TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT $'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2018	2017	2018	2017	2017
Revenue	**455,747**	**428,294**	**884,790**	**850,337**	**1,712,569**
Earnings before interest, tax, depreciation, (loss)/gain on disposal of property, plant and equipment and restructuring costs	**118,726**	**105,359**	**210,941**	**202,870**	**312,998**
Depreciation	(31,336)	(30,299)	(60,918)	(61,341)	(127,969)
(Loss)/gain on disposal of property, plant and equipment	(68)	62	9	62	(325)
Stockholding and inventory restructuring costs (Note 5)	3,642	-	3,642	-	(81,352)
Impairment charge - Property, plant and equipment	-	-	-	-	(93,418)
Manpower restructuring costs (Note 6)	(15,695)	(7,621)	(18,223)	(7,808)	(59,023)
Integration restructuring expenses (Note 7)	(1,153)	(115)	(4,173)	(115)	-
Operating profit/(loss)	**74,116**	**67,386**	**131,278**	**133,668**	**(49,089)**
Finance costs - net	(32,806)	(61,586)	(45,150)	(89,293)	(123,137)
Profit/(loss) before taxation	**41,310**	**5,800**	**86,128**	**44,375**	**(172,226)**
Taxation	(17,752)	(13,569)	(35,236)	(26,141)	(82,916)
Profit/(loss) for the period	**23,558**	**(7,769)**	**50,892**	**18,234**	**(255,142)**
Attributable to:					
Owners of the Company	14,681	(14,751)	36,890	4,330	(266,165)
Non-controlling interests	8,877	6,982	14,002	13,904	11,023
	23,558	**(7,769)**	**50,892**	**18,234**	**(255,142)**
Basic and diluted Earnings/(Loss) per Share - cents (Note 3):	**3.9**	**(3.9)**	**9.0**	**1.2**	**(72.0)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2018	2017	2018	2017	2017
Profit/loss for the period	**23,558**	**(7,769)**	**50,892**	**18,234**	**(255,142)**
Items that are or may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	(19,138)	1,331	(26,026)	2,997	14,834
Change in fair value of cashflow hedge	1,429	1,271	2,117	1,271	3,976
	(17,709)	**2,602**	**(23,909)**	**4,268**	**18,810**
Items that will not be reclassified to profit or loss:					
Remeasurement gains on pension plans and other post-retirement benefits	-	-	-	-	21,158
Related tax	-	-	-	-	(6,678)
	-	**-**	**-**	**-**	**14,480**
Other comprehensive (loss)/income for the period, net of tax	**(17,709)**	**2,602**	**(23,909)**	**4,268**	**33,290**
Total comprehensive (loss)/income for the period net of tax	**5,849**	**(5,167)**	**26,983**	**22,502**	**(221,852)**
Total comprehensive (loss)/income attributable to:					
Owners of the Company	1,026	(12,599)	18,122	7,468	(238,333)
Non-controlling interests	4,823	7,432	8,861	15,034	16,481
	5,849	**(5,167)**	**26,983**	**22,502**	**(221,852)**

DIRECTORS' STATEMENT

TCL Group's second quarter performance reflected improvements due to continued focus on growth and successful transitioning to enhance systems, processes, controls and financial viability.

The TCL Group's readymix operations (RML) in Trinidad and cement plant in Barbados (ACCL) emerged as winners of CEMEX's Global Health and Safety 2017 Award. RML was awarded second place and ACCL third place for most improved in the business unit's respective sectors.

Health and Safety remains a key priority of the TCL Group, with an emphasis on improving standards and practices in line with our global partners, through investments in the upgrade of plant facilities, working conditions and continuous training. Health and Safety is promoted as a discipline, as part of the culture of the Group. For the quarter ended June 2018, there has been zero employee lost time injuries for Trinidad Cement Limited.

Corporate social responsibility is a main pillar of the TCL Group's philosophy. In March 2018, RML was a proud sponsor of building materials to restore the cricket practice pitch at Presentation College. Our business unit in Jamaica, Caribbean Cement Company Limited (CCCL) is actively engaged in community development and collaborating with state agencies on environmental initiatives. CCCL will also be hosting a vacation internship programme over a two-month period and presented a scholarship to the top performing boy and girl at Harbour View Primary School at the school leaving examination. In Trinidad, TCL recently welcomed students of the University of Trinidad and Tobago at its Claxton Bay and Mayo operations for an educational tour. The Group's business units remain passionately committed to our corporate social responsibility pillars of community, education, environment and shelter and infrastructure.

