READYMIX (WEST INDIES) LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2018

GROUP
Building a Brighter Future

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	**26,617**	**36,514**	**46,407**	**72,037**	**120,541**
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs	**879**	**5,212**	**271**	**8,828**	**10,490**
Depreciation	(1,348)	(1,265)	(2,661)	(2,666)	(5,239)
Gain on disposal of property, plant and equipment	10	70	10	91	92
Stockholding and inventory restructuring costs (Note 5)	-	-	-	-	(2,118)
Manpower restructuring costs (Note 6)	(10,647)	-	(12,256)	(187)	(190)
Integration restructuring expenses (Note 7)	-	-	(31)	-	(30,276)
Operating (loss)/profit	**(11,106)**	**4,017**	**(14,667)**	**6,066**	**(27,241)**
Net finance income/(costs)	(27)	(49)	(18)	(197)	(85)
(Loss)/profit before taxation	**(11,133)**	**3,968**	**(14,685)**	**5,869**	**(27,326)**
Taxation	(250)	(1,054)	562	(1,803)	7,260
(Loss)/profit for the period	**(11,383)**	**2,914**	**(14,123)**	**4,066**	**(20,066)**
(Loss)/profit attributable to Owners of the Company:	**(11,383)**	**2,914**	**(14,123)**	**4,066**	**(20,066)**
Basic and diluted (loss)/earnings per Share - cents (Note 3):	**(95)**	**24**	**(118)**	**34**	**(167)**

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
(Loss)/profit for the period	**(11,383)**	**2,914**	**(14,123)**	**4,066**	**(20,066)**
Items that will not be reclassified to profit or loss:					
Remeasurement gains on pension plans	-	-	-	-	4,946
Income tax effect	-	-	-	-	(1,483)
	-	**-**	**-**	**-**	**3,463**
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	-	(3)	-	(3)	-
Total comprehensive (loss)/income for the period	**(11,383)**	**2,911**	**(14,123)**	**4,063**	**(16,603)**
Total comprehensive (loss)/income attributable to Owners of the Company:	**(11,383)**	**2,911**	**(14,123)**	**4,063**	**(16,603)**

DIRECTORS' STATEMENT

Consistent with our focus on the health, safety and welfare of our employees, RML is pleased to report another quarter with no Lost Time Incidents (LTI's). The Board and Management are also pleased to advise that the installation and commissioning of the upgraded quarry equipment at Melajo has been successfully completed and we look forward with anticipation to deriving the benefits of this investment going forward.

The second quarter (Q2) of 2018, although very challenging, was an improvement over the first quarter as there was some growth in construction activity, resulting in higher concrete and aggregate sales and consequentially, Q2 2018 revenue increased by 34% over Q1 2018. However, market conditions continued to be highly competitive, with sales volumes of Q2 2018 falling below that of Q2 2017 resulting in a decrease of 27% in revenue, compared to Q2 2017. Additionally, while RML's adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals and restructuring costs) for Q2 2018 was a positive $0.9 million compared to negative $0.6 million in Q1 2018, there was a decline of $4.3 million when compared to Q2 2017, which was due mainly to the reduction in revenue brought about by the overall slowdown in construction activity year on year which resulted in lower sales volumes and prices.

Net loss for the quarter was $11.4 million, compared to a profit of $2.9 million in Q2 2017. As the company continued to review and restructure its operations, further manpower restructuring costs of $10.6 million were recorded in the period.

For the first six months of 2018, revenue declined by 36% compared to the comparable 2017 period mainly due to lower sales volume and prices. However, despite this large decline in revenue, adjusted EBITDA was still positive $271k (2017: $8.8 million) due in part to cost-saving measures implemented. Net loss after tax was $14.1 million during the first six-month period of 2018.

While activity in the construction sector remains largely very depressed, the RML Group continues to explore avenues for growing revenue and further reducing costs. Our strategic partnership for development and sale of housing units through East Lake Development Company Limited on unutilized land owned by RML is well underway and progressing as expected.

RML continues to await the decision of the Trinidad and Tobago Securities and Exchange Commission regarding the application for the delisting of our shares from the Trinidad and Tobago Stock Exchange.

