READYMIX (WEST INDIES) LIMITED

# SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2018

TCL GROUP
Building a Brighter Future

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| TT$'000 | UNAUDITED Three Months Oct to Dec | | AUDITED Year Jan to Dec | AUDITED Year Jan to Dec |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **Continuing operations** | | | | |
| **Revenue** | **18,181** | **19,171** | **83,330** | **120,541** |
| **Earnings/(loss) before interest, tax, depreciation, gain on disposal of property, plant and equipment, restructuring costs and impairment** | **566** | **(2,771)** | **3,360** | **11,090** |
| Depreciation | (1,164) | (1,254) | (5,455) | (5,239) |
| Gain on disposal of property, plant and equipment | 781 | 1 | 791 | 92 |
| Stockholding and inventory restructuring costs (Note 5) | – | (2,118) | – | (2,118) |
| Manpower restructuring costs (Note 6) | (538) | (3) | (14,610) | (190) |
| Impairment credit/(loss) on trade receivables | 736 | (200) | 2,438 | (600) |
| Integration restructuring expenses (Note 7) | – | (29,818) | (31) | (30,276) |
| **Operating profit/(loss) from continuing operations** | **381** | **(36,163)** | **(13,507)** | **(27,241)** |
| Net finance income/(costs) | 3 | 188 | 30 | (85) |
| **Profit/(loss) before taxation from continuing operations** | **384** | **(35,975)** | **(13,477)** | **(27,326)** |
| Taxation | 208 | 9,702 | 600 | 7,260 |
| **Profit/(loss) for the period from continuing operations** | **592** | **(26,273)** | **(12,877)** | **(20,066)** |
| **Profit/(loss) for the period** | **592** | **(26,273)** | **(12,877)** | **(20,066)** |
| **Attributable to:** | | | | |
| Equity holders of the Parent | **592** | **(26,273)** | **(12,877)** | **(20,066)** |
| **Basic and diluted earnings/(loss) per Share - cents (Note 3)**: | | | | |
| From continuing operations | **4.9** | **(218.9)** | **(107.3)** | **(167.2)** |
| **Total** | **4.9** | **(218.9)** | **(107.3)** | **(167.2)** |

## DIRECTORS' STATEMENT

RML is pleased to report another year of safe operations without any Lost Time Incidents (LTI's), reflecting our continued commitment to investing resources in the health and well-being of our employees and contractors.

The construction sector continued to display very low levels of economic activity and strong competition for the limited demand. In the fourth quarter (Q4) of 2018, while concrete sales volume increased by 29% over Q4 2017, aggregate sales volume fell by 21%, which, combined with lower average selling prices, resulted in a 5% decrease in revenue in Q4 2018 compared to Q4 2017. Adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals, restructuring costs and impairment) for Q4 2018 was $0.6 million, compared to negative $2.8 million in Q4 2017, partly due to our improved efficiencies and reduced operating costs.

Net profit for Q4 2018 was $0.6 million, compared to a loss of $26.3 million in Q4 2017, as the prior year period was impacted by integration and restructuring costs of $31.9 million.

For the year 2018, revenue declined by $37.2 million, or 31% compared to 2017, mainly due to lower sales volume and prices, while adjusted EBITDA was $3.4 million (2017: $11.1 million). We are pleased to note that despite the significantly reduced revenue generated, RML has recorded positive adjusted EBITDA for the quarter and year to date. Additionally, we were able to generate a lower net loss after tax in 2018 of $12.9 million compared to a loss of $20.1 million in 2017, partly due to lower restructuring costs in 2018.

Over the past two years, the Company engaged in extensive restructuring in all areas of the organisation at significant cost. With the major restructuring elements behind us, we look forward to the benefits of a more efficient and leaner organisation. We also expect to realise the benefits from our strategic partnership with East Lake Development Company Limited, which is progressing as expected.

