



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| TT\$'000 | UNAUDITED | | | | AUDITED |
|---|----------------------------|----------------|--------------------------|----------------|--------------------|
| | Three Months Apr to Jun | | Six Months Jan to Jun | | Year Jan to Dec |
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Revenue | 440,751 | 455,747 | 867,272 | 884,790 | 1,721,123 |
| Earnings before interest, tax, depreciation, gain or loss on disposal of property, plant and equipment, restructuring costs and impairment | 108,354 | 116,941 | 212,425 | 208,036 | 342,764 |
| Depreciation | (36,853) | (31,336) | (73,745) | (60,918) | (127,126) |
| Gain (loss) on disposal of property, plant and equipment | 102 | (68) | 130 | 9 | (238) |
| Stockholding and restructuring costs (Note 5) | 1,769 | 3,642 | 3,109 | 3,642 | 7,831 |
| Manpower restructuring costs (Note 6) | (11,983) | (15,695) | (20,955) | (18,223) | (84,930) |
| Integration restructuring expenses (Note 7) | - | (1,153) | - | (4,173) | - |
| Impairment of trade receivables | 22 | 1,785 | (321) | 2,905 | 2,415 |
| Operating profit | 61,411 | 74,116 | 120,643 | 131,278 | 140,716 |
| Finance costs (net) | (43,060) | (32,806) | (55,817) | (45,150) | (84,557) |
| Profit before taxation | 18,351 | 41,310 | 64,826 | 86,128 | 56,159 |
| Taxation | (17,330) | (17,752) | (31,439) | (35,236) | (63,171) |
| Profit (loss) for the period | 1,021 | 23,558 | 33,387 | 50,892 | (7,012) |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | (3,889) | 14,681 | 12,871 | 36,890 | (37,662) |
| Non-controlling interests | 4,910 | 8,877 | 20,516 | 14,002 | 30,650 |
| | 1,021 | 23,558 | 33,387 | 50,892 | (7,012) |
| Basic and diluted (loss) earnings per share - cents (Note 3): | (1.0) | 3.9 | 3.5 | 9.0 | 10.0 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TT\$'000 | UNAUDITED | | | | AUDITED |
|---|----------------------------|-----------------|--------------------------|-----------------|--------------------|
| | Three Months Apr to Jun | | Six Months Jan to Jun | | Year Jan to Dec |
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Profit (loss) for the period | 1,021 | 23,558 | 33,387 | 50,892 | (7,012) |
| Items that are or may be reclassified to profit or loss: | | | | | |
| Exchange differences on translation of foreign operations | (12,841) | (19,190) | (17,780) | (26,078) | (5,622) |
| Change in fair value of cash flow hedge | - | 1,429 | - | 2,117 | (3,976) |
| | (12,841) | (17,761) | (17,780) | (23,961) | (9,598) |
| Items that will not be reclassified to profit or loss: | | | | | |
| Remeasurement gains on pension plans and other post-retirement benefits | - | - | - | - | (24,530) |
| Related tax | - | - | - | - | 7,615 |
| | - | - | - | - | (16,915) |
| Other comprehensive loss for the period, net of tax | (12,841) | (17,761) | (17,780) | (23,961) | (26,513) |
| Total comprehensive (loss) income for the period | (11,820) | 5,797 | 15,607 | 26,931 | (33,525) |
| Total comprehensive (loss) income attributable to: | | | | | |
| Owners of the Company | (12,244) | 988 | (934) | 18,084 | (62,354) |
| Non-controlling interests | 424 | 4,809 | 16,541 | 8,847 | 28,829 |
| | (11,820) | 5,797 | 15,607 | 26,931 | (33,525) |

DIRECTORS' STATEMENT

In the second quarter of 2019, the TCL Group continued to focus on the Health and Safety of our people, plants and operations in keeping with our "ZERO4Life" Group initiative. The Group continues to achieve world class standards that deliver benefits to our people and members of the communities which we serve.

