READYMIX (WEST INDIES) LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

TCL GROUP
Building a Brighter Future

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Jul to Sep 2017	UNAUDITED Three Months Jul to Sep 2016	UNAUDITED Nine Months Jan to Sep 2017	UNAUDITED Nine Months Jan to Sep 2016	AUDITED Year Jan to Dec 2016
Continuing Operations					
Revenue	**29,333**	**35,917**	**101,370**	**107,073**	**139,936**
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs	**4,633**	**4,567**	**13,461**	**8,816**	**10,543**
Depreciation and amortisation	(1,319)	(1,661)	(3,985)	(4,668)	(6,859)
Gain on disposal of property, plant and equipment	–	–	91	132	67
Stockholding and inventory restructuring costs (Note 5)	–	–	–	(2,567)	(2,567)
Manpower restructuring costs (Note 6)	–	(3,683)	(187)	(5,205)	(10,753)
Integration restructuring expenses (Note 7)	(458)	–	(458)	–	–
Operating profit/ (loss) from continuing operations	**2,856**	**(777)**	**8,922**	**(3,492)**	**(9,569)**
Finance costs (net)	(76)	(69)	(273)	(125)	(138)
Profit/ (loss) before taxation from continuing operations	**2,780**	**(846)**	**8,649**	**(3,617)**	**(9,707)**
Taxation charge	(639)	1,530	(2,442)	1,115	785
Profit/(loss) for the period from continuing operations	**2,141**	**684**	**6,207**	**(2,502)**	**(8,922)**
Discontinued operations:					
Profit/(loss) before taxation from discontinued operations	–	–	–	16	(23)
Profit/(loss) for the period from discontinued operations	**–**	**–**	**–**	**16**	**(23)**
Profit/(loss) for the period	**2,141**	**684**	**6,207**	**(2,486)**	**(8,945)**
Attributable to:					
Equity holders of the Parent	2,141	684	6,207	(2,493)	(8,936)
Non-controlling interests	–	–	–	7	(9)
	2,141	**684**	**6,207**	**(2,486)**	**(8,945)**
Basic and diluted earnings/(loss) per share - cents (Note 3):					
From continuing operations	17.8	5.7	51.7	(20.9)	(74.4)
From discontinued operations	–	–	–	0.1	(0.0)
Total	**17.8**	**5.7**	**51.7**	**(20.8)**	**(74.4)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Jul to Sep 2017	UNAUDITED Three Months Jul to Sep 2016	UNAUDITED Nine Months Jan to Sep 2017	UNAUDITED Nine Months Jan to Sep 2016	AUDITED Year Jan to Dec 2016
Profit /(loss) for the period	**2,141**	**684**	**6,207**	**(2,486)**	**(8,945)**
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	3	1	–	(33)	(40)
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods	**3**	**1**	**–**	**(33)**	**(40)**
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods					
Re-measurement losses on pension plans and other post-retirement benefits	–	–	–	–	(6,140)
Income tax effect	–	–	–	–	2,090
Net other comprehensive loss not to be reclassified to profit and loss in subsequent periods:	**–**	**–**	**–**	**–**	**(4,050)**
Other comprehensive income/(loss) for the period net of tax	**3**	**1**	**–**	**(33)**	**(4,090)**
Total comprehensive income/(loss) for the period net of tax	**2,144**	**685**	**6,207**	**(2,519)**	**(13,035)**
Attributable to:					
Equity holders of the Parent	2,116	686	6,209	(2,526)	(13,010)
Non-controlling interests	28	(1)	(2)	7	(25)
	2,144	**685**	**6,207**	**(2,519)**	**(13,035)**

DIRECTORS' STATEMENT

The Board and Management are pleased to report that in August 2017, RML achieved a milestone of one year without a lost time incident, which is the direct outcome of our focus and investments towards safe working conditions.

The third quarter of 2017 was quite challenging with demand continuing its downward slide in an intensely competitive and depressed market. Aggregate sales volume decreased by 13%, while concrete sales volume declined by 15% compared to the third quarter of 2016. Combined with falling retail prices, this resulted in an 18% decrease in revenue for the quarter when compared to the corresponding 2016 period. However, despite this fall in revenue, our adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals and restructuring costs) increased by a modest 1%, due in part to the implementation of cost saving initiatives.

Net profit for the third quarter was $2.1 million, compared to $0.7 million in 2016, following from the improvement in EBITDA. Additionally, the 2016 period included manpower restructuring costs that were not repeated in 2017. Net cash generated from operations declined by $0.2 million compared to Q3 2016 due to adverse working capital movement.

The Board and Management are encouraged by the improvement in EBITDA margin, from 8.2% for the nine-month period in 2016 to 13.3% in 2017, however, we remain concerned by the current economic conditions, having noted a steep decline due to changes in the market within the last quarter. The improvement was brought about by sustained cost reduction initiatives. Net profit year-to-date was $6.2 million, compared to a loss of $2.5 million in 2016.

While activity in the construction sector continues to be very depressed, the Group continues to explore different avenues for growing revenue and further cost reduction with the support of CEMEX. The company has entered into an agreement with a third party for the development and sale of housing units on unutilized acreage owned by RML, that is expected to bring substantial benefit to the company from the eventual sale of the land and supply of concrete and aggregates for this venture.

RML is awaiting the decision of the Trinidad and Tobago Stock Exchange regarding its application for delisting of its shares.