In accordance with an Order of the Trinidad and Tobago Securities and Exchange Commission (TTSEC), the shares of RML have been removed from the Official List of the Trinidad and Tobago Stock Exchange Limited, as of December 31, 2018. Following on from this and consistent with our plan, we have applied to the TTSEC for de-registration as a reporting issuer.

**Michael Glenn Hamel-Smith**
**Chairman**
**February 19, 2019**

**Jose Luis Seijo Gonzalez**
**Director**
**February 19, 2019**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TT$'000 | AUDITED 31.12.2018 | AUDITED 31.12.2017 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 59,383 | 56,561 |
| Investment | 1 | – |
| Deferred tax assets | 14,297 | 12,950 |
| | 73,681 | 69,511 |
| **Current assets** | | |
| Inventories | 9,340 | 11,940 |
| Receivables and prepayments | 14,099 | 13,049 |
| Cash at bank and short-term deposits | 18,380 | 51,722 |
| | 41,819 | 76,711 |
| **Total assets** | **115,500** | **146,222** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Stated capital | 12,000 | 12,000 |
| Retained earnings | 45,548 | 62,833 |
| **Equity attributable to the parent** | **57,548** | **74,833** |
| Non-controlling interests | (4,901) | (4,899) |
| **Total equity** | **52,647** | **69,934** |
| **Non-current liabilities** | | |
| Employee benefits liability | 4,784 | 12,210 |
| Deferred tax liabilities | 4,693 | 4,715 |
| | 9,477 | 16,925 |
| **Current liabilities** | | |
| Payables and accruals | 52,953 | 58,942 |
| Liabilities directly associated with the discontinued operations | 423 | 421 |
| | 53,376 | 59,363 |
| **Total equity and liabilities** | **115,500** | **146,222** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| TT$'000 | UNAUDITED Three Months Oct to Dec | | AUDITED Year Jan to Dec | AUDITED Year Jan to Dec |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **Cash flows from operating activities** | | | | |
| Profit/(loss)before taxation | 384 | (35,975) | (13,477) | (27,326) |
| **Adjustments to reconcile profit before taxation to net cash generated by operating activities:** | | | | |
| Depreciation | 1,164 | 1,254 | 5,455 | 5,239 |
| Finance cost | 320 | 329 | 304 | 423 |
| Other non-cash items | (812) | – | – | – |
| Employee benefits expense | (1,131) | 2,792 | 169 | 3,845 |
| Gain on disposal of long-term assets and other movements | (781) | – | (791) | (92) |
| | (856) | (31,600) | (8,340) | (17,911) |
| Decrease in inventories | 2,399 | 2,643 | 2,600 | 2,874 |
| (Increase) decrease in receivables and prepayments | (2,521) | 7,855 | (5,400) | 19,324 |
| (Decrease) increase in payables and accruals | (4,240) | 21,020 | (6,008) | 10,842 |
| Cash (used in) generated from operations | (5,218) | (82) | (17,148) | 15,129 |
| Pension contributions paid | (3,422) | (497) | (7,611) | (1,693) |
| Taxation paid | (168) | (64) | (811) | (1,909) |
| Tax refund | – | 1,060 | – | 1,060 |
| Finance costs paid | (40) | (95) | (304) | (423) |
| **Net cash (used in) generated from operating activities** | **(8,848)** | **322** | **(25,874)** | **12,164** |
| **Cash flows from investing activities** | | | | |
| Additions to property, plant and equipment | (4,278) | (4,259) | (8,260) | (8,181) |
| Reduction/(investment) in short-term deposits | 10,815 | (5,141) | 29,961 | (9,096) |
| Proceeds from disposal of property, plant and equipment | 781 | 408 | 791 | 409 |
| **Net cash generated from (used in) investing activities** | **7,318** | **(8,992)** | **22,492** | **(16,868)** |
| **Decrease in cash and cash equivalents** | **(1,530)** | **(8,669)** | **(3,382)** | **(4,704)** |
| Cash and cash equivalents- beginning of period | 3,774 | 14,295 | 5,626 | 10,330 |
| **Cash and cash equivalents – end of period** | **2,244** | **5,626** | **2,244** | **5,626** |
| **Represented by:** | | | | |
| Cash on hand and at bank | **2,244** | **5,626** | **2,244** | **5,626** |

