READYMIX (WEST INDIES) LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

GROUP
Building a Brighter Future

SUMMARY CONSOLIDATED STATEMENT OF INCOME

TT$'000	UNAUDITED Three Months July to Sept		UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2016	2015	2015
CONTINUING OPERATIONS					
REVENUE	**35,917**	**57,281**	**107,073**	**174,105**	**216,716**
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructring cost	**4,567**	**10,154**	**8,816**	**23,549**	**20,322**
Depreciation	(1,661)	(1,302)	(4,668)	(3,917)	(6,595)
Gain on disposal of property, plant and equipment	–	–	132	–	–
Stockholding and inventory restructuring costs (Note 5)	–	–	(2,567)	–	–
Manpower restructuring costs (Note 6)	(3,683)	–	(5,205)	–	–
	(777)	8,852	(3,492)	19,632	13,727
Finance costs – net	(69)	16	(125)	(230)	(427)
(Loss)/profit before taxation from continuing operations	(846)	8,868	(3,617)	19,402	13,300
Taxation	1,530	(2,588)	1,115	(5,471)	(3,863)
Profit/(loss) after taxation from continuing operations	**684**	**6,280**	**(2,502)**	**13,931**	**9,437**
Discontinued operations:					
Profit/(loss) before taxation from discontinued operations	–	–	16	(116)	(115)
Taxation	–	–	–	–	–
Profit/(loss) after taxation from discontinued operations	**–**	**–**	**16**	**(116)**	**(115)**
Profit/(loss) for the period	**684**	**6,280**	**(2,486)**	**13,815**	**9,322**
Attributable to:					
Shareholders of the Parent	684	6,314	(2,493)	13,861	9,368
Non-controlling interests	–	(34)	7	(46)	(46)
	684	**6,280**	**(2,486)**	**13,815**	**9,322**
Basic and diluted earnings/(loss) per share – cents:					
From continuing operations	**0.06**	**0.53**	**(0.21)**	**1.16**	**0.79**
From discontinued operations	**–**	**–**	**–**	**(0.01)**	**(0.01)**
	0.06	**0.53**	**(0.21)**	**1.15**	**0.78**

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months July to Sept		UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2016	2015	2015
Profit/(loss) for the period	**684**	**6,280**	**(2,486)**	**13,815**	**9,322**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Remeasurement losses on defined benefit plans	–	–	–	–	(799)
Income tax effect	–	–	–	–	200
	–	–	–	–	(599)
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Currency translation differences	1	(9)	(33)	(45)	(37)
Total comprehensive income/ (loss) for the period net of tax	**685**	**6,271**	**(2,519)**	**13,770**	**8,686**
Attributable to:					
Shareholders of the Parent	686	6,291	(2,526)	13,816	8,747
Non-controlling interests	(1)	(20)	7	(46)	(61)
	685	**6,271**	**(2,519)**	**13,770**	**8,686**

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 30.09.2016	UNAUDITED 30.09.2015	AUDITED 31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment	41,316	37,950	40,523
Receivable and prepayments	3,218	4,646	3,218
Deferred tax assets	4,457	1,925	2,315
	48,991	44,521	46,056
Current assets			
Inventories	16,045	17,093	14,951
Receivables and prepayments	30,225	36,284	30,625
Cash and short-term deposits	53,383	58,079	59,806
	99,653	111,456	105,382
Assets directly associated with the discontinued operations	39	78	44
TOTAL ASSETS	**148,683**	**156,055**	**151,482**
Equity and liabilities			
Share capital	12,000	12,000	12,000
Reserves	90,044	97,540	92,446
Equity attributable to the Parent	**102,044**	**109,540**	**104,446**
Non-controlling interests	(4,991)	(4,836)	(4,874)
Total Equity	**97,053**	**104,704**	**99,572**
Non-current Liabilities			
Pension plan liabilities	7,359	5,491	6,753
Deferred tax liabilities	4,418	4,913	4,855
	11,777	**10,404**	**11,608**
Current Liabitities			
Payables and accruals	39,439	40,550	39,900
Liabilities directly associated with the discontinued operations	414	397	402
TOTAL EQUITY AND LIABILITIES	**148,683**	**156,055**	**151,482**

DIRECTORS' STATEMENT

The decline in construction activity experienced in the first and second quarters of 2016 continued into the third. Concrete and aggregate sales volumes for Q3 2016 were 41% and 40% lower respectively than Q3 2015. Added to this was a further erosion of profit margins, as both concrete and aggregate prices continued to slide downward. This combination of lower volumes and prices has had a major negative impact on results in spite of our successful efforts at cost containment.

Third quarter revenue of $35.9 million was 37% below Q 3 2015.

Despite this precipitous drop in revenue, Adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals and restructuring costs) were a positive $4.6 million for Q3 2016, however, net profit after tax was $0.7 million (Q3 2015 - $6.3 million), as a one-off accrual for employee-related matters was made in Q3. These additional costs were partly mitigated by continuing cost containment efforts.

While Adjusted EBITDA for the nine months of 2016 were $8.8 million (2015 - $23.5 million), there was a net loss of $2.5 million (2015 - profit $13.8 million) arising from lower sales volumes and prices as well as increased payroll costs, one-off accruals and write-down of surplus inventory.

