TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2018	UNAUDITED Three Months Oct to Dec Restated 2017	AUDITED Year Jan to Dec 2018	AUDITED Year Jan to Dec Restated 2017
Revenue	**420,771**	**434,883**	**1,721,123**	**1,712,569**
Earnings before interest, tax, depreciation, gain or loss on disposal of property, plant and equipment, restructuring costs and impairment	**62,633**	**1,100**	**342,764**	**317,141**
Depreciation	(34,695)	(33,779)	(127,126)	(127,969)
Loss on disposal of property, plant and equipment	(247)	(385)	(238)	(325)
Stockholding and inventory restructuring costs (Note 5)	4,718	(83,667)	7,831	(81,352)
Impairment – property plant and equipment	–	(93,418)	–	(93,418)
Manpower restructuring costs (Note 6)	(56,349)	(37,848)	(84,930)	(59,023)
Impairment of trade receivables	2,415	(6,661)	2,415	(6,661)
Operating profit	**(21,525)**	**(254,658)**	**140,716**	**(51,607)**
Finance costs – net	391	(20,223)	(84,557)	(123,137)
(Loss)/Profit before taxation	**(21,134)**	**(274,881)**	**56,159**	**(174,744)**
Taxation charge	(14,974)	(42,883)	(63,171)	(82,287)
Loss for the period	**(36,108)**	**(317,764)**	**(7,012)**	**(257,031)**
Attributable to:				
Owners of the Company	(49,615)	(303,722)	(37,662)	(267,565)
Non-controlling interests	13,507	(14,042)	30,650	10,534
	(36,108)	**(317,764)**	**(7,012)**	**(257,031)**
Basic and diluted Loss per Share – cents (Note 3):	**(13.2)**	**(81.7)**	**(10.0)**	**(72.0)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2018	UNAUDITED Three Months Oct to Dec Restated 2017	AUDITED Year Jan to Dec 2018	AUDITED Year Jan to Dec Restated 2017
Loss for the period	**(36,108)**	**(317,764)**	**(7,012)**	**(257,031)**
Items that are or maybe reclassified to profit or loss:				
Exchange differences on translation of foreign operations	37,937	18,593	(5,622)	13,941
Change in fair value of cashflow hedge	(4,395)	716	(3,976)	3,976
	33,542	**19,309**	**(9,598)**	**17,917**
Items that will not be reclassified to profit or loss:				
Remeasurement gains on pension plans and other post-retirement benefits	(24,530)	15,337	(24,530)	15,337
Income tax effect	7,615	(5,223)	7,615	(5,223)
	(16,915)	**10,114**	**(16,915)**	**10,114**
Other comprehensive income/(loss) for the period net of tax	**16,627**	**29,423**	**(26,513)**	**28,031**
Total comprehensive loss for the period net of tax	**(19,481)**	**(288,341)**	**(33,525)**	**(229,000)**
Attributable to:				
Owners of the Company	(41,204)	(279,892)	(62,354)	(243,630)
Non-controlling interests	21,723	(8,449)	28,829	14,630
	(19,481)	**(288,341)**	**(33,525)**	**(229,000)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT AUDITED Jan to Dec 2018	PARENT AUDITED Jan to Dec 2017	NON-CONTROLLING INTERESTS AUDITED Jan to Dec 2018	NON-CONTROLLING INTERESTS AUDITED Jan to Dec 2017
Balance at beginning of period	**736,353**	**1,017,127**	**(17,048)**	**(221)**
Restatement – correction of prior period errors (Note 8)	**–**	**(19,548)**	**–**	**(6,832)**
Adjustment on initial aplication of IFRS 9 (Note 9)	(6,932)	–	(205)	–
	729,421	997,579	(17,253)	(7,053)
Other comprehensive (loss)/income	(24,692)	23,935	(1,821)	4,096
(Loss)/profit after taxation	(37,662)	(267,565)	30,650	10,534
Total comprehensive income	(62,354)	(243,630)	28,829	14,630
Share-based allocations	–	630	–	–
Dividends	–	(7,493)	–	(26)
Acquisition of NCI without change of control	2,278	(10,733)	(9,093)	(24,599)
Balance at end of period	**669,345**	**736,353**	**2,483**	**(17,048)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	AUDITED 31.12.18	AUDITED Restated 31.12.17	AUDITED Restated 01.01.17
Assets			
Non-current assets			
Property, plant and equipment	1,853,066	1,811,779	1,805,255
Investment	1	–	–
Employee benefits	14,233	34,392	37,256
Trade and other receivables	-	114	1,966
Deferred tax assets	179,789	343,831	402,869
	2,047,089	2,190,116	2,247,346
Current assets			
Inventories	229,182	205,374	362,521
Trade and other receivables	173,002	160,539	134,683
Cash and cash equivalents	77,737	118,826	186,546
	479,921	484,739	683,750
Total assets	**2,527,010**	**2,674,855**	**2,931,096**
Equity and liabilities			
Equity			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	**(20,019)**	**(20,019)**	**(20,849)**
Reserves	**(248,355)**	**(241,067)**	**(254,305)**
Retained earnings	109,987	169,707	445,001
Equity attributable to owners of the Company	**669,345**	**736,353**	**997,579**
Non-controlling interests	**2,483**	**(17,048)**	**(7,053)**
Total equity	**671,828**	**719,305**	**990,526**
Non-current liabilities			
Borrowings	922,469	669,137	839,646
Employee benefits	12,359	20,501	24,928
Other post-retirement benefits	160,952	148,063	129,586
Deferred tax liabilities	201,122	327,959	344,959
Trade and other payables	86	87	–
	1,296,988	1,165,747	1,339,119
Current liabilities			
Trade and other payables	539,070	545,832	472,601
Borrowings	19,124	243,971	128,850
	558,194	789,803	601,451
Total equity and liabilities	**2,527,010**	**2,674,855**	**2,931,096**