READYMIX (WEST INDIES) LIMITED

# SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2018

TCL GROUP
*Building a Brighter Future*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TT$'000 | UNAUDITED Three Months Oct to Dec | | AUDITED Year Jan to Dec | AUDITED Year Jan to Dec |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **Profit/(loss) for the period** | **592** | **(26,273)** | **(12,877)** | **(20,066)** |
| **Other comprehensive income/(loss):** | | | | |
| ***Not to be reclassified to profit or loss in subsequent periods:*** | | | | |
| Remeasurement (loss) gain on defined benefit plans | (16) | 4,946 | (16) | 4,946 |
| Income tax effect | 5 | (1,483) | 5 | (1,483) |
| | **(11)** | **3,463** | **(11)** | **3,463** |
| ***To be reclassified to profit or loss in subsequent periods*** | | | | |
| Exchange differences on translation of foreign operations | (2) | 2 | (2) | – |
| | **(2)** | **2** | **(2)** | **–** |
| **Total other comprehensive income/(loss) for the period, net of tax** | **(13)** | **3,465** | **(13)** | **3,463** |
| **Total comprehensive income/(loss) for the period, net of tax** | **579** | **(22,808)** | **(12,890)** | **(16,603)** |
| **Attributable to:** | | | | |
| Equity holders of the Parent | 581 | (22,810) | (12,888) | (16,603) |
| Non-controlling interest | (2) | 2 | (2) | – |
| | **579** | **(22,808)** | **(12,890)** | **(16,603)** |

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TT$'000 | PARENT | | NON-CONTROLLING INTERESTS | |
|---|---|---|---|---|
| | AUDITED Year Jan to Dec | | AUDITED Year Jan to Dec | |
| | 2018 | 2017 | 2018 | 2017 |
| **Balance at beginning of period** | **74,833** | **91,436** | **(4,899)** | **(4,899)** |
| Recognition of opening carrying amount differences upon initial application of IFRS 9 (Note 8) | (4,397) | – | – | – |
| | 70,436 | 91,436 | (4,899) | (4,899) |
| Currency translation loss | | | (2) | |
| Other comprehensive (loss)/income | (11) | 3,463 | | – |
| Loss after taxation | (12,877) | (20,066) | – | – |
| Total comprehensive loss | (12,888) | (16,603) | (2) | – |
| **Balance at end of period** | **57,548** | **74,833** | **(4,901)** | **(4,899)** |

## SEGMENT INFORMATION

| TT$'000 | CONCRETE | AGGREGATE | TOTAL |
|---|---|---|---|
| **AUDITED YEAR JAN TO DEC 2018** | | | |
| Revenue | 67,250 | 16,080 | 83,330 |
| (Loss)/profit before tax | (14,555) | 1,078 | (13,477) |
| **AUDITED YEAR JAN TO DEC 2017** | | | |
| Revenue | 76,355 | 44,186 | 120,541 |
| Loss before tax | (23,050) | (4,276) | (27,326) |

## 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 summary consolidated statement of financial position as at December 31, 2018, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries ("the Group") for the year ended December 31, 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in the notes to the summary consolidated financial statements.

**Summary Consolidated Financial Statements**
The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited consolidated financial statements.

**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 19, 2019. 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 for the current period.

**Management's Responsibility for the Summary Consolidated Financial Statements**
Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes to the summary consolidated financial statements.

**Auditors' Responsibility**
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."

KPMG

Chartered Accountants
February 19, 2019
Port of Spain
Trinidad, West Indies

## NOTES

**1. Basis of Preparation**
These summary 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 summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31st, 2018 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, 2019 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 comprises 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.

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