

Consolidated Financial Statements of

**READYMIX (WEST INDIES) LIMITED
AND ITS SUBSIDIARIES**

31 December 2017

READYMIX (WEST INDIES) LIMITED

Consolidated Financial Statements for the year ended 31 December 2017

Contents	Page
Statement of Management Responsibilities	1
Independent Auditors' Report	2 - 7
Consolidated Statement of Financial Position	8
Consolidated Statement of Profit or Loss	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13 - 52

Statement of Management Responsibilities
Readymix (West Indies) Limited

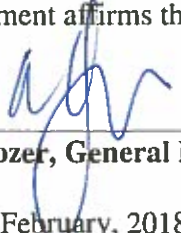
Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group’s assets, detection/prevention of fraud, and the achievement of the Group’s operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Nigel Tozer, General Manager

Date: 9 February, 2018



Malcolm Sooknanan, Finance Manager

Date: 9 February, 2018

**KPMG****Chartered Accountants**

Savannah East
11 Queen's Park East
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel.: (868) 612-KPMG
(868) 623-1081
Fax: (868) 623-1084
Email: kpmg@kpmg.co.tt
Web: www.kpmg.com/tt

Independent Auditors' Report**To the Shareholders of Readymix (West Indies) Limited****Opinion**

We have audited the consolidated financial statements of Readymix (West Indies) Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for impairment of trade receivables	
See Note 5 to the financial statements and accounting policy notes 2(c) and 2(l)	
The key audit matter	How the matter was addressed in our audit
Gross trade receivables amounted to \$24.7 million (net - \$9.3 million) and were significant to the Group. The valuation of trade receivables requires management judgement due to the specific risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required. For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and amount of realisation of these receivables, are required for the identification of impairment events and the determination of the impairment charge.	Our audit procedures in relation to the recoverability of trade receivables included: • understanding and testing the Group's credit control procedures and testing key controls over granting of credits to customers; • comparing recorded balances to customer confirmations, subsequent payments or delivery documents on a sample basis; • testing the aging analysis of trade receivable balances at the reporting date on a sample basis; and • evaluating and testing the Group's policy for provisioning against trade receivables, including management assumptions. In addition, we evaluated the adequacy of the Group's disclosures regarding trade receivables.



Key Audit Matters (continued)

Timing of revenue recognition	
See Note 18 to the financial statements and accounting policy note 2(k)	
The key audit matter	How the matter was addressed in our audit
Revenue is recognized when the risks and rewards of products have been transferred to the customer. The Group operates in an industry in which sales growth is constrained as a result of reduced infrastructure spending, lower disposable incomes and increased competition in the market. Furthermore, given an environment in which maintaining market share is challenging, we considered there to be a risk of misstatement of the financial statements related to the recognition of sales transactions occurring close to the reporting date in the wrong financial period (ie before the risks and rewards have been transferred.)	Our audit procedures in relation to the sales cut-off included testing the Group's controls around revenue recognition and testing individual transactions occurring on either side of the reporting date. Our testing of the Group's manual and automated controls focused on controls around the timely and accurate recording of sales transactions. Our substantive testing focused on sales transactions on either side of the reporting date, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents or system generated reports. We also tested credit notes issued after the reporting date to assess whether the related revenue was recognised in the correct accounting period.

Information Other Than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information consists of the information included in the Group's 2017 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Group's 2017 Annual Report is expected to be made available to us after the date of this auditors' report.



Information Other Than the Consolidated Financial Statements and Auditors' Report Thereon (continued)

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Group's 2017 Annual Report, if, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

(continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

(continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Group for the year ended 31 December 2016 were audited by another auditor, who expressed an unqualified audit opinion on the financial statements on 23 February 2017.

The engagement partner on the audit resulting in this independent auditors' report is Christopher Hornby.