In terms of our financial performance, net sales of the Group for the second quarter were $456 million, an increase of $27 million, or 6%, from last year's quarter. This improvement reflects the increased dynamism of the sales of our products in Jamaica and the higher export dispatches from Trinidad and Barbados.

The Group's earnings before interest, taxes, depreciation, loss on disposal of property, plant and equipment, and restructuring costs (adjusted EBITDA) improved 13% to $119 million compared to Q2 2017 with adjusted EBITDA of $105 million. This positive impact on adjusted EBITDA was as a result of savings from restructuring initiatives combined with increased sales.

The Group has achieved a 47% reduction in finance costs in Q2-2018 when compared to Q2-2017. This reduction was primarily due to non-recurring debt extinguishment costs of $45 million included in the net finance costs of Q2-2017 and were offset by foreign exchange losses on US denominated balances and transactions in Jamaica. On May 28, the Group's subsidiary in Jamaica negotiated a US$52 million revolving floating and a US$50 million fixed interest rate related party loan from CEMEX España. The drawdown on these facilities was used to pay TCL for the purchase of Kiln 5 and Mill 5, which ended the lease agreement between both companies. The payment received by TCL was used to offset its revolving debt balance in foreign currency. TCL also accessed $20 million from a new revolving line negotiated with bankers in Trinidad to cover local obligations. Overall, the Group recorded a profit for the period of $27 million and Earnings per share (EPS) of 3.9 cents.

During this quarter, TCL Group generated $32 million of cash from operations after partial settlement of the back pay commitments with our workforce in Trinidad, invested $33 million in capital projects and repaid $21 million of debt.

Our Outlook:

The TCL Group continues to experience financial and operational progress, and noteworthy achievements, persevering amidst current restraints and the negative impacts from external factors. One of our main goals is to continue to transition the TCL Group's performance aligned to international best practices and standards. This will be achieved through the revitalised strategic direction, mutual benefits from a group network, financial and customer and employee focused approach and also by embracing our corporate and social responsibilities.

The Board of Directors and Management remain confident in the TCL Group's ability to accomplish this goal.

Wilfred Espinet
Group Chairman
July 23, 2018

Jose Luis Seijo Gonzales
Director
July 23, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	30.06.18	30.06.17	31.12.17
ASSETS			
Non-current assets			
Property, plant and equipment	1,748,812	1,839,628	1,811,779
Employee benefits	30,312	31,512	34,392
Trade and other receivables	-	14,455	114
Deferred tax assets	236,345	284,890	332,655
	2,015,469	2,170,485	2,178,940
Current assets			
Inventories	202,106	322,639	205,374
Trade and other receivables	155,619	144,738	160,539
Cash and cash equivalents	84,851	132,761	118,826
	442,576	600,138	484,739
Total assets	**2,458,045**	**2,770,623**	**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	(265,310)	(251,167)	(240,405)
Retained earnings	229,946	450,683	193,890
Equity attributable to owners of the Company	772,349	1,006,399	761,198
Non-controlling interests	278	(9,790)	(8,365)
Total equity	**772,627**	**996,609**	**752,833**
Non-current liabilities			
Borrowings	553,975	712,720	669,137
Employee benefits	13,214	15,704	20,501
Other post-retirement benefits	115,257	106,359	103,359
Trade and other payables	-	-	87
Deferred tax liabilities	255,097	235,121	327,956
	937,543	1,069,904	1,121,040
Current liabilities			
Trade and other payables	482,875	459,110	545,835
Borrowings	265,000	245,000	243,971
	747,875	704,110	789,806
Total equity and liabilities	**2,458,045**	**2,770,623**	**2,663,679**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2018	2017	2018	2017	2017
Cash flows from operating activities					
Profit/(loss) before taxation	41,310	5,800	86,128	44,375	(172,226)
Adjustments to reconcile profit/(loss) before taxation to net cash generated by operating activities:					
Depreciation	31,336	30,299	60,918	61,341	127,969
Impairment charge - Property, plant and equipment	-	-	-	-	93,418
Stockholding and inventory restructuring costs (Note 5)	(3,642)	-	(3,642)	-	81,352
Net Finance cost	32,806	61,586	45,150	89,293	123,137
ESOP share allocation and sale of shares net of dividends	-	-	-	-	630
Pension and other post-retirement expenses	4,519	332	9,556	2,225	41,515
Loss/(gain) on disposal of property, plant and equipment	68	(62)	(9)	(62)	325
	106,397	97,955	198,101	197,172	296,120
(Increase)/decrease in inventories	(9,170)	14,226	6,910	39,882	77,522
(Increase)/decrease in receivables and prepayments	(1,988)	33,483	12,000	5,610	(24,043)
(Decrease)/increase in payables and accruals	(46,764)	(36,481)	(63,109)	(44,579)	73,011
Cash generated by operations	48,475	109,183	153,902	198,085	422,610
Pension contributions paid	(4,103)	(2,434)	(6,012)	(4,854)	(9,822)
Post-retirement benefits paid	(1,050)	(1,646)	(1,819)	(3,045)	(3,140)
Taxation paid	(4,276)	(8,939)	(12,361)	(17,656)	(42,059)
Net interest paid	(7,276)	(8,465)	(10,525)	(27,358)	(72,104)
Net cash generated by operating activities	**31,770**	**87,699**	**123,185**	**145,172**	**295,485**
Investing activities					
Additions to property, plant and equipment	(32,920)	(69,559)	(56,017)	(97,878)	(214,914)
Proceeds from disposal of property, plant and equipment	(77)	-	-	-	886
Net cash used in investing activities	**(32,997)**	**(69,559)**	**(56,017)**	**(97,878)**	**(214,028)**
Financing activities					
Repayment of borrowings	(20,630)	(1,059,472)	(117,270)	(1,095,391)	(1,135,922)
Proceeds from borrowings	20,000	1,029,155	20,000	1,029,155	1,029,155
Dividends paid	-	-	-	-	(7,519)
Acquisition of non-controlling interest	-	(35,306)	-	(35,306)	(35,332)
Net cash used in financing activities	**(630)**	**(65,623)**	**(97,270)**	**(101,542)**	**(149,618)**
Net (decrease)/increase in cash and cash equivalents	(1,857)	(47,483)	(30,102)	(54,248)	(68,161)
Net foreign exchange differences	(3,068)	168	(3,873)	463	441
Net cash – beginning of period	89,776	180,076	118,826	186,546	186,546
Net cash - end of period	**84,851**	**132,761**	**84,851**	**132,761**	**118,826**
Represented by:					
Cash at bank and on hand	**84,851**	**132,761**	**84,851**	**132,761**	**118,826**

