TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

TT $'000	UNAUDITED Three Months Apr to Jun		UNAUDITED Six Months Jan to Jun		AUDITED Year Jan to Dec
	2022	2021	2022	2021	2021
Revenue	533,887	446,359	1,063,273	938,930	1,896,518
Cost of sales	(361,601)	(302,923)	(705,023)	(640,189)	(1,326,431)
Gross profit	**172,286**	**143,436**	**358,250**	**298,741**	**570,087**
Operating expenses	(74,511)	(57,839)	(149,656)	(116,999)	(257,518)
Write-back (impairment) of trade accounts receivable	683	27	749	(404)	(819)
Operating earnings before other (expenses) income, net	**98,458**	**85,624**	**209,343**	**181,338**	**311,750**
Other (expenses) income, net	(15,567)	(9,274)	(28,915)	(11,673)	21,849
Operating earnings	**82,891**	**76,350**	**180,428**	**169,665**	**333,599**
Financial expense	(7,840)	(16,623)	(19,210)	(45,154)	(89,950)
Financial income	75	8	91	15	30
Earnings before taxation	**75,126**	**59,735**	**161,309**	**124,526**	**243,679**
Taxation charge	(20,793)	(22,089)	(48,959)	(40,718)	(53,260)
NET INCOME	**54,333**	**37,646**	**112,350**	**83,808**	**190,419**
Non-controlling interest net income	(17,998)	(18,219)	(36,972)	(33,292)	(49,646)
CONTROLLING INTEREST NET INCOME	**36,335**	**19,427**	**75,378**	**50,516**	**140,773**
Basic and diluted earnings per share - cents (Note 3):	**9.8**	**5.2**	**20.3**	**13.6**	**37.9**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT $'000	UNAUDITED Three Months Apr to Jun		UNAUDITED Six Months Jan to Jun		AUDITED Year Jan to Dec
	2022	2021	2022	2021	2021
NET INCOME	**54,333**	**37,646**	**112,350**	**83,808**	**190,419**
Items that will not be reclassified subsequently to the income statement					
Net actuarial gains from remeasurements of employee benefit plans	-	-	-	-	105,642
Taxation recognised directly in other comprehensive income	-	-	-	-	(29,043)
	-	-	-	-	76,599
Items that are or may be reclassified subsequently to the income statement					
Effects from derivative financial instruments designated as cash flow hedges	(1,700)	1,625	626	1,155	1,203
Currency translation results of foreign subsidiaries	13,504	(4,578)	12,154	(17,264)	(34,302)
	11,804	(2,953)	12,780	(16,109)	(33,099)
Total items of other comprehensive income, net	11,804	(2,953)	12,780	(16,109)	43,500
TOTAL COMPREHENSIVE INCOME	**66,137**	**34,693**	**125,130**	**67,699**	**233,919**
Non-controlling interest comprehensive income	(20,608)	(16,912)	(41,131)	(27,464)	(35,396)
CONTROLLING INTEREST COMPREHENSIVE INCOME	**45,529**	**17,781**	**83,999**	**40,235**	**198,523**

DIRECTORS' STATEMENT

Health and Safety

At the TCL Group, Health and Safety is our number one priority and we work diligently to ensure that all our employees and contractors return safely to their families each day. Unfortunately, during the second quarter we had two Lost Time Incidents (LTIs) after more than 15 months without an LTI. Although injuries were minor, both cases have been taken very seriously and are being investigated to not only determine the cause but also important learnings to ensure that the correct measures are put in place to avoid any recurrence.

Relative to COVID-19, we continue to strictly follow our 52+ protocols towards keeping our employees as protected as possible against this virus. We have not yet relaxed our measures since we believe it is still important to keep these controls in place to avoid internal spread. Fortunately, we have been able to maintain a very low COVID-19 infection rate.