KPMG

Part of Spain
Trinidad and Tobago
9 February 2018

READYMIX (WEST INDIES) LIMITED**Consolidated Statement of Financial Position**

31 December 2017

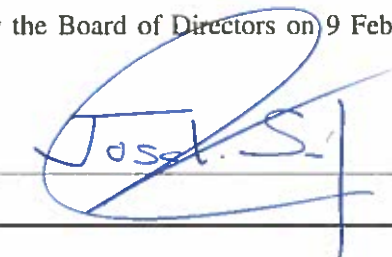
(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2017 \$	2016 \$
ASSETS			
Non-current assets			
Property, plant and equipment	3	56,561	53,936
Deferred tax assets	4 (b)	12,950	7,127
Receivables	5	-	1,458
		<u>69,511</u>	<u>62,521</u>
Current assets			
Inventories	6	11,940	14,814
Receivables and prepayments	5	13,049	31,165
Cash at bank and short-term deposits	7	<u>51,722</u>	<u>47,330</u>
		<u>76,711</u>	<u>93,309</u>
Current liabilities			
Payables and accruals	9	58,942	48,100
Liabilities directly associated with the discontinued operation	8	<u>421</u>	<u>421</u>
		<u>59,363</u>	<u>48,521</u>
Net current assets		<u>17,348</u>	<u>44,788</u>
Non-current liabilities			
Employee benefits liability	10	12,210	15,004
Deferred tax liabilities	4 (b)	<u>4,715</u>	<u>5,768</u>
		<u>16,925</u>	<u>20,772</u>
Total net assets		<u>69,934</u>	<u>86,537</u>
Equity attributable to the parent			
Stated capital	11	12,000	12,000
Retained earnings		<u>62,833</u>	<u>79,436</u>
		74,833	91,436
Non-controlling interest	12	<u>(4,899)</u>	<u>(4,899)</u>
Total equity		<u>69,934</u>	<u>86,537</u>

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 9 February 2018 and signed on their behalf by:

 Director

 Director

READYMIX (WEST INDIES) LIMITED

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

	Notes	2017 \$	2016 \$
Continuing operations			
Revenue	13	<u>120,541</u>	<u>139,936</u>
Earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment and restructuring costs	13	10,490	10,543
Depreciation	3	(5,239)	(6,859)
Gain on disposal of property, plant and equipment		92	67
Stockholding and inventory restructuring costs	6	(2,118)	(2,567)
Manpower restructuring costs	14 (a)	(190)	(10,753)
Integration restructuring expenses	14 (b)	<u>(30,276)</u>	<u>-</u>
Operating loss from continuing operations		(27,241)	(9,569)
Finance costs	15	(423)	(327)
Interest income		<u>338</u>	<u>189</u>
		(85)	(138)
Loss before taxation from continuing operations		(27,326)	(9,707)
Taxation	16(a)	<u>7,260</u>	<u>785</u>
Loss profit for the year from continuing operations		<u>(20,066)</u>	<u>(8,922)</u>
Discontinued operations			
Loss before taxation from discontinued operations	8	-	(23)
Taxation		<u>-</u>	<u>-</u>
Loss for the year from discontinued operations	8	<u>-</u>	<u>(23)</u>
Loss for the year		<u>(20,066)</u>	<u>(8,945)</u>
Attributable to:			
Equity holders of the Parent		(20,066)	(8,936)
Non-controlling interest	12	<u>-</u>	<u>(9)</u>
		<u>(20,066)</u>	<u>(8,945)</u>
Basic and diluted loss per share:			
From continuing operations	17	<u>(1.67)</u>	<u>(0.74)</u>
Total		<u>(1.67)</u>	<u>(0.74)</u>

The accompanying notes are an integral part of these consolidated financial statements.

READYMIX (WEST INDIES) LIMITED**Consolidated Statement of Comprehensive Income**

For the year ended 31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2017 \$	2016 \$
Loss for the year		(20,066)	(8,945)
Other comprehensive income (loss):			
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains (losses) on defined benefit plans	10 (a)	4,946	(6,140)
Income tax effect		<u>(1,483)</u>	<u>2,090</u>
		<u>3,463</u>	<u>(4,050)</u>
<i>To be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>-</u>	<u>(40)</u>
Total other comprehensive income (loss) for the year, net of taxes		<u>3,463</u>	<u>(4,090)</u>
Total comprehensive loss for the year, net of tax		<u>(16,603)</u>	<u>(13,035)</u>
<i>Attributable to:</i>			
Equity holders of the Parent		(16,603)	(13,010)
Non-controlling interest		<u>-</u>	<u>(25)</u>
		<u>(16,603)</u>	<u>(13,035)</u>

The accompanying notes are an integral part of these consolidated financial statements.

