READYMIX (WEST INDIES) LIMITED

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2016	2015	2016	2015
Continuing Operations				
REVENUE	**32,864**	**42,611**	**139,936**	**216,716**
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs	**1,727**	**(3,364)**	**10,543**	**20,184**
Depreciation	(2,191)	(2,679)	(6,859)	(6,596)
Gain on disposal of property,plant and equipment	(65)	–	67	
Stockholding and inventory restructuring costs	–	–	(2,567)	–
Manpower restructuring costs	(5,548)	–	(10,753)	–
Operating (loss)/profit from continuing operations	**(6,077)**	**(6,043)**	**(9,569)**	**13,588**
Finance costs – net	(13)	(58)	(138)	(288)
(Loss)/profit before taxation from continuing operations	(6,090)	(6,101)	(9,707)	13,300
Taxation	(330)	1,608	785	(3,863)
(Loss)/profit for the period from continuing operations	**(6,420)**	**(4,493)**	**(8,922)**	**9,437**
Discontinued operations:				
Loss before taxation from discontinued operations	(39)	–	(23)	(115)
Taxation	–	–	–	–
Loss for the period from discontinued operations	**(39)**	**–**	**(23)**	**(115)**
(Loss)/profit for the period	**(6,459)**	**(4,493)**	**(8,945)**	**9,322**
Attributable to:				
Equity holders of the Parent	(6,443)	(4,493)	(8,936)	9,368
Non-controlling interest	(16)	–	(9)	(46)
	(6,459)	**(4,493)**	**(8,945)**	**9,322**
Basic and diluted (loss)/earnings per Share – Expressed in $ per share:				
From continuing operations	**$(0.53)**	**$(0.37)**	**$(0.74)**	**$ 0.79**
From discontinued operations	**$(0.00)**	**$(0.00)**	**$(0.00)**	**$ (0.01)**
Total	**$(0.53)**	**$(0.37)**	**$(0.74)**	**$ 0.78**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	AUDITED 31.12.2016	AUDITED 31.12.2015
Non-current assets		
Property, plant and equipment	53,936	40,523
Deferred tax assets	7,127	2,315
Receivables	1,458	3,218
	62,521	46,056
Current assets		
Inventories	14,814	14,951
Receivables and prepayments	31,165	30,625
Cash at bank and short-term deposits	47,330	59,806
	93,309	105,382
Assets directly associated with the discontinued operation	–	44
	93,309	105,426
Total Assets	**155,830**	**151,482**
Equity and liabilities		
Stated capital	12,000	12,000
Retained earnings	79,436	92,446
Equity attributable to the Parent	**91,436**	**104,446**
Non-controlling interests	(4,899)	(4,874)
Total Equity	**86,537**	**99,572**
Non-current liabilities		
Employee benefits liabilities	15,004	6,753
Deferred tax liabilities	5,768	4,855
	20,772	**11,608**
Current liabilities		
Payables and accruals	48,100	39,900
Liabilities directly associated with the discontinued operations	421	402
	48,521	40,302
Total equity and liabilities	**155,830**	**151,482**

DIRECTORS' STATEMENT

The Trinidad and Tobago economy remained in recession for 2016. The Central Bank, in its September bulletin, advised that real Gross Domestic Product was projected to fall by 6.7% for 2016 with the construction sector activity in particular declining by 23.5% for the second quarter of 2016. This challenging environment in which RML has been operating is further exacerbated by the significant sums of money still owed to contractors and the major challenges to access foreign currency locally.

The last quarter of 2016 was very much in line with the first three regarding the low levels of construction activity being experienced in the country. Concrete and aggregate sales volumes for Q4 2016 were 25% and 14% lower respectively than Q4 2015, while both concrete and aggregate prices continued to slide downward. This combination of lower volumes and prices continues to impact heavily on sales revenue with fourth quarter revenue falling 22% below that of Q4 2015.

Adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals and restructuring costs) was $1.7 million for Q4 2016 compared to negative $3.4 million in Q4 2015, despite the significant revenue shortfall, due largely to the cost containment measures implemented. The company continued its restructuring programme in Q4 with a further rationalisation of manpower and settled some older employee related matters. Both of these issues resulted in additional one-off costs being incurred. These additional costs together with the revenue shortfall resulted in a net loss for the quarter of $6.5 million (2015 – loss of $4.5 million).

For the year 2016 revenue was 35% below 2015 while adjusted EBITDA was $10.5 million (2015 – $20.2 million), however, there was a net loss of $8.9 million (2015 – profit $9.3 million) arising from lower sales volumes and prices, as well as increased payroll costs, one-off accruals and write-down of surplus inventory.

There are some signs of improvement in construction activity for 2017 that, if realised, the company would be well positioned to capitalise on, especially due to the restructuring and cost containment measures which were implemented during 2016.

