



READYMIX (WEST INDIES) LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT \$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2018	2017	2018	2017	2017
Revenue	18,742	29,333	65,149	101,370	120,541
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs	4,225	4,633	4,496	13,461	10,490
Depreciation	(1,630)	(1,319)	(4,291)	(3,985)	(5,239)
Gain on disposal of property, plant and equipment	-	-	10	91	92
Stockholding and inventory restructuring costs (Note 5)	-	-	-	-	(2,118)
Manpower restructuring costs (Note 6)	(1,816)	-	(14,072)	(187)	(190)
Integration restructuring expenses (Note 7)	-	(458)	(31)	(458)	(30,276)
Operating profit/(loss)	779	2,856	(13,888)	8,922	(27,241)
Net finance income/(costs)	45	(76)	27	(273)	(85)
Profit/(loss) before taxation	824	2,780	(13,861)	8,649	(27,326)
Taxation	(171)	(639)	391	(2,442)	7,260
Profit/(loss) for the period	653	2,141	(13,470)	6,207	(20,066)
Profit/(loss) attributable to owners of the Company	653	2,141	(13,470)	6,207	(20,066)
Basic and diluted earnings/(loss) per share - cents (Note 3)	5.4	17.8	(112.3)	51.7	(167.2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT\$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2018	2017	2018	2017	2017
Profit/(loss) for the period	653	2,141	(13,470)	6,207	(20,066)
Items that will not be reclassified to profit or loss:					
Re-measurement 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	-	-	-
Total comprehensive income/(loss) for the period	653	2,144	(13,470)	6,207	(16,603)
Equity holders of the Parent	-	2,116	-	6,209	(16,603)
Non-controlling interest	-	28	-	(2)	-
Total comprehensive income/(loss) attributable to owners of the Company	653	2,144	(13,470)	6,207	(16,603)

DIRECTORS' STATEMENT

RML is pleased to report another quarter, and indeed the nine months to date, of safe operations without any Lost Time Incidents (LTI's).

Market conditions in the construction sector continued to be very depressed. Concrete and Aggregate sales volumes for the third quarter of 2018 were 4% and 67% respectively below that of Q3 2017, resulting in a 36% decrease in revenue. However, adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals and restructuring costs) for Q3 2018 was \$4.2 million compared to \$4.6 million in Q3 2017, a decrease of 9%. Additionally, adjusted EBITDA for Q3 2018 was the highest for the three quarters of 2018.

Net profit for the quarter was \$0.7 million, compared to a profit of \$2.1 million in Q3 2017. The decline in the current quarter was partly attributable to manpower restructuring costs of \$1.8 million recorded in the current period, as the company continues to restructure its operations to drive down operating costs. Despite the challenges being experienced, as at September 30, 2018, the company has fully settled all outstanding retroactive liabilities due to employees, in accordance with our collective agreements.

For the nine months of 2018, revenue declined by \$36.2 million or 36% compared to the same period of 2017, mainly due to lower sales volume and prices, while adjusted EBITDA was \$4.5 million (2017: \$13.5 million). Net loss after tax was \$13.5 million compared to a profit of \$6.2 million in 2017.

We are pleased to note that despite the significantly reduced revenue, RML has recorded positive adjusted EBITDA for the quarter and year to date.

Our strategic partnership for development and sale of housing units through East Lake Development Company Limited on unutilised land owned by RML is well underway and progressing as expected.

The Trinidad and Tobago Securities and Exchange Commission held a hearing in October to consider RML's application for the delisting of our shares from the Trinidad and Tobago Stock Exchange. We are awaiting their decision on this matter.