READYMIX (WEST INDIES) LIMITED**Consolidated Statement of Changes in Equity**

For the year ended 31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>Equity attributable to the Parent</u>			Non- Controlling	Total
	Stated Capital	Retained Earnings	Total	Interest	Equity
	\$	\$	\$	\$	\$
Year ended 31 December 2016					
Balance at 1 January 2016	<u>12,000</u>	<u>92,446</u>	<u>104,446</u>	<u>(4,874)</u>	<u>99,572</u>
Currency translation loss	-	(24)	(24)	(16)	(40)
Other comprehensive loss	-	(4,050)	(4,050)	-	(4,050)
Loss after taxation	<u>-</u>	<u>(8,936)</u>	<u>(8,936)</u>	<u>(9)</u>	<u>(8,945)</u>
Total comprehensive loss	<u>-</u>	<u>(13,010)</u>	<u>(13,010)</u>	<u>(25)</u>	<u>(13,035)</u>
Balance at 31 December 2016	<u>12,000</u>	<u>79,436</u>	<u>91,436</u>	<u>(4,899)</u>	<u>86,537</u>
Year ended 31 December 2017					
Balance at 1 January 2017	<u>12,000</u>	<u>79,436</u>	<u>91,436</u>	<u>(4,899)</u>	<u>86,537</u>
Other comprehensive loss	-	3,463	3,463	-	3,463
Loss after taxation	<u>-</u>	<u>(20,066)</u>	<u>(20,066)</u>	<u>-</u>	<u>(20,066)</u>
Total comprehensive loss	<u>-</u>	<u>(16,603)</u>	<u>(16,603)</u>	<u>-</u>	<u>(16,603)</u>
Balance at 31 December 2017	<u>12,000</u>	<u>62,833</u>	<u>74,833</u>	<u>(4,899)</u>	<u>69,934</u>

The accompanying notes are an integral part of these consolidated financial statements.

READYMIX (WEST INDIES) LIMITED

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation from continuing operations		(27,326)	(9,707)
Loss before taxation from discontinued operations		-	(23)
Loss before taxation		(27,326)	(9,730)
Adjustments to reconcile loss before taxation to net cash generated by operating activities:			
Depreciation	3	5,239	6,859
Finance costs		423	327
Employee benefits expense	10 (a)	3,845	4,111
Gain on disposal of long-term assets and other movements		(92)	(57)
		(17,911)	1,510
Decrease in inventories		2,874	137
Decrease in receivables and prepayments		19,324	1,592
Increase in payables and accruals		10,842	9,002
Cash generated by operations		15,129	12,241
Taxation paid		(1,909)	(2,175)
Tax refund		1,060	-
Finance costs paid		(423)	(327)
Pension contributions paid	10 (a)	(1,693)	(2,000)
Net cash from operating activities		12,164	7,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	(8,181)	(20,282)
(Investment)/reduction in short-term deposits	7	(9,096)	4,000
Proceeds from sale of property, plant and equipment		409	67
Net cash used in investing activities		(16,868)	(16,215)
Decrease in cash and cash equivalents		(4,704)	(8,476)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		10,330	18,806
CASH AND CASH EQUIVALENTS – END OF YEAR		5,626	10,330
Represented by:			
Cash on hand and at bank	7	5,626	10,330

The accompanying notes are an integral part of these consolidated financial statements.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

1. Incorporation and Activities

Readymix (West Indies) Limited (the “Company” or “RML”) is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago and its shares are publicly listed on the Trinidad and Tobago Stock Exchange. The registered office of the Company is Tumpuna Road, Guanapo, Arima. Trinidad Cement Limited (“TCL”), also incorporated in the Republic of Trinidad and Tobago, is the parent company and as at 31 December 2017 holds 97.73% (2016: 71%) of the issued ordinary shares of the Company. Readymix (West Indies) Limited has a 60% shareholding in Premix & Precast Concrete Incorporated (“PPCI”), a company incorporated and domiciled in Barbados, and a 100% shareholding in RML Property Development Limited, a company incorporated and domiciled in Trinidad and Tobago. Effective 24 January 2017, the Company’s ultimate parent company is CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organised under the laws of the United Mexican States, or Mexico, and its shares are publicly traded on the Mexican Stock Exchange (“MSE”) as Ordinary Participation Certificates (“CPOs”) under the symbol “CEMEXCPO”. Each CPO represents two series “A” shares and one series “B” share of common stock of CEMEX, S.A.B. de C.V. In addition, CEMEX, S.A.B. de C.V.’s shares are listed on the New York Stock Exchange (“NYSE”) as American Depositary Shares (“ADSs”) under the symbol “CX.” Each ADS represents ten CPOs.

