TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT $'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2018	2017	2017
Revenue	**429,043**	**422,043**	**1,712,569**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	**92,215**	**97,511**	**312,998**
Depreciation	(29,582)	(31,042)	(127,969)
Impairment charge – Property, plant and equipment	-	-	(93,418)
Gain/(loss) on disposal of property, plant and equipment	77	-	(325)
Stockholding and inventory restructuring costs (Note 5)	-	-	(81,352)
Manpower restructuring costs (Note 6)	(2,528)	(187)	(59,023)
Integration restructuring expenses (Note 7)	(3,020)	-	-
Operating profit/(loss)	**57,162**	**66,282**	**(49,089)**
Net finance costs	(12,344)	(27,707)	(123,137)
Profit/(loss) before taxation	**44,818**	**38,575**	**(172,226)**
Taxation	(17,484)	(12,572)	(82,916)
Profit/(loss) for the period	**27,334**	**26,003**	**(255,142)**
Profit/(loss) attributable to:			
Owners of the Company	22,209	19,081	(266,165)
Non-controlling interests	5,125	6,922	11,023
	27,334	**26,003**	**(255,142)**
Basic and diluted earnings/(loss) per Share – cents (Note 3):	**6.0**	**5.1**	**(72.0)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT $'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2018	2017	2017
Profit/(loss) for the period	**27,334**	**26,003**	**(255,142)**
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	(6,888)	1,666	14,834
Change in fair value of cash flow hedge	688	-	3,976
	(6,200)	**1,666**	**18,810**
Items that will not be reclassified to profit or loss:			
Re-measurement gains on pension plans and other post-retirement benefits	-	-	21,158
Income tax effect	-	-	(6,678)
	-	**-**	**14,480**
Other comprehensive (loss)/income for the period net of tax	(6,200)	1,666	33,290
Total comprehensive income/(loss) for the period	**21,134**	**27,669**	**(221,852)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company	17,096	20,067	(238,333)
Non-controlling interests	4,038	7,602	16,481
	21,134	**27,669**	**(221,852)**

DIRECTORS' STATEMENT

The TCL Group's first quarter initiatives continued to focus on transitioning to improved systems, processes and performance. Health and Safety remains a key priority of the TCL Group, with an emphasis on improving the standards and practices through investment in the upgrade of plant facilities, working conditions and continuous training. The goal of all our business units is to ensure there is a safe environment for our workforce, customers, contractors and communities. The efforts of our Health and Safety focus were highlighted via the accomplishment of a milestone in this quarter, with our Trinidad and Guyana business units celebrating 10 years without a Lost Time Incident (LTI).

The TCL Group values the importance of corporate social responsibility. In March 2018, TCL Trinidad was proud to sponsor the Mayo Youth Academy, whilst our business unit in Jamaica was involved in community center renovation and the building of concrete roads within the community. These are Group initiatives in line with our goal of community development.

In terms of our financial performance, the Group generated revenue of $429 million during the quarter, an increase of 2% compared to Q1-2017. The key drivers were, increased demand for our products in Jamaica and Guyana and increased export dispatches from Barbados. These factors alleviated the impact of the lower revenue from the Trinidad operations, due to lower sales volumes arising from the contraction of the construction industry.

Group earnings before interest, taxes, depreciation, and loss on disposal of property, plant and equipment, and restructuring costs (adjusted EBITDA) was $92 million for the period, a decline of 5% from 2017, mainly due to higher costs from the planned equipment maintenance executed during the quarter at the Jamaica plant. These maintenance costs are expected to increase the operational efficiency with the goal of our plant in Jamaica being successful in the export market in due course.

The Group has achieved a 55% reduction in finance costs in Q1-2018 when compared to Q1-2017. The Q2-2017 refinancing resulted in a 276 basis point reduction in the effective interest rate, potentially reducing finance cost by 30%. A net total of $167 million was repaid to lenders in the 12 months from April 2017 to March 2018 thereby reducing the principal outstanding and consequently further reducing finance costs. The reduction in finance costs was a major contributor to the 5% increase in profit in Q1 2018 when compared to Q1 2017. The Group recorded a profit for the period of $27 million and EPS of $0.06.