Overall the Group's financial performance continues to be negatively influenced by decreased demand in Trinidad and Tobago and other key markets. Fortunately, strong market conditions in Jamaica, improved export sales across the Group and improved production efficiencies in all our operations, have partly compensated for the decline in Group sales.

For the period under review the TCL Group generated \$440.8 million in revenues, a 3% decrease from the prior year. Group earnings before interest, tax, depreciation, and loss on disposal of property, plant and equipment, restructuring costs and impairment (adjusted EBITDA) was \$108.4 million, 7% lower than last year. This decrease in profitability was a result of a scheduled annual maintenance outage at the Barbados cement plant. The Group is reporting a profit of \$1.0 million for the second quarter of the year despite the increase in the depreciation expenses owing to the new coal mill installed in our plant in Jamaica and the higher finance costs due to the adverse foreign exchange differences in Jamaica on United States dollar denominated debt.

The Group generated cash of \$32.5 million and invested \$21.1 million in CAPEX.

IFRS 16 Leases ("IFRS 16") was adopted on January 1, 2019 and due to our selected transition method, we have not restated our prior year comparatives. Therefore, the impact to the Q2-2019 results of the Group is as follows:

- an increase in the adjusted EBITDA by \$2.2 million (in the consolidated statement of profit or loss)
- an increase in the depreciation expenses by \$1.5 million (in the consolidated statement of profit or loss)
- recognition of \$16.8 million in right-of-use assets (in the consolidated statement of financial position)
- recognition of \$18.8 million in leases liability (in the consolidated statement of financial position)

Outlook:

Despite the continuing headwinds in some of our key markets, we are confident that initiatives implemented under our long-term transformation programme will further improve operational efficiencies and drive costs down, improving competitiveness and sustainability. This should have a positive impact on the Group's results in the latter half of this year.