Readymix (West Indies) Limited and its subsidiaries (the “Group”) operate in Trinidad and Tobago. The principal business activities of the Group are the manufacture and sale of pre-mixed concrete and the winning and sale of sand and gravel (“aggregates”).

Effective September 2014, the Board of Directors discontinued the operations of Premix & Precast Concrete Incorporated (“PPCI”), the subsidiary previously operating in Barbados. The company is in the process of being dissolved.

On 23 May 2014, RML Property Development Limited (“RML Property”), a limited liability company was incorporated under the Companies Act, 1995 in the Republic of Trinidad and Tobago and is a wholly owned subsidiary of the parent company Readymix (West Indies) Limited. This subsidiary had no trading activities to date.

2. Significant Accounting Policies

(a) Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

In this regard, the Group has adopted an expected credit loss model from its parent Group applicable to its trade accounts receivable that considers the historical performance, as well as the credit risk and expected developments from customers, ready for the prospective adoption of IFRS 9 on 1 January 2018. The preliminary effects for adoption of IFRS 9 on 1 January 2018 related to the new expected credit loss model, which represent a significant impact on the Company's operating results and financial position, would be an estimated increase in the allowance for doubtful accounts of approximately \$ 4.4 million.

According to the options provided by IFRS 9, we have considered the prospective adoption of IFRS 9 as of 1 January 2018. Under this method, the above adjustment will be recognized against equity.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective
(continued)

- IFRS 15, *Revenue From Contracts With Customers* (continued)

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

For the sale of products, revenue is recognized when control of the goods is passed to the customers. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when the customer obtains control of the goods. Based on the Group's assessment the treatment of sales of products is similar to the required treatment. As a consequence, the revenue recognized is similar to the requirements under IFRS 15 and the Group does not expect the application of IFRS 15 to result in a difference in the value and timing of revenue recognition.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The Group is assessing the impact that this amendment will have on its 2019 financial statements.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(b) Basis of consolidation

These consolidated financial statements comprise the financial statements of Readymix (West Indies) Limited (the “Parent” or the “Company”) and its subsidiaries (PPCI and RML Property). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(b) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. All intra-group transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income, comprehensive income and within equity in the consolidated statement of financial position.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key judgements, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Provision for doubtful debts*

Management exercises judgment in determining the adequacy of provisions established for accounts receivable balances for which collections are considered doubtful. Judgment is used in the assessment of the extent of the recoverability of certain balances. Actual outcomes may be materially different from the provision established by management and as reported in the consolidated financial statements.

(ii) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) *Pension benefits*

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making judgments and assumptions in determining discount rates, expected rates of return on assets, future salary increases and future pension increases. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. All assumptions are reviewed at the reporting date.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

(iv) *Property, plant and equipment*

Management exercises judgment in determining whether costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense.

Management also exercises judgment in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation charge determined thereon.

(d) **Property, plant and equipment**

It is the Group's policy to account for property, plant and equipment at cost, net of accumulated depreciation and/or accumulated impairment losses, if any (Note 3). Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are recognised in profit or loss.

Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate.

Current rates of depreciation are:

Buildings	-	2%	-	4%
Plant, machinery and equipment	-	3%	-	40%
Motor vehicles	-	10%	-	20%
Office furniture and equipment	-	10%	-	25%

Property, plant and equipment acquired under finance lease or leasehold improvements are depreciated over the shorter of the useful life of the asset and the lease term. Land and capital work in progress are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

Any gain or loss arising on the derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in profit or loss in the year the asset is derecognised.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Work in progress and finished goods include attributable production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

(f) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the functional and presentation currency of the Parent. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in profit or loss.

Foreign entities

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the reporting date and their statements of income are translated at exchange rates at the date of the transaction. The exchange differences arising on re-translation are recognised in other comprehensive income. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(g) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

(h) Employee benefits

The Company's employees are members of the Trinidad Cement Limited Employee's pension plan, while Premix & Precast Concrete Incorporated's employees are members of the Arawak Cement Limited Employee's pension plan. The group has taken steps to have this pension plan terminated. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

The Group accounts for this defined benefit plan using the projected unit credit method. Under this method, the cost of providing pensions is calculated based on the advice of independent professional actuaries. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of long-term government securities.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(h) Employee benefits (continued)

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'personnel remuneration and benefits' in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(i) Financial instruments

Financial instruments carried on the consolidated statement of financial position include cash at bank and short-term deposits, accounts payables and accounts receivables.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include accounts payable and accruals which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include all cash and bank balances and overdraft balances and short-term deposits with maturities of less than three months from date of establishment, which are subject to an insignificant risk of change in value.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding returns, discounts, rebates and sales taxes. The Group has concluded that it is the principal in all its revenue arrangements since it is the primary obligor in all of its revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must be met before revenue is recognised:

Sales of concrete and aggregate

Revenue from the sale of concrete and aggregates is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

Interest income is recognised as interest accrues.