Sustainability

Sustainability is an important core value for us at the TCL Group. We recognise that every decision and action we take is an opportunity for us to make a positive impact on the people around us and are stepping stones to a sustainable, greener world. With a relentless focus on global climate action, we continue to promote our low-carbon Vertua-certified cement both in our domestic markets of Jamaica and Trinidad and Tobago as well as our export markets. The use of alternative fuels through our end-of-life tyre programme in Jamaica, and the utilisation of waste oil in our production processes in Barbados and Jamaica continue to move the TCL Group along the path to a greener enterprise. The TCL Group's achievements in the development of low-carbon cement products and solutions align with the mandate of CEMEX's "Future in Action" global sustainability strategy, which follows the United Nations' Sustainable Development Goals on climate action.

Financial Performance

The TCL Group recorded consolidated revenue from continuing operations of $534 million during the second quarter of 2022, representing a 20% increase when compared to the second quarter of 2021. Revenue for the quarter was positively impacted by increased cement sales in Trinidad and Tobago, where there was a severe lockdown during this period in 2021, and also due to price increases implemented in most of our markets earlier this year. On a year-to-date basis, the TCL Group recorded consolidated revenue from continuing operations of $1.1 billion, 13% higher than that of the same period in 2021. This increase is also associated with higher volumes in Trinidad and Tobago, plus our price increase strategy implemented earlier in the year to offset the significant inflation in most of our input costs. The TCL Group's adjusted EBITDA of $118 million in the second quarter of 2022 reflected an increase of 9% compared to the same period of the previous year. This quarter's result reflects the positive impact of increased sales, and our management of escalating costs.

The TCL Group's adjusted EBITDA for the first six months of 2022 was $246 million, a 5% improvement on the same period during the prior year. This increase resulted mainly from improved cement sales in Trinidad and Tobago and Barbados that offset the significant inflation in input costs experienced. In the second quarter of 2022, the TCL Group reported net income of $54 million, compared to a net income of $38 million in the same quarter in 2021. This increase was mainly driven by increased revenues partially offset by higher operational costs and other expenses incurred during the period. Net financial expenses including exchange losses, decreased by $9 million arising from the repayment of US$-denominated borrowings in Jamaica. On a year-to-date basis, the TCL Group reported a net income of $112 million, a 34% increase over the prior year. This increase resulted from increased operating earnings and a 57% reduction in financial expenses which were partially offset by higher other expenses and taxation.

During the second quarter of 2022, the TCL Group utilised cash of $11 million for operating activities. This was mainly driven by a reduction of our trade payables, as a result of the cancellation of the factoring programme of some services, mainly in Jamaica. On a year-to-date basis, the TCL Group used $8 million in continuing operations.

Outlook

We are pleased with the TCL Group's improved financial performance during the first six months. A performance driven by disciplined cost control, and the implementation of price increases that helped to contain margin erosion. Moving forward, we remain vigilant to potential impacts on business performance driven by high inflation and restrictions on the supply chain for our materials and services. The conflict between Russia and Ukraine has aggravated the situation, translating into increased costs in fuel, power, and shipping, as well as threats from new strains of the COVID-19 virus.

The Board and Management continue to closely monitor the situation to ensure that our strategies are solid and able to withstand the current global and regional challenges and unpredictable market conditions.