DIRECTORS' STATEMENT

Throughout 2018, the TCL Group continued to honour its commitment to employees, contractors and visitors for a safe work environment. This was demonstrated by investments in our plants, and programmes to drive robust health and safety standards for the well-being of our main asset – our people. Significantly, these all worked in tandem with the company's "Zero 4 Life" initiative that places strong emphasis on employee safety by eliminating unsafe conditions, acts and behaviours.

In the fourth quarter 2018, Total Revenue of the Group reached $421 million, a 3% decline over the comparative period in 2017. Importantly, Earnings before interest, taxes, depreciation, gain or loss on disposal of property, plant and equipment, restructuring costs and impairment increased by $62 million over the previous year, on the back of a strong performance in Jamaica as well as the contribution from various restructuring efforts over the last three years.

In the 4th quarter, to reduce foreign exchange exposure, we successfully refinanced part of our debt to achieve a currency mix that is better aligned to our cash flow generation. In addition, we commissioned the new coal mill in Jamaica that will enhance the efficiency of the operation.

We have made significant progress on our restructuring programme designed to achieve a competitive cost structure. While we expect some incremental restructuring costs to continue in 2019, we believe the majority of these investments are behind us. For the year ended 2018, Net Group Sales were essentially flat year over year, recording $1.7 billion and generating positive Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment, restructuring costs and impairment of $343 million - an 8% increase compared to 2017.

Total finance costs decreased to $85 million, a 31% decline from 2017. This decrease together with higher manpower restructuring costs of $85 million and taxation charges of $63 million resulted in a net loss for the period of $7 million, an improvement of approximately $250 million in comparison with 2017. Adjusting for the manpower restructuring expenses, our net position would have been a profit of $78 million.

In accordance with the International Financial Reporting Standards (IFRS), Caribbean Cement Company Limited (CCCL), our subsidiary in Jamaica, has restated its 2017 Financial Statements to properly reflect the liability related to Post-Retirement Benefit identified by this Company. This is a non-cash accounting adjustment and as such, past and future cash flows remain unaffected.

As a consequence, the restatement in CCCL has also triggered a restatement of the TCL consolidated financial statements for the year 2017.

Outlook:
We will continue taking the constructive actions necessary to improve earnings and cash flow generation. Also, we will continue investing in our plants to enhance operational efficiency and offer products and services that meet global quality standards to our customers. At the same time, we will remain focused on our priority of achieving a strong foundation for a safe and healthy future for all stakeholders. For us, this is key to the competitiveness and sustainability of our business.