(l) Receivables and prepayments

Receivables and prepayments are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(m) Payables and accruals

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

(n) Earnings per share

Earnings per share is computed by dividing net profit attributable to the shareholders of the Parent for the year by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares in issue for the assumed conversion of potential dilutive ordinary shares into issued ordinary shares. The Group has no potential dilutive ordinary shares in issue.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan has been established concerning the location and number of employees affected, a detail estimate of the associated costs and timelines have been established and affected employees notified of the plan's main features.

(p) Leases

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

Finance leases

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(q) Interest bearing loans and borrowings

Borrowings are initially stated at cost, being the fair value of the consideration received, net of issue costs associated with the borrowings. After initial recognition, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in profit or loss over the period of the borrowings.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. There were no borrowing costs capitalised during the year.

(s) Impairment of assets

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in profit or loss under expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognised for the asset in prior years. Such reversal is treated as a revaluation increase.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(s) Impairment of assets (continued)

Financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(t) Fair value measurement

The Group does not measure any assets or liabilities at fair value in its consolidated statement of financial position. The fair value of assets and liabilities which are measured at amortised cost is presented in Note 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

2. Significant Accounting Policies (continued)

(u) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets and liabilities classified as held for discontinuation are presented separately as current items in the consolidated statement of financial position. Discontinued operations are excluded from the results of the continuing operations and presented as profit or loss from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in Note 8.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

*(Expressed in Thousands of Trinidad and Tobago Dollars)***3. Property, Plant and Equipment**

	Land & Buildings	Plant Machinery & Equipment & Motor Vehicles	Office Furniture & Equipment	Capital WIP	Total
	\$	\$	\$	\$	\$
At 31 December 2016					
Cost	28,861	102,861	6,357	19,726	157,805
Accumulated depreciation	(15,581)	(84,096)	(4,192)	-	(103,869)
Net book amount	13,280	18,765	2,165	19,726	53,936
1 January 2016	13,890	19,316	2,553	4,764	40,523
Additions	396	1,535	249	18,102	20,282
Transfer from WIP	794	2,235	111	(3,140)	-
Disposals and adjustments	-	(10)	-	-	(10)
Depreciation charge	(1,800)	(4,311)	(748)	-	(6,859)
31 December 2016	13,280	18,765	2,165	19,726	53,936
At 31 December 2017					
Cost	30,203	103,513	6,390	25,563	165,669
Accumulated depreciation	(16,853)	(87,366)	(4,889)	-	(109,108)
Net book amount	13,350	16,147	1,501	25,563	56,561
1 January 2017	13,280	18,765	2,165	19,726	53,936
Additions	562	807	131	6,681	8,181
Transfer from WIP	2,307	-	-	(2,307)	-
Disposals and adjustments	-	(241)	(76)	-	(317)
Depreciation charge	(1,272)	(3,270)	(697)	-	(5,239)
31 December 2017	14,877	16,061	1,523	24,100	56,561

Four scrap mobile equipment with a net book values of nil and a concrete plant with a net book value of \$0.317 million were disposed of during the year which resulted in a net gains on disposal of \$0.092 million (2016: \$0.057 million).

Capital WIP is comprised mainly of the costs incurred to date on the upgrade of a key component of our plant, machinery and equipment at the Quarry. This upgrade is expected to be commissioned in 2018, at which time all related costs would be transferred from WIP to plant, machinery and equipment.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
4. Deferred Taxation		
(a) Movement in deferred taxation (net)		
Balance as at 1 January	(1,359)	2,540
Other rounding movements	1	-
Credit to other comprehensive income	1,483	(2,090)
<i>Credit to income:</i>		
Continuing operations (Note 16(a))	<u>(8,360)</u>	<u>(1,809)</u>
Balance at 31 December	<u>(8,235)</u>	<u>(1,359)</u>
(b) Components of deferred taxation		
<i>Deferred tax assets:</i>		
Tax losses carried forward	(1,568)	(1,933)
Employee benefits liability	(3,663)	(4,501)
Restructuring costs and other obligations	<u>(7,719)</u>	<u>(693)</u>
	<u>(12,950)</u>	<u>(7,127)</u>
<i>Deferred tax liabilities:</i>		
Accelerated tax depreciation	<u>4,715</u>	<u>5,768</u>
Net balance at 31 December	<u>(8,235)</u>	<u>(1,359)</u>