TRINIDAD CEMENT LIMITED

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FOR THE SIX MONTHS ENDED JUNE 30 2018

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED Jan to Jun		AUDITED Jan to Dec	UNAUDITED Jan to Jun		AUDITED 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 income/(loss)	(18,768)	3,138	27,832	(5,141)	1,130	5,458
Profit after taxation	36,890	4,330	(266,165)	14,002	13,904	11,023
Total comprehensive Income	18,122	7,468	(238,333)	8,861	15,034	16,481
Share-based allocations	-	-	630	-	-	-
Dividends	-	(7,493)	(7,493)	-	-	(26)
Rights issue proceeds	-	-	-	-	-	-
Acquisition of NCI without change of control	-	(10,703)	(10,733)	-	(24,603)	(24,599)
Balance at end of period	**772,349**	**1,006,399**	**761,198**	**278**	**(9,790)**	**(8,365)**

SEGMENT INFORMATION

TT $'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2018					
Revenue					
Total	949,274	46,408	37,368	-	1,033,050
Intersegment	(114,665)	(281)	(33,314)	-	(148,260)
Third party	834,609	46,127	4,054	-	884,790
Profit/(loss) before tax	172,074	(10,973)	369	(75,342)	86,128
Depreciation and impairment	59,622	2,661	1,168	(2,533)	60,918
Segment assets	2,727,146	112,137	86,841	(468,079)	2,458,045
Segment liabilities	2,290,163	70,667	41,727	(717,139)	1,685,418
Capital expenditure	51,427	3,676	914	-	56,017
UNAUDITED SIX MONTHS JAN TO JUN 2017					
Revenue					
Total	938,017	72,037	32,911	-	1,042,965
Intersegment	(166,457)	(1,765)	(24,406)	-	(192,628)
Third Party	771,560	70,272	8,505	-	850,337
Profit/(oss) before tax	50,563	5,867	(4,416)	(7,639)	44,375
Depreciation and impairment	58,607	2,666	1,114	(1,046)	61,341
Segment assets	3,077,343	130,073	110,624	(547,417)	2,770,623
Segment liabilities	2,255,320	44,890	52,411	(578,607)	1,774,014
Capital expenditure	94,733	2,718	427	-	97,878
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
Profit/(loss) before tax	(450,392)	(27,324)	(20,181)	325,671	(172,226)
Depreciation and impairment	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

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 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, 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 374.648 million, the weighted average of 2.845 million (2017: 2.988 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 Restructuring Costs

A review of inventory quantities on hand was undertaken during 2017. In accordance with IAS 2: "Inventories," management has recorded a credit of $4 million (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 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.