Cash generation was impacted positively by efficient working capital management, improving by 19% to $105 million versus 2017 which allowed the Group to invest in capital projects ($23 million during the quarter) and to repay $ 97 million of debt. This will have a further positive impact on finance costs going forward.

Our Outlook:
The TCL Group's financial, operational and strategic direction is dedicated to producing favorable results notwithstanding the current restraints and challenges facing Trinidad and Tobago's economy. The Group will pursue sustainability through the establishment of a robust and revitalized health and safety culture and will continue to promote "zero for life". We will leverage and develop our human capital, expand and grow export markets, implement aggressive cost management and improve operational and process efficiencies. In addition, we will standardize and implement best practices.

The Board of Directors and management have placed confidence in the overall strategic and commercial direction of the TCL Group, endorsing the business model to "operate with agility and effectiveness to ultimately create value for all our stakeholders".

N. Espinet

Wilfred Espinet
Group Chairman
April 24, 2018

N. Edwards

Nigel Edwards
Director
April 24, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT $'000	UNAUDITED		AUDITED
	31.03.2018	31.03.2017	31.12.2017
ASSETS			
Non-current assets			
Property, plant and equipment	1,791,250	1,803,869	1,811,779
Employee benefits	31,305	34,285	34,392
Trade and other receivables	-	6,341	114
Deferred tax assets	304,967	290,399	332,655
	2,127,522	2,134,894	2,178,940
Current assets			
Inventories	189,294	336,865	205,374
Trade and other receivables	142,748	153,016	160,539
Cash and cash equivalents	89,776	180,076	118,826
	421,818	669,957	484,739
Total assets	**2,549,340**	**2,804,851**	**2,663,679**
EQUITY AND LIABILITIES			
Equity			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,849)	(20,019)
Reserves	(252,489)	(253,319)	(240,405)
Retained earnings	216,099	483,630	193,890
Equity attributable to owners of the Company	**771,323**	**1,037,194**	**761,198**
Non-controlling interests	(4,545)	7,381	(8,365)
Total equity	**766,778**	**1,044,575**	**752,833**
Non-current liabilities			
Borrowings	574,875	797,896	669,137
Employee benefits	12,662	15,354	20,501
Other post-retirement benefits	113,741	105,431	103,359
Deferred tax liabilities	306,211	240,810	327,956
Trade and other payables	-	-	87
	1,007,489	1,159,491	1,121,040
Current liabilities			
Trade and other payables	531,102	458,740	545,835
Borrowings	243,971	142,045	243,971
	775,073	600,785	789,806
Total equity and liabilities	**2,549,340**	**2,804,851**	**2,663,679**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT $'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2018	2017	2017
Cash flows from operating activities			
Profit/(loss) before taxation	**44,818**	**38,575**	**(172,226)**
Adjustments to reconcile profit/(loss) before taxation to net cash generated by operating activities:			
Depreciation	29,582	31,042	127,969
Impairment charge - Property, plant and equipment	-	-	93,418
Stockholding and restructuring costs (Note 5)	-	-	81,352
Net finance costs	12,344	27,707	123,137
ESOP share allocation and sale of shares net of dividends	-	-	630
Pension and other post-retirement expenses	5,037	1,893	41,515
(Gain)/loss on disposal of property, plant and equipment	(77)	-	325
	91,704	99,217	296,120
Decrease in inventories	16,080	25,656	77,522
Decrease/(increase) in receivables and prepayments	13,988	(27,873)	(24,043)
(Decrease)/increase in payables and accruals	(16,345)	(8,098)	73,011
Cash generated from operations	105,427	88,902	422,610
Pension contributions paid	(1,909)	(2,420)	(9,822)
Post-retirement benefits paid	(769)	(1,399)	(3,140)
Taxation paid	(8,085)	(8,717)	(42,059)
Net interest paid	(3,249)	(18,893)	(72,104)
Net cash generated from operating activities	**91,415**	**57,473**	**295,485**
Cash flows from investing activities			
Additions to property, plant and equipment	(23,097)	(28,319)	(214,914)
Proceeds from disposal of property, plant and equipment	77	-	886
Net cash used in investing activities	**(23,020)**	**(28,319)**	**(214,028)**
Cash flows from financing activities			
Repayment of borrowings	(96,640)	(35,919)	(1,135,922)
Proceeds from borrowings	-	-	1,029,155
Dividends paid	-	-	(7,519)
Acquisition of non-controlling interests	-	-	(35,332)
Net cash used in financing activities	**(96,640)**	**(35,919)**	**(149,618)**
Net decrease in cash and cash equivalents	(28,245)	(6,765)	(68,161)
Effect of movement in exchange rate on cash held	(805)	295	441
Cash and cash equivalents- beginning of period	118,826	186,546	186,546
Cash and cash equivalents - end of period	**89,776**	**180,076**	**118,826**
Represented by:			
Cash and cash equivalents	89,776	180,076	118,826

TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2018

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Mar		Jan to Dec	Jan to Mar		Jan to Dec
	2018	2017	2017	2018	2017	2017
Balance at beginning of period	**761,198**	**1,017,127**	**1,017,127**	**(8,365)**	**(221)**	**(221)**
Recognition of opening carrying amount differences upon initial application of IFRS 9 (Note 8)	(6,971)	-	-	(218)	-	-
	754,227	1,017,127	1,017,127	(8,583)	(221)	(221)
Other comprehensive (loss)/income	(5,113)	986	27,832	(1,087)	680	5,458
Profit/(loss) after taxation	22,209	19,081	(266,165)	5,125	6,922	11,023
Total comprehensive income/(loss)	17,096	20,067	(238,333)	4,038	7,602	16,481
Share-based allocations	-	-	630	-	-	-
Dividends	-	-	(7,493)	-	-	(26)
Acquisition of NCI without change of control	-	-	(10,733)	-	-	(24,599)
Balance at end of period	**771,323**	**1,037,194**	**761,198**	**(4,545)**	**7,381**	**(8,365)**

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 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 "Note 3 to 7" of the December 31st, 2017 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: 2.988M) 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.

SEGMENT INFORMATION

TT $'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED THREE MONTHS JAN TO MAR 2018					
Revenue					
Total	458,595	19,790	18,099	-	496,484
Intersegment	(50,859)	(145)	(16,437)	-	(67,441)
Third party	407,736	19,645	1,662	-	429,043
Profit/(loss) before tax	46,007	(3,552)	(375)	2,738	44,818
Depreciation	28,252	1,313	585	(568)	29,582
Segment assets	2,877,073	130,323	91,854	(549,910)	2,549,340
Segment liabilities	2,656,839	67,526	42,899	(984,702)	1,782,562
Capital expenditure	21,602	616	879	-	23,097
UNAUDITED THREE MONTHS JAN TO MAR 2017					
Revenue					
Total	466,823	35,523	17,275	-	519,621
Intersegment	(83,035)	(1,526)	(13,017)	-	(97,578)
Third Party	383,788	33,997	4,258	-	422,043
Profit/(loss) before tax	40,703	1,901	565	(4,594)	38,575
Depreciation	29,628	1,400	548	(534)	31,042
Segment assets	3,100,821	137,283	108,421	(541,674)	2,804,851
Segment liabilities	2,248,543	55,865	45,232	(589,364)	1,760,276
Capital expenditure	27,264	877	178	-	28,319
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	(450,392)	(27,324)	(20,181)	325,671	(172,226)
Depreciation	123,952	5,239	2,333	(3,555)	127,969
Segment assets	3,082,702	134,642	80,971	(634,636)	2,663,679
Segment liabilities	2,684,067	60,414	31,268	(864,903)	1,910,846
Capital expenditure	203,724	8,181	3,009	-	214,914

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 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.