Glenn Hamel-Smith
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	57,577	53,662	56,561
Investment	1	-	-
Trade and other receivables	-	2,019	-
Deferred tax assets	13,655	5,404	12,950
	71,233	61,085	69,511
Current assets			
Inventories	10,436	12,375	11,940
Trade and other receivables	11,858	24,286	13,049
Cash and cash equivalents	45,481	53,435	51,722
	67,775	90,096	76,711
Total assets	**139,008**	**151,181**	**146,222**
EQUITY AND LIABILITIES			
Equity			
Stated capital	12,000	12,000	12,000
Retained earnings	44,313	83,529	62,833
Equity attributable to owners of the Company	**56,313**	**95,529**	**74,833**
Non-controlling interests	(4,899)	(4,929)	(4,899)
Total equity	**51,414**	**90,600**	**69,934**
Non-current liabilities			
Employee benefits	13,214	15,704	12,210
Deferred tax liabilities	4,429	5,141	4,715
	17,643	20,845	16,925
Current liabilities			
Trade and other payables	69,528	39,313	58,942
Liabilities directly associated with the discontinued operations	423	423	421
	69,951	39,736	59,363
Total equity and liabilities	**139,008**	**151,181**	**146,222**

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					
(Loss)/profit before taxation	**(11,133)**	**3,968**	**(14,685)**	**5,869**	**(27,326)**
Adjustments to reconcile profit before taxation to net cash generated by operating activities:					
Depreciation	1,348	1,265	2,661	2,666	5,239
Increase in provision for doubtful debts	-	150	-	300	-
Net finance costs	23	51	18	99	423
Other non-cash items	574	394	119	1,056	
Pension	553	351	1,006	702	3,845
Gain on disposal of property, plant and equipment	(10)	(70)	(10)	(91)	(92)
	(8,645)	6,109	(10,891)	10,601	(17,911)
Decrease in inventories	1,389	298	1,504	2,439	2,874
(Increase)/decrease in receivables and prepayments	(951)	6,965	(2,411)	6,319	19,324
Increase/(decrease) in payables and accruals	6,893	(10,824)	10,619	(8,828)	10,842
Cash generated from operations	(1,314)	2,548	(1,179)	10,531	15,129
Pension contributions paid	(481)	(390)	(717)	(808)	(1,693)
Taxation paid	(291)	(350)	(462)	(664)	(1,909)
Net interest paid	(116)	(146)	(218)	(236)	(423)
Net cash (used by)/generated from operating activities	**(2,202)**	**1,662**	**(2,576)**	**8,823**	**11,104**
Cash flows from investing activities					
Additions to property, plant and equipment	(3,061)	(1,841)	(3,676)	(2,718)	(8,181)
Decerase/(increase) in investment in short-term deposits	11,147	(4,044)	11,147	(4,044)	(9,096)
Proceeds from disposal of property, plant and equipment	10	-	10	-	409
Net cash generated from/(used by) investing activities	**8,096**	**(5,885)**	**7,481**	**(6,762)**	**(16,868)**
Net increase/(decrease) in cash and cash equivalents	5,894	(4,223)	4,905	2,061	(5,764)
Cash and cash equivalents - beginning of period	4,637	16,614	5,626	10,330	10,330
Cash and cash equivalents - end of period	**10,531**	**12,391**	**10,531**	**12,391**	**4,566**
Represented by:					
Cash and cash equivalents	**10,531**	**12,391**	**10,531**	**12,391**	**5,626**

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FOR THE SIX MONTHS ENDED JUNE 30, 2018

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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
	2018	2017	2017	2018	2017	2017
Balance at beginning of period	**74,833**	**91,436**	**91,436**	**(4,899)**	**(4,899)**	**(4,899)**
Recognition of opening carrying amount differences upon initial application of IFRS 9 (Note 8)	(4,397)	-	-	-	-	-
	70,436	91,436	91,436	(4,899)	(4,899)	(4,899)
Other comprehensive (loss)/income	-	27	3,463	-	(30)	-
(Loss)/profit after taxation	(14,123)	4,066	(20,066)	-	-	-
Total comprehensive (loss)/income	(14,123)	4,093	(16,603)	-	(30)	-
Balance at end of period	**56,313**	**95,529**	**74,833**	**(4,899)**	**(4,929)**	**(4,899)**

SEGMENT INFORMATION

TT$'000	CONCRETE	AGGREGATE	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2018			
Revenue	37,529	8,878	46,407
Loss before tax	(13,929)	(756)	(14,685)
UNAUDITED SIX MONTHS JAN TO JUN 2017			
Revenue	47,142	24,895	72,037
Profit before tax	1,749	4,120	5,869
AUDITED YEAR JAN TO DEC 2017			
Revenue	76,355	44,186	120,541
Loss before tax	(23,050)	(4,276)	(27,326)

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, 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, except where the company has adopted the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1st, 2018 and which are relevant to the Company 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 81% (2017 - 63%) of its revenue from the sale of concrete and 19% (2017 - 37%) 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 write down of overstocked items identified in a comprehensive review of inventory quantities on hand which was undertaken in 2016 and 2017.
6. **Manpower Restructuring Costs**
   Manpower restructuring costs mainly comprise settlement of obligations to separated employees incurred during implementation of restructuring programmes. The objective of the restructuring programmes is to improve cost efficiency in light of continuing market conditions.
7. **Integration restructuring expenses**
   Integration restructuring expenses 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.