Nigel Edwards
Chairman
February 23, 2017

Jose Luis Seijo Gonzalez
Director
February 23, 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Oct to Dec		AUDITED Year Jan to Dec	AUDITED Year Jan to Dec
	2016	2015	2016	2015
Operating activities				
(Loss)/profit before taxation from continuing operations	(6,090)	(6,101)	(9,707)	13,300
Loss before taxation from discontinued operations	(39)	–	(23)	(115)
(Loss)/profit before taxation	**(6,129)**	**(6,101)**	**(9,730)**	**13,185**
Adjustments to reconcile (loss)/profit before taxation to net cash generated by operating activities:				
Depreciation	2,191	2,680	6,859	6,596
Net increase in provision for doubtful debts	823	1,730	1,101	2,460
Stockholding and inventory restructuring costs	2,567	–	2,567	–
Decrease in provision for obsolete spares	(125)	–	(125)	–
Employee benefits expense	3,571	2,471	4,111	3,015
Provision – Interco receivable PPCI	–	1,198	–	–
Gain on disposal of long-term assets and other movements	41	215	(57)	217
Finance costs	202	530	327	760
	3,141	2,723	5,053	26,233
(Increase)/decrease in net receivables and prepayments	(993)	1,172	491	11,972
(Increase)/decrease in inventories	(1,211)	2,142	(2,305)	16,340
Increase in payables and accruals	8,462	1,936	9,002	11,862
Cash generated by operations	**9,399**	**7,973**	**12,241**	**66,407**
Taxation paid	(105)	(163)	(2,175)	(3,584)
Pension contributions paid	(484)	(503)	(2,000)	(2,008)
Finance costs paid	(80)	(107)	(327)	(760)
Net cash generated by operating activities	**8,730**	**7,200**	**7,739**	**60,055**
Investing activities				
Additions to property, plant and equipment	(14,717)	(5,473)	(20,282)	(10,692)
Reduction/(investment) in short-term deposits	4,000	–	4,000	(41,000)
Proceeds from the disposal of property,plant and equipment	(66)	–	67	–
Net cash used in investing activities	**(10,783)**	**(5,473)**	**(16,215)**	**(51,692)**
Financing activities				
Repayment of borrowings	–	7	–	(4,778)
Net cash generated from/(used in) financing activities	**–**	**7**	**–**	**(4,778)**
(Decrease)/increase in cash and cash equivalents	**(2,053)**	**1,734**	**(8,476)**	**3,585**
Cash and cash equivalents – beginning of period	**12,383**	**17,072**	**18,806**	**15,221**
Cash and cash equivalents – end of period	**10,330**	**18,806**	**10,330**	**18,806**

SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

READYMIX (WEST INDIES) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Oct to Dec 2016	UNAUDITED Three Months Oct to Dec 2015	AUDITED Year Jan to Dec 2016	AUDITED Year Jan to Dec 2015
(Loss)/profit for the period	**(6,459)**	**(4,493)**	**(8,945)**	**9,322**
Other comprehensive (loss) income:				
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Remeasurement losses on defined benefit plans	(6,140)	(799)	(6,140)	(799)
Income tax effect	2,090	200	2,090	200
	(4,050)	(599)	(4,050)	(599)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(7)	8	(40)	(37)
Total other comprehensive loss for the year, net of taxes	**(4,057)**	**(591)**	**(4,090)**	**(636)**
Total comprehensive (loss)/income for the period net of taxes	**(10,516)**	**(5,084)**	**(13,035)**	**8,686**
Attributable to:				
Equity holders of the Parent	(10,484)	(5,069)	(13,010)	8,747
Non-controlling interests	(32)	(15)	(25)	(61)
	(10,516)	**(5,084)**	**(13,035)**	**8,686**

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT AUDITED Year Jan to Dec 2016	PARENT AUDITED Year Jan to Dec 2015	NON-CONTROLLING INTERESTS AUDITED Year Jan to Dec 2016	NON-CONTROLLING INTERESTS AUDITED Year Jan to Dec 2015
Balance at beginning of period	**104,446**	**95,699**	**(4,874)**	**(4,813)**
Currency translation loss	(24)	(22)	(16)	(15)
Other comprehensive loss	(4,050)	(599)	–	–
(Loss)/profit after taxation	(8,936)	9,368	(9)	(46)
Balance at end of period	**91,436**	**104,446**	**(4,899)**	**(4,874)**

SEGMENT INFORMATION

TT$'000	CONCRETE	AGGREGATES	TOTAL
UNAUDITED OCT TO DEC 2016			
Revenue	20,154	12,710	32,864
Loss/profit before taxation	(6,495)	366	(6,129)
AUDITED YEAR JAN TO DEC 2016			
Revenue	94,570	45,366	139,936
Loss before taxation	(14,521)	4,791	(9,730)
AUDITED YEAR JAN TO DEC 2015			
Revenue	158,255	58,461	216,716
Profit before taxation	7,574	5,611	13,185

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Readymix (West Indies) Limited

Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at December 31 2016, the consolidated statement of income, the consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries ("the Group") for the year ended December 31 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 23 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Port of Spain,
TRINIDAD:
February 23 2017

NOTES

1. Basis of Preparation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries for the year ended December 31, 2016, which are prepared in accordance with International Financial Reporting Standards.

2. Accounting Policies

Accounting policies used in the preparation of these summary consolidated financial statements are consistent with those set out in Note 2 of the December 31, 2016 Audited Consolidated Financial Statements consistently applied from period to period. The Group has adopted all the new and revised accounting standards and interpretations that are mandatory for annual accounting periods beginning on or after January 01, 2016 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 68% (2015 - 73%) of its revenue from the sale of pre-mixed concrete and 32% (2015 - 27%) 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. Subsequent events

On 24 January 2017, CEMEX, S.A.B. de C.V, through its indirect subsidiary Sierra Trading acquired 113 million of the ordinary shares of Trinidad Cement Limited and on that date increased their shareholding from 39.5% to a majority stake of 69.8% of the total issued ordinary share of Trinidad Cement Limited. As a result of this transaction the TCL group and consequently Readymix (West Indies) Limited became a subsidiary of Sierra Trading and as at 24 January 2017, CEMEX, S.A.B. de C.V is the ultimate parent of the TCL Group and the Company.

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