Available economic indicators suggest that there is likely to be a continuation of the current trend of low construction activity with aggressive competition with heavy downward pressure on prices. Management's focus is on improving efficiency and cost reduction strategies to enable RML to maintain its market share.

Nigel Edwards
Chairman
October 27, 2016

Jose Luis Seijo Gonzalez
Director
October 27, 2016

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec	UNAUDITED Nine Months Jan to Sept		AUDITED Year Jan to Dec
	2016	2015	2015	2016	2015	2015
Balance at beginning of period	**104,446**	**95,699**	**95,699**	**(4,874)**	**(4,813)**	**(4,813)**
Currency translation differences	91	(27)	(22)	(124)	(18)	(15)
Other comprehensive income/(loss)	–	7	(599)	–	41	–
(Loss)/profit after taxation	(2,493)	13,861	9,368	7	(46)	(46)
	–	–	–	–	–	–
Balance at end of period	**102,044**	**109,540**	**104,446**	**(4,991)**	**(4,836)**	**(4,874)**

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READYMIX (WEST INDIES) LIMITED

SUMMARY CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

TCL GROUP
Building a Brighter Future

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months July to Sept 2016	UNAUDITED Three Months July to Sept 2015	UNAUDITED Nine Months Jan to Sept 2016	UNAUDITED Nine Months Jan to Sept 2015	AUDITED Year Jan to Dec 2015
(Loss)/profit before taxation from continuing operations	(846)	8,868	(3,617)	19,402	13,300
Profit/(loss) before taxation from discontinued operations	–	–	16	(116)	(115)
(Loss)/profit before taxation	**(846)**	**8,868**	**(3,601)**	**19,286**	**13,185**
Adjustment to reconcile profit before taxation to net cash generated by/(used in) operating activities:					
Depreciation	1,661	1,302	4,668	3,917	6,597
Increase in provision for doubtful debts	150	691	278	730	2,460
Other non-cash items	100	–	100	–	216
Provision for intercompany receivables	–	(85)	–	(1,198)	–
Post-retirement obligation	195	204	540	544	3,015
Gain on disposal of long-term assets	–	–	(132)	–	–
Interest expense net of interest income	69	(16)	125	230	760
	1,329	10,964	1,978	23,509	26,233
Changes in net current assets					
Decrease in net receivables and prepayments	1,114	11,604	1,484	10,801	11,972
Decrease/(increase) in inventories	1,110	2,606	(1,094)	14,198	16,340
Increase/(decrease) in payables and accruals	1,353	(6,194)	540	9,926	11,862
Cash generated by operations	**4,906**	**18,980**	**2,908**	**58,434**	**66,407**
Net interest,taxation and pension contributions paid					
Taxation paid	(884)	(1,275)	(2,070)	(3,421)	(3,584)
Pension paid	(508)	(508)	(1,516)	(1,505)	(2,008)
Net interest paid	(96)	(127)	(247)	(653)	(760)
Net cash generated by/(used in) operating activities	**3,418**	**17,070**	**(925)**	**52,855**	**60,055**
Net cash used in investing activities					
Addtions to property, plant and equipment	(1,678)	(1,915)	(5,565)	(5,219)	(10,692)
Proceeds from the disposal of property, plant and equipment	–	–	67	–	–
Net cash used in investing activities	**(1,678)**	**(1,915)**	**(5,498)**	**(5,219)**	**(10,692)**
Net cash used in financing activities					
Repayment of borrowings	–	–	–	(4,778)	(4,778)
Investments	–	–	–	–	(41,000)
Net cash generated from financing activities	**–**	**–**	**–**	**(4,778)**	**(45,778)**
Increase/(decrease) in cash and cash equivalents	**1,740**	**15,155**	**(6,423)**	**42,858**	**3,585**
Cash and cash equivalents – beginning of period	**10,643**	**42,924**	**18,806**	**15,221**	**15,221**
Cash and cash equivalents – end of period	**12,383**	**58,079**	**12,383**	**58,079**	**18,806**

SEGMENT INFORMATION

TT$'000	Concrete	Aggregate	Adjustments & Elimination	Total
UNAUDITED NINE MONTHS JANUARY TO SEPTEMBER 2016				
Revenue	74,416	32,657	–	107,073
(Loss)/profit before taxation	(8,026)	4,425	–	(3,601)
UNAUDITED NINE MONTHS JANUARY TO SEPTEMBER 2015				
Revenue	127,390	46,715	–	174,105
Profit before taxation	12,349	6,937	–	19,286
AUDITED YEAR JANUARY TO DECEMBER 2015				
Revenue	158,255	58,461	–	216,716
Profit before taxation	7,574	5,611	–	13,185

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 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
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, 2015 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 70% (2015 - 73%) of its revenue from the sale of pre-mixed concrete and 30% (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. Stockholding and Inventory Restructuring Costs
A review of inventory quantities on hand was undertaken during Q2 2016. In accordance with IAS 2: "Inventories," management has recorded an expense of $2.6 million in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" resulting from new developments.

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.

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