Nigel Edwards
Chairman
October 24, 2017

Jose Luis Seijo Gonzalez
Director
October 24, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.09.2017	UNAUDITED 30.09.2016	AUDITED 31.12.2016
Assets			
Non-current assets			
Property, plant and equipment	53,558	41,316	53,936
Receivables	1,018	3,218	1,458
Deferred tax assets	5,509	4,457	7,127
	60,085	48,991	62,521
Current assets			
Inventories	14,584	16,045	14,814
Receivables and prepayments	20,136	30,225	31,165
Cash at bank and on hand	55,250	53,383	47,330
	89,970	99,653	93,309
Assets directly associated with the discontinued operations	–	39	–
	89,970	99,692	93,309
Total assets	**150,055**	**148,683**	**155,830**
Equity and liabilities			
Equity			
Share capital	12,000	12,000	12,000
Retained earnings	85,645	90,044	79,436
Equity attributable to the Parent	**97,645**	**102,044**	**91,436**
Non-controlling interests	(4,901)	(4,991)	(4,899)
Total equity	**92,744**	**97,053**	**86,537**
Non-current liabilities			
Pension plan liabilities	16,054	7,359	15,004
Deferred tax liabilities	4,969	4,418	5,768
	21,023	11,777	20,772
Current liabilities			
Payables and accruals	35,867	39,439	48,100
Liabilities directly associated with the discontinued operations	421	414	421
	36,288	39,853	48,521
Total equity and liabilities	**150,055**	**148,683**	**155,830**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Jul to Sep 2017	UNAUDITED Three Months Jul to Sep 2016	UNAUDITED Nine Months Jan to Sep 2017	UNAUDITED Nine Months Jan to Sep 2016	AUDITED Year Jan to Dec 2016
Cash flows from operating activities					
Profit/(loss) before taxation from continuing operations	2,780	(846)	8,649	(3,617)	(9,707)
Profit/(loss) before taxation from discontinued operations	–	–	–	16	(23)
Profit/(loss) before taxation	**2,780**	**(846)**	**8,649**	**(3,601)**	**(9,730)**
Adjustments to reconcile profit/(loss) before taxation to net cash generated by operating activities:					
Depreciation	1,319	1,661	3,985	4,668	6,859
Increase in provision for doubtful debts	100	150	400	278	1,101
Stockholding and inventory restructuring costs (Note 5)	–	–	–	–	2,567
Decrease in provision for obsolete spares	–	–	–	–	(125)
Pension and other post-retirement expenses	351	195	1,053	540	4,111
Other non-cash items	381	100	1,437	100	–
Gain on disposal of property, plant and equipment	–	–	(91)	(132)	(57)
Finance costs (net)	(5)	69	94	125	327
	4,926	1,329	15,527	1,978	5,053
Decrease in net receivables and prepayments	5,150	1,114	11,469	1,484	491
(Increase)/decrease in inventories	(2,209)	1,110	231	(1,094)	(2,305)
(Decrease)/increase in payables and accruals	(3,181)	1,353	(12,009)	540	9,002
Cash generated by operations	**4,686**	**4,906**	**15,218**	**2,908**	**12,241**
Taxation paid	(1,181)	(884)	(1,845)	(2,070)	(2,175)
Pension contributions paid	(394)	(508)	(1,202)	(1,516)	(2,000)
Net interest paid	(93)	(96)	(329)	(247)	(327)
Net cash generated by/(used in) operating activities	**3,018**	**3,418**	**11,842**	**(925)**	**7,739**
Investing activities					
Additions to property, plant and equipment	(1,204)	(1,678)	(3,922)	(5,565)	(20,282)
Decrease/(increase) in investment in short-term deposits	89	–	(3,955)	–	4,000
Proceeds from the disposal of property, plant and equipment	–	–	–	67	67
Net cash used in investing activities	**(1,115)**	**(1,678)**	**(7,877)**	**(5,498)**	**(16,215)**
Net increase/(decrease) in cash and cash equivalents	1,904	1,740	3,965	(6,423)	(8,476)
Net cash – beginning of period	12,391	10,643	10,330	18,806	18,806
Net cash – end of period	**14,295**	**12,383**	**14,295**	**12,383**	**10,330**

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED Nine Months Jan to Sep		AUDITED Year Jan to Dec	UNAUDITED Nine Months Jan to Sep		AUDITED Year Jan to Dec
	2017	2016	2016	2017	2016	2016
Balance at beginning of period	**91,436**	**104,446**	**104,446**	**(4,899)**	**(4,874)**	**(4,874)**
Currency translation gain/(loss)	2	91	(24)	(2)	(124)	(16)
Other comprehensive loss	-	-	(4,050)	–	–	–
Profit/(loss) after taxation	6,207	(2,493)	(8,936)	–	7	(9)
Balance at end of period	**97,645**	**102,044**	**91,436**	**(4,901)**	**(4,991)**	**(4,899)**

SEGMENT INFORMATION

TT$'000	CONCRETE	AGGREGATES	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2017			
Revenue	64,915	36,455	101,370
Profit before taxation	2,124	6,525	8,649
UNAUDITED NINE MONTHS JAN TO SEP 2016			
Revenue	74,416	32,657	107,073
(Loss)/profit before taxation	(8,026)	4,425	(3,601)
AUDITED YEAR JAN TO DEC 2016			
Revenue	94,570	45,366	139,936
(Loss)/profit before taxation	(14,521)	4,791	(9,730)

NOTES:

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

2. **Accounting Policies**
These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31st, 2016 Audited Consolidated 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, 2017 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 by the weighted average number of ordinary shares outstanding during the period.

4. **Segment Information**
The Group derived 64% (2016 - 70%) of its revenue from the sale of pre-mixed concrete and 36% (2016 - 30%) from the sale of aggregates. The Group's sales strategy is associated with these two product lines, accordingly the segment information is so presented.

5. **Stockholding and Inventory Restructuring Costs**
Stockholding and inventory restructuring costs comprise of the write down of overstocked items identified in a comprehensive review of inventory quantities on hand which was undertaken in 2016.

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.