Wilfred Espinet
Group Chairman
February 19, 2019

Jose Luis Seijo Gonzalez
Director
February 19, 2019

TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Oct to Dec 2018	UNAUDITED Three Months Oct to Dec Restated 2017	AUDITED Year Jan to Dec 2018	AUDITED Year Jan to Dec Restated 2017
Cash flows from operating activities				
(Loss)/profit before taxation	**(21,134)**	**(274,881)**	**56,159**	**(174,744)**
Adjustments to reconcile profit before taxation to net cash generated by operating activities:				
Depreciation	34,695	33,779	127,126	127,969
Impairment charge- property, plant and equipment	–	93,418	–	93,418
Stockholding and inventory restructuring costs (Note 5)	(4,718)	83,667	(7,831)	81,352
Finance cost – net	(391)	20,223	84,557	123,137
ESOP share allocation and sale of shares net of dividends	–	–	–	630
Pension and other post-retirement expenses	2,881	29,569	29,352	45,234
Loss on disposal of property, plant and equipment	247	385	238	325
	11,580	(13,840)	289,601	297,321
Changes in:				
Inventories	(2,241)	56,666	(16,908)	77,522
Receivables and prepayments	(34,380)	(39,616)	(19,688)	(24,043)
Payables and accruals	86,273	121,406	(32,936)	73,015
Cash generated from operating activities	61,232	124,616	220,069	423,815
Pension contributions paid	(5,744)	(2,736)	(20,752)	(9,822)
Post-retirement benefits paid	(5,341)	233	(8,170)	(4,345)
Taxation paid	(6,932)	(8,150)	(21,470)	(42,059)
Net interest paid	(27,571)	(26,971)	(42,373)	(72,104)
Net cash from operating activities	**15,644**	**86,992**	**127,304**	**295,485**
Investing activities				
Additions to property, plant and equipment	(81,189)	(92,962)	(169,661)	(214,914)
Proceeds from disposal of property, plant and equipment	–	886	–	886
Net cash used in investing activities	**(81,189)**	**(92,076)**	**(169,661)**	**(214,028)**
Financing activities				
Repayment of borrowings	146,548	(6,754)	(4,500)	(1,135,922)
Proceeds from borrowings	(141,674)	–	–	1,029,155
Net increase in revolving facilities	12,446	–	12,446	–
Dividends paid	–	(1)	–	(7,519)
Acquisition of non-controlling interest	(37)	310	(6,815)	(35,332)
Net cash from/(used in) financing activities	**17,283**	**(6,445)**	**1,131**	**(149,618)**
Net decrease in cash and cash equivalents	(48,262)	(11,529)	(41,226)	(68,161)
Net foreign exchange differences	6,713	16	137	441
Net cash – beginning of period	119,286	130,339	118,826	186,546
Net cash - end of period	**77,737**	**118,826**	**77,737**	**118,826**
Represented by:				
Cash at bank and on hand	**77,737**	**118,826**	**77,737**	**118,826**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR JAN TO DEC 2018					
Revenue					
Total	1,867,067	83,330	72,517	–	2,022,914
Intersegment	(237,962)	–	(63,829)	–	(301,791)
Third party	1,629,105	83,330	8,688	–	1,721,123
(Loss)/Profit before tax	(91,034)	(13,477)	(1,890)	162,560	56,159
Depreciation and impairment	126,139	5,455	2,564	(7,032)	127,126
Segment assets	3,172,640	113,574	79,338	(838,542)	2,527,010
Segment liabilities	2,998,459	56,633	30,892	(1,230,802)	1,855,182
Capital expenditure	159,865	8,260	1,536	–	169,661
RESTATED AUDITED YEAR JAN TO DEC 2017					
Revenue					
Total	1,870,226	120,541	69,232	–	2,059,999
Intersegment	(284,603)	–	(62,827)	–	(347,430)
Third Party	1,585,623	120,541	6,405	–	1,712,569
(Loss)/profit before tax	(452,910)	(27,324)	(20,181)	325,671	(174,744)
Depreciation and impairment	123,952	5,239	2,333	(3,555)	127,969
Segment assets	3,093,878	134,642	80,971	(634,636)	2,674,855
Segment liabilities	2,728,771	60,414	31,268	(864,903)	1,955,550
Capital expenditure	203,724	8,181	3,009	–	214,914

Independent Auditors' Report on the Summary Consolidated Financial Statements

To the Shareholders of Trinidad Cement Limited

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2018, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") for the year ended December 31, 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in the notes to the summary consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 19, 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes to the summary consolidated financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

KPMG

Chartered Accountants
February 19, 2019
Port of Spain
Trinidad, West Indies

Notes:

1. **Basis of Preparation**
   These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and discloses the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

2. **Accounting Policies**
   These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31st, 2018 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 01st, 2018 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 2.845M (2017: 2.845M) 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 Restructuring Costs**
   A review of inventory quantities on hand was undertaken during 2017. In accordance with IAS 2: "Inventories," management has recorded an expense of $81 million in 2017 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

8. **Correction of errors**
   During 2018 the Group discovered that payments for post-retirement medical care of retirees of the Jamaican subsidiaries were erroneously included and accounted for as short-term employee benefits. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors the financial statements have been restated to account for the Employee benefits liability and expenses arising from commitments to provide this post-retirement medical care consistently with IAS 19 Employee Benefits.

9. **Initial application of IFRS 9 Financial Instruments**
   The TCL Group has applied IFRS 9 Financial Instruments and has not restated prior periods as allowed by the Standard. The carrying amounts of trade receivables at the beginning of the year were recomputed and recorded using the expected credit loss model. The differences recorded upon initial application of the expected credit loss model have been recognised in opening retained earnings and non-controlling interest.