Wilfred Espinet
Group Chairman
July 25, 2019

Jose Luis Seijo Gonzales
Director
July 25, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TT\$'000 | UNAUDITED | | AUDITED |
|---|------------------|------------------|------------------|
| | 30.06.19 | 30.06.18 | 31.12.18 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,797,150 | 1,748,812 | 1,853,066 |
| Investment | 1 | - | 1 |
| Employee benefits | 10,031 | 30,312 | 14,233 |
| Deferred tax assets | 143,064 | 247,521 | 179,789 |
| | 1,950,246 | 2,026,645 | 2,047,089 |
| Current assets | | | |
| Inventories | 274,243 | 202,106 | 229,182 |
| Trade and other receivables | 151,820 | 155,619 | 173,002 |
| Cash and cash equivalents | 72,616 | 84,851 | 77,737 |
| | 498,679 | 442,576 | 479,921 |
| Total assets | 2,448,925 | 2,469,221 | 2,527,010 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Stated capital | 827,732 | 827,732 | 827,732 |
| Unallocated ESOP shares | (20,019) | (20,019) | (20,019) |
| Reserves | (256,506) | (265,972) | (248,355) |
| Retained earnings | 116,858 | 205,764 | 109,987 |
| Equity attributable to owners of the Company | 668,065 | 747,505 | 669,345 |
| Non-controlling interests | 18,903 | (8,406) | 2,483 |
| Total equity | 686,968 | 739,099 | 671,828 |
| Non-current liabilities | | | |
| Borrowings | 894,728 | 553,975 | 922,469 |
| Employee benefits | 13,008 | 13,214 | 12,359 |
| Other post-retirement benefits | 162,612 | 159,961 | 160,952 |
| Trade and other payables | - | - | 86 |
| Deferred tax liabilities | 183,370 | 255,097 | 201,122 |
| | 1,253,718 | 982,247 | 1,296,988 |
| Current liabilities | | | |
| Trade and other payables | 484,873 | 482,875 | 539,070 |
| Borrowings | 23,366 | 265,000 | 19,124 |
| | 508,239 | 747,875 | 558,194 |
| Total equity and liabilities | 2,448,925 | 2,469,221 | 2,527,010 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| TT\$'000 | UNAUDITED | | | | AUDITED |
|--|----------------------------|-----------------|--------------------------|-----------------|--------------------|
| | Three Months Apr to Jun | | Six Months Jan to Jun | | Year Jan to Dec |
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | 18,351 | 41,310 | 64,826 | 86,128 | 56,159 |
| Profit before taxation | | | | | |
| Adjustments for: | | | | | |
| - Depreciation | 36,853 | 31,336 | 73,745 | 60,918 | 127,126 |
| - Stockholding and restructuring costs (Note 5) | (1,769) | (3,642) | (3,109) | (3,642) | (7,831) |
| - Finance cost (net) | 43,060 | 32,806 | 55,817 | 45,150 | 84,557 |
| - Pension and other post-retirement expenses | 4,135 | 4,519 | 15,148 | 9,556 | 29,352 |
| - (Gain) loss on disposal of property, plant and equipment | (102) | 68 | (130) | (9) | 238 |
| | 100,528 | 106,397 | 206,297 | 198,101 | 289,601 |
| Changes in: | | | | | |
| - Inventories | (27,949) | (9,170) | (45,054) | 6,910 | (16,908) |
| - Trade and other receivables | (2,847) | (1,988) | 17,376 | 12,000 | (19,688) |
| - Trade and other payables | (10,265) | (46,764) | (71,306) | (63,109) | (32,936) |
| Cash generated from operating activities | 59,467 | 48,475 | 107,313 | 153,902 | 220,069 |
| Pension contributions paid | (2,648) | (4,103) | (4,472) | (6,012) | (20,752) |
| Post-retirement benefits paid | (1,320) | (1,050) | (2,713) | (1,819) | (8,170) |
| Taxation paid | (2,533) | (4,276) | (3,943) | (12,361) | (21,470) |
| Net interest paid | (20,460) | (7,276) | (31,185) | (10,525) | (42,373) |
| Net cash from operating activities | 32,506 | 31,770 | 65,000 | 123,185 | 127,304 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Additions to property, plant and equipment | (21,062) | (32,920) | (37,862) | (56,017) | (169,661) |
| Proceeds from disposal of property, plant and equipment | - | (77) | - | - | - |
| Net cash used in investing activities | (21,062) | (32,997) | (37,862) | (56,017) | (169,661) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of borrowings | (6,168) | (20,630) | (12,045) | (117,270) | (4,500) |
| Proceeds from borrowings | 3,411 | 20,000 | 3,411 | 20,000 | - |
| Net change in revolving facilities | (1,151) | - | (22,814) | - | 12,446 |
| Acquisition of non-controlling interests | - | - | - | - | (6,815) |
| Net cash (used in) from financing activities | (3,908) | (630) | (31,448) | (97,270) | 1,131 |
| Net increase (decrease) in cash and cash equivalents | 7,536 | (1,857) | (4,310) | (30,102) | (41,226) |
| Cash and cash equivalents – beginning of period | 65,972 | 89,776 | 77,737 | 118,826 | 118,826 |
| Effect of movement in exchange rate on cash held | (892) | (3,068) | (811) | (3,873) | 137 |
| Cash and cash equivalents – end of period | 72,616 | 84,851 | 72,616 | 84,851 | 77,737 |
| Represented by: | | | | | |
| Cash and cash equivalents | 72,616 | 84,851 | 72,616 | 84,851 | 77,737 |



