATED Jan to June 2013	PARENT RESTATED Jan to Dec 2013	NON-CONTROLLING INTERESTS UNAUDITED Jan to June 2014	NON-CONTROLLING INTERESTS RESTATED Jan to June 2013	NON-CONTROLLING INTERESTS AUDITED RESTATED Jan to Dec 2013
Balance at beginning of period	561,533	485,720	485,720	(25,236)	(24,654)	(24,654)
Other Comprehensive Income/(loss)	(18,484)	(15,307)	17,614	(5,748)	(4,029)	(9,204)
Profit after taxation	29,916	63,209	58,199	2,044	7,192	9,082
Total Comprehensive Income/(Loss)	11,432	47,902	75,813	(3,704)	3,163	(122)
Dividends paid	–	–	–	–	–	(460)
Balance at end of period	572,965	533,622	561,533	(28,940)	(21,491)	(25,236)

TRINIDAD CEMENT LIMITED

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2014 (CONTINUED)

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS ENDED JANUARY TO JUNE 2014					
Revenue					
Total	1,146,602	100,909	42,475	–	1,289,986
Intersegment	(177,105)	–	(39,298)	–	(216,403)
Third party	969,497	100,909	3,177	–	1,073,583
Profit before tax	28,663	10,548	3,464	1,009	43,684
Depreciation and impairment	61,111	3,022	652	(1,920)	62,865
Segment assets	3,820,402	149,324	109,836	(786,810)	3,292,752
Segment liabilities	2,990,672	53,763	32,471	(328,179)	2,748,727
Capital expenditure	34,141	2,363	247	–	36,751
RESTATED SIX MONTHS JANUARY TO JUNE 2013					
Revenue					
Total	1,085,751	85,043	46,350	–	1,217,144
Intersegment	(181,354)	–	(41,687)	–	(223,041)
Third party	904,397	85,043	4,663	–	994,103
Profit before tax	30,871	4,173	6,610	3,099	44,753
Depreciation and impairment	62,986	3,125	589	(2,845)	63,855
Segment assets	3,813,650	150,311	111,566	(712,638)	3,362,889
Segment liabilities	3,234,756	59,321	36,741	(480,060)	2,850,758
Capital expenditure	28,375	3,615	55	–	32,045
RESTATED YEAR JANUARY TO DECEMBER 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**
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 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 beginning 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 249.765M, the 3.752M (2013: 3.752M) 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 has reported a profit before taxation of $33.8 million for the year ended 31 December 2013 (restated loss of $351.7 million in 2012) and there is $2.0 billion in outstanding debt obligations as presented on the consolidated statement of financial position as at 31 December 2013.

For the TCL Group, debt service (inclusive of principal and interest) is forecast to be $368 million for 2014 (2013: $298 million). The key risks to the Group's sustainability are declining domestic markets and unexpected plant stoppages due to technical problems with plant assets. Debt service as a percentage of budgeted Group EBITDA ranges from 67% in 2014 to 55% in 2018. The Group's operating results in recent years have been below the budgeted targets given the declining market demand and plant challenges arising from constrained working capital.

The Industrial Court in Trinidad has ruled on worker pay increases for the years 2009 - 2011 which has created a retroactive pay obligation of $100m which was mandated to be paid by August 8. The Group has appealed this decision in its entirety and a stay of execution was granted to October 13, 2014 when the substantive case will be heard.

Based on current plans and strategies being pursued and implemented 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.

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