Glenn Hamel-Smith
Chairman
October 23, 2018



Jose Luis Seijo Gonzalez
Director
October 23, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT\$'000	UNAUDITED		AUDITED
	30.09.18	30.09.17	31.12.17
ASSETS			
Non-current assets			
Property, plant and equipment	56,253	53,558	56,561
Investment	1	-	-
Trade and other receivables	-	1,018	-
Deferred tax assets	13,655	5,509	12,950
	69,909	60,085	69,511
Current assets			
Inventories	11,739	14,584	11,940
Trade and other receivables	12,317	20,136	13,049
Cash at bank and short term deposits	30,727	55,250	51,722
	54,783	89,970	76,711
Total assets	124,692	150,055	146,222
EQUITY AND LIABILITIES			
Equity			
Stated capital	12,000	12,000	12,000
Retained earnings	44,966	85,645	62,833
Equity attributable to owners of the Company	56,966	97,645	74,833
Non-controlling interests	(4,899)	(4,901)	(4,899)
Total equity	52,067	92,744	69,934
Non-current liabilities			
Employee benefits	10,644	16,054	12,210
Deferred tax liabilities	4,429	4,969	4,715
	15,073	21,023	16,925
Current liabilities			
Trade and other payables	57,129	35,867	58,942
Liabilities directly associated with the discontinued operations	423	421	421
	57,552	36,288	59,363
Total equity and liabilities	124,692	150,055	146,222

CONSOLIDATED STATEMENT OF CASH FLOWS

TT\$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2018	2017	2018	2017	2017
Cash flows from operating activities					
Profit/(loss) before taxation	824	2,780	(13,861)	8,649	(27,326)
Adjustments to reconcile profit before taxation to net cash generated by operating activities:					
Depreciation	1,630	1,319	4,291	3,985	5,239
Increase in provision for doubtful debts	-	100	-	400	-
Net finance costs	(35)	(5)	(17)	94	423
Other non-cash items	693	381	812	1,437	-
Pension	294	351	1,300	1,053	3,845
Gain on disposal of property, plant and equipment	-	-	(10)	(91)	(92)
	3,406	4,926	(7,485)	15,527	(17,911)
(Increase)/decrease in inventories	(1,303)	(2,209)	201	231	2,874
(Increase)/decrease in receivables and prepayments	(468)	5,150	(2,879)	11,469	19,324
Increase/(decrease) in payables and accruals	(12,387)	(3,181)	(1,768)	(12,009)	10,842
Cash (used in)/generated from operations	(10,752)	4,686	(11,931)	15,218	15,129
Pension contributions paid	(3,472)	(394)	(4,189)	(1,202)	(1,693)
Taxation paid	(181)	(1,181)	(643)	(1,845)	(1,909)
Tax refund	-	-	-	-	1,060
Net interest paid	(46)	(93)	(264)	(329)	(423)
Net cash (used by)/generated from operating activities	(14,451)	3,018	(17,027)	11,842	12,164
Cash flows from investing activities					
Additions to property, plant and equipment	(306)	(1,204)	(3,982)	(3,922)	(8,181)
Decrease/(increase) in investment in short-term deposits	8,000	89	19,147	(3,955)	(9,096)
Proceeds from disposal of property, plant and equipment	-	-	10	-	409
Net cash generated by/(used in) investing activities	7,694	(1,115)	15,175	(7,877)	(16,868)
Net (decrease)/increase in cash and cash equivalents	(6,757)	1,904	(1,852)	3,965	(4,704)
Cash and cash equivalents - beginning of period	10,531	12,391	5,626	10,330	10,330
Cash and cash equivalents - end of period	3,774	14,295	3,774	14,295	5,626
Represented by:					
Cash on hand and at bank	3,774	14,295	3,774	14,295	5,626



CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

READYMIX (WEST INDIES) LIMITED



SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT\$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED	AUDITED		UNAUDITED	AUDITED	
	Nine Months Jan to Sep	Year Jan to Dec		Nine Months Jan to Sep	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 income/(loss)	-	2	3,463	-	(2)	-
(Loss)/profit after taxation	(13,470)	6,207	(20,066)	-	-	-
Total comprehensive (loss)/income	(13,470)	6,209	(16,603)	-	(2)	-
Balance at end of period	56,966	97,645	74,833	(4,899)	(4,901)	(4,899)

SEGMENT INFORMATION

TT\$'000	CONCRETE	AGGREGATE	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2018			
Revenue	53,299	11,850	65,149
Loss before tax	(13,286)	(576)	(13,861)
UNAUDITED NINE MONTHS JAN TO SEP 2017			
Revenue	64,915	36,455	101,370
Profit before tax	2,124	6,525	8,649
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 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 2" of the December 31, 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 1, 2018 and which are relevant to the company'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 82% (2017 - 64%) of its revenue from the sale of concrete and 18% (2017 - 36%) 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.