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED JUNE 30, 2019

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TT\$'000 | PARENT | | | NON-CONTROLLING INTERESTS | | |
|---|--------------------------|--------------------|----------------|---------------------------|--------------------|-----------------|
| | UNAUDITED | AUDITED | | UNAUDITED | AUDITED | |
| | Six Months Jan to Jun | Year Jan to Dec | | Six Months Jan to Jun | Year Jan to Dec | |
| | 2019 | 2018 | 2018 | 2019 | 2018 | 2018 |
| Balance at beginning of period | 669,345 | 736,353 | 736,353 | 2,483 | (17,048) | (17,048) |
| Adjustment on initial application of IFRS 9 | - | (6,932) | (6,932) | - | (205) | (205) |
| Adjustment on initial application of IFRS 16 (Note 8) | (346) | - | - | (121) | - | - |
| | 668,999 | 729,421 | 729,421 | 2,362 | (17,253) | (17,253) |
| Profit (loss) for the period | 12,871 | 36,890 | (37,662) | 20,516 | 14,002 | 30,650 |
| Other comprehensive loss | (13,805) | (18,806) | (24,692) | (3,975) | (5,155) | (1,821) |
| Total comprehensive (loss) income | (934) | 18,084 | (62,354) | 16,541 | 8,847 | 28,829 |
| Acquisition of NCI without change of control | - | - | 2,278 | - | - | (9,093) |
| Balance at end of period | 668,065 | 747,505 | 669,345 | 18,903 | (8,406) | 2,483 |

NOTES:

1. Basis of Preparation

These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, summary 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 Notes 2 to 8 of the December 31, 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 01, 2019 and which are relevant to the Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the profit attributable to owners of the Company 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 shares that were held as unallocated shares by our Employee Share Ownership Plan (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

Stockholding and restructuring costs comprise reclassification of costs and credits 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 restructuring costs comprise the expenses incurred to align the operations and integrate the processes with the ultimate parent company

8. Initial Application of IFRS 16 Leases

The TCL Group has applied IFRS 16 Leases and has not restated prior periods as allowed by the Standard. The Group has recognised the present value of the remaining lease payments as the lease liabilities (\$18.4 million) and right-of-use assets (\$17.9 million) for material leases previously classified as operating leases. On initial application, the Group applied the incremental borrowing rate of 7.99% on the lease liabilities.

SEGMENT INFORMATION

| TT\$'000 | CEMENT | CONCRETE | PACKAGING | CONSOLIDATION ADJUSTMENTS | TOTAL |
|---|-----------|----------|-----------|---------------------------|-----------|
| UNAUDITED SIX MONTHS JAN TO JUN 2019 | | | | | |
| Revenue | | | | | |
| Total | 943,119 | 38,751 | 39,424 | - | 1,021,294 |
| Inter-segment | (115,412) | (1,648) | (36,962) | - | (154,022) |
| Third party revenue | 827,707 | 37,103 | 2,462 | - | 867,272 |
| Profit (loss) before tax | 73,154 | (13,067) | 1,158 | 3,581 | 64,826 |
| Depreciation | 71,884 | 4,243 | 1,176 | (3,558) | 73,745 |
| Segment assets | 2,659,858 | 88,842 | 80,742 | (380,517) | 2,448,925 |
| Segment liabilities | 2,400,873 | 70,799 | 36,066 | (745,781) | 1,761,957 |
| Capital expenditure | 37,523 | 307 | 32 | - | 37,862 |
| UNAUDITED SIX MONTHS JAN TO JUN 2018 | | | | | |
| Revenue | | | | | |
| Total | 949,274 | 46,408 | 37,368 | - | 1,033,050 |
| Inter-segment | (114,665) | (281) | (33,314) | - | (148,260) |
| Third party revenue | 834,609 | 46,127 | 4,054 | - | 884,790 |
| Profit (loss) before tax | 172,074 | (10,973) | 369 | (75,342) | 86,128 |
| Depreciation | 59,622 | 2,661 | 1,168 | (2,533) | 60,918 |
| Segment assets | 2,727,146 | 112,137 | 86,841 | (456,903) | 2,469,221 |
| Segment liabilities | 2,290,163 | 70,667 | 41,727 | (672,435) | 1,730,122 |
| Capital expenditure | 51,427 | 3,676 | 914 | - | 56,017 |
| AUDITED YEAR JAN TO DEC 2018 | | | | | |
| Revenue | | | | | |
| Total | 1,867,067 | 83,330 | 72,517 | - | 2,022,914 |
| Inter-segment | (237,962) | - | (63,829) | - | (301,791) |
| Third party revenue | 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 | 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 |