David G. Inglefield
Chairman
July 28, 2022

Francisco Aguilera Mendoza
Managing Director
July 28, 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT $'000	UNAUDITED 30.06.22	UNAUDITED 30.06.21	AUDITED 31.12.21
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	83,866	62,635	75,655
Trade accounts receivable, net	69,628	61,496	61,568
Other accounts receivable	84,952	51,694	34,660
Taxation recoverable	2,051	4,297	3,218
Inventories, net	365,750	280,856	324,522
Total current assets	**606,247**	**460,978**	**499,623**
NON-CURRENT ASSETS			
Investments	1	1	1
Property, machinery and equipment, net	1,634,515	1,619,330	1,646,605
Deferred taxation assets	127,102	128,777	114,564
Employee benefits	134,650	52,246	133,374
Other accounts receivable	155	775	-
Total non-current assets	**1,896,423**	**1,801,129**	**1,894,544**
TOTAL ASSETS	**2,502,670**	**2,262,107**	**2,394,167**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	-	266,750	-
Other financial obligations	6,692	7,138	7,091
Trade payables	273,400	299,322	356,507
Taxation payable	15,957	11,884	16,321
Other current liabilities	260,288	227,609	266,987
Total current liabilities	**556,337**	**812,703**	**646,906**
NON-CURRENT LIABILITIES			
Long-term debt	489,716	253,567	438,760
Other financial obligations	16,207	19,271	19,325
Employee benefits	200,722	246,409	195,146
Deferred taxation liabilities	220,784	201,791	199,121
Other non-current liabilities	1,583	2,395	2,718
Total non-current liabilities	**929,012**	**723,433**	**855,070**
TOTAL LIABILITIES	**1,485,349**	**1,536,136**	**1,501,976**
SHAREHOLDERS' EQUITY			
Controlling interest:			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Other equity reserves	(316,606)	(315,601)	(325,227)
Retained earnings	283,984	65,554	143,211
Net income	75,378	50,516	140,773
Total controlling interest	**850,469**	**608,182**	**766,470**
Non-controlling interest	166,852	117,789	125,721
TOTAL SHAREHOLDERS' EQUITY	**1,017,321**	**725,971**	**892,191**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,502,670**	**2,262,107**	**2,394,167**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT $'000	UNAUDITED Three Months Apr to Jun		UNAUDITED Six Months Jan to Jun		AUDITED Year Jan to Dec
	2022	2021	2022	2021	2021
OPERATING ACTIVITIES					
Net income	**54,333**	**37,646**	**112,350**	**83,808**	**190,419**
Non-cash items:					
Depreciation and amortisation of property, machinery and equipment	35,105	31,605	65,795	63,774	127,043
Financial expense, net	7,765	16,615	19,119	45,139	89,920
Pension plan and other post-retirement benefit	4,148	946	8,292	7,107	(13,395)
Other items, net	527	37	527	(52)	(1,792)
Reversal of impairment losses on property, machinery and equipment	-	-	-	-	(21,799)
Taxation charge	20,793	22,089	48,959	40,718	53,260
Changes in working capital, excluding taxation	(107,344)	(59,960)	(202,987)	(67,158)	(12,443)
Cash generated from operating activities before financial expense, taxation and post-employment benefits paid	**15,327**	**48,978**	**52,055**	**173,336**	**411,213**
Financial expense paid	(8,674)	(5,897)	(11,051)	(9,582)	(25,317)
Taxation paid	(14,438)	(4,073)	(41,461)	(53,265)	(70,740)
Pension plan contributions and other post-retirement benefit paid	(3,608)	(3,562)	(7,170)	(7,431)	(14,764)
Net cash flows (used in) from operating activities	**(11,393)**	**35,446**	**(7,627)**	**103,058**	**300,392**
INVESTING ACTIVITIES					
Purchase of property, machinery and equipment	(24,920)	(21,007)	(35,464)	(36,319)	(147,900)
Proceeds from disposal of property, machinery and equipment	-	-	-	-	1,790
Net cash flows used in investing activities	**(24,920)**	**(21,007)**	**(35,464)**	**(36,319)**	**(146,110)**
FINANCING ACTIVITIES					
Increase in (repayment of) debt, net	22,284	(66,439)	54,711	(89,102)	(163,058)
Other financial obligations, net	(1,829)	(1,539)	(3,517)	(2,173)	(1,927)
Net cash flows from (used in) financing activities	**20,455**	**(67,978)**	**51,194**	**(91,275)**	**(164,985)**
(Decrease) increase in cash and cash equivalents	(15,858)	(53,539)	8,103	(24,536)	(10,703)
Cash conversion effect, net	932	(216)	108	(1,134)	(1,947)
Cash and cash equivalents at beginning of period	98,792	116,390	75,655	88,305	88,305
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**83,866**	**62,635**	**83,866**	**62,635**	**75,655**
Changes in working capital, excluding taxation:					
Trade accounts receivable, net	2,728	1,122	(7,762)	(4,978)	(5,065)
Other accounts receivable	(40,293)	4,173	(41,639)	(9,538)	7,241
Inventories, net	(44,097)	(33,124)	(37,855)	(45,154)	(88,452)
Trade payables	(34,902)	11,415	(85,395)	64,987	121,915
Other current and non-current liabilities	9,220	(43,546)	(30,336)	(72,475)	(48,082)
Changes in working capital, excluding taxation	**(107,344)**	**(59,960)**	**(202,987)**	**(67,158)**	**(12,443)**

TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TT $'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Jun		Jan to Dec	Jan to Jun		Jan to Dec
	2022	2021	2021	2022	2021	2021
Balance at beginning of period	**766,470**	**567,947**	**567,947**	**125,721**	**90,325**	**90,325**
Net income	75,378	50,516	140,773	36,972	33,292	49,646
Total items of other comprehensive income (loss), net	8,621	(10,281)	57,750	4,159	(5,828)	(14,250)
Balance at end of period	**850,469**	**608,182**	**766,470**	**166,852**	**117,789**	**125,721**

SEGMENT INFORMATION

TT $'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2022					
Revenue					
Total	1,149,055	30,641	17,529	-	1,197,225
Intersegment	(116,535)	(1,424)	(15,993)	-	(133,952)
Third party	1,032,520	29,217	1,536	-	1,063,273
Earnings before taxation	158,690	1,724	895	-	161,309
Depreciation	61,467	4,092	236	-	65,795
Segment assets	3,427,428	130,472	70,055	(1,125,285)	2,502,670
Segment liabilities	2,336,150	43,277	10,427	(904,505)	1,485,349
Capital expenditure	34,560	904	-	-	35,464
UNAUDITED SIX MONTHS JAN TO JUN 2021					
Revenue					
Total	999,751	30,317	18,930	-	1,048,998
Intersegment	(91,776)	(2,098)	(16,194)	-	(110,068)
Third party	907,975	28,219	2,736	-	938,930
Earnings (loss) before taxation	133,226	5,894	(14,594)	-	124,526
Depreciation	60,296	3,150	328	-	63,774
Segment assets	3,088,996	123,543	81,867	(1,032,299)	2,262,107
Segment liabilities	2,285,285	47,651	33,709	(830,509)	1,536,136
Capital expenditure	34,298	2,021	-	-	36,319
AUDITED YEAR JAN TO DEC 2021					
Revenue					
Total	2,037,673	67,272	40,212	-	2,145,157
Intersegment	(208,981)	(3,605)	(36,053)	-	(248,639)
Third party	1,828,692	63,667	4,159	-	1,896,518
Earnings (loss) before taxation	229,529	14,704	(554)	-	243,679
Depreciation	119,707	6,740	596	-	127,043
Reversal of impairment losses on property, machinery and equipment	21,799	-	-	-	21,799
Segment assets	3,261,356	132,690	73,313	(1,073,192)	2,394,167
Segment liabilities	2,316,206	45,571	14,273	(874,074)	1,501,976
Capital expenditure	141,764	6,136	-	-	147,900

NOTES:

1. Basis of Preparation

These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in shareholders' equity and condensed 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 31, 2021 audited consolidated financial statements consistently applied from period to period. The TCL Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2022 and which are relevant to the TCL Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to controlling interest 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 shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

4. Cost of Sales, Operating and Other (Expenses) Income, Net

Cost of sales represents the production cost of inventories at the moment of sale. Cost of sales includes depreciation, amortisation and depletion of assets involved in production, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses of the TCL Group's ready-mix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the TCL Group's management. Selling expenses represent the expenses associated with sales activities. Distribution and logistics expenses refer to expenses of storage at points of sale, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sale and the customers' facilities.

Other (expenses) income, net consist primarily of income and expenses not directly related to the TCL Group's main activities, or which are of an unusual and/or non-recurring nature, including royalties, past service cost of pension and post-retirement employee benefits, reversal of impairment losses on property, machinery and equipment, results on disposal of property, machinery and equipment and restructuring costs, among others.