The Group has losses of approximately \$5.2 million (2016: \$5.9 million) available for set off against future taxable profits. These losses are subject to agreement with the respective tax authorities.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
5. Receivables and Prepayments		
Trade receivables	24,731	52,104
Less: provision for doubtful debts	<u>(15,467)</u>	<u>(23,981)</u>
Trade receivables (net)	9,264	28,123
Sundry receivables and prepayments	1,645	1,224
Due from related parties (Note 23(a))	82	963
Corporation tax recoverable	<u>2,058</u>	<u>2,313</u>
	<u>13,049</u>	<u>32,623</u>

Presented in the consolidated statement of financial position as follows:

Non-current	-	1,458
Current	<u>13,049</u>	<u>31,165</u>
	<u>13,049</u>	<u>32,623</u>

Trade receivables balances are all due within one year for 2017. In 2016, there were four classes of customers whose balances were expected to be settled over one year.

As at 31 December the aging analysis of trade receivables is as follows:

			<u>Past due but not impaired</u>		
	Total	Neither past	1-90	91-180	Over
	\$	due nor impaired	days	days	180 days
		\$	\$	\$	\$
2017	9,264	4,125	3,734	1,405	-
2016	<u>28,123</u>	<u>2,556</u>	<u>9,780</u>	<u>3,889</u>	<u>11,898</u>

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

5. Receivables and Prepayments (continued)

As at 31 December, trade receivables at a value of \$15.4 million (2016: \$23.9 million) were considered impaired and provided for. Movements in the provision for doubtful debts were as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
At 1 January	23,981	22,880
Charge for the year	6,341	2,610
Unused amounts reversed	-	(1,509)
Amounts written-off	<u>(14,855)</u>	<u>-</u>
At 31 December	<u>15,467</u>	<u>23,981</u>

6. Inventories

	<u>2017</u>	<u>2016</u>
	\$	\$
Finished goods	7,141	6,959
Raw materials	1,696	3,093
Plant spares and consumables	<u>3,103</u>	<u>4,762</u>
	<u>11,940</u>	<u>14,814</u>

Inventory includes finished goods held at the Melajo quarry, which comprises of sand and gravel (“aggregates”), and raw materials held at the concrete plants which comprises of cement, add-mixtures, fiber-mesh and aggregates, and pitrun at the Melajo quarry.

Inventories are shown net of restructuring obsolescence provision of \$2.921 million (2016: \$2.476 million) in relation to plant spares and consumables.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

6. Inventories (continued)

Stockholding and inventory restructuring costs comprise a write down of overstocked and obsolete spares, consumables and by-product write-off amounting to \$2.118 million (2016: \$2.567 million) identified in a comprehensive review of inventory, which was undertaken in 2017. In accordance with IAS 2: "Inventories," management has recorded an expense of \$2.118 million in respect of these items, which have been written down to their net realisable value. 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 in relation to the implementation of a more robust preventative maintenance programme and closer proximity to a wider operational and technical capabilities.

	<u>2017</u>	<u>2016</u>
	\$	\$
7. Cash at Bank and Short-Term Deposits		
Cash on hand and at bank	5,626	10,330
Short-term deposits	<u>46,096</u>	<u>37,000</u>
	<u>51,722</u>	<u>47,330</u>

Cash at bank earns interest at floating rates based on daily deposits rates.

Short-term deposits includes an advance placed with Trinidad Cement Limited for a period of one year maturing 15 March 2018 and which earns interest at a rate of 0.92% per annum (refer to Note 23(b)). This advance was rolled over on the maturity date of 15 March 2017, for a period of one year. During the year additional advances were placed with TCL amounting to \$9.096 million on the same terms as the previous deposit.

8. Net Liabilities Directly Associated with the Discontinued Operation

The Board of Directors suspended operations of Premix & Precast Concrete Incorporated (PPCI) ("the subsidiary"), located in Barbados effective 30 September 2014, due to a major decline in the demand for concrete on the island.

In September 2014, the Board of Directors agreed to pursue disposal of the subsidiary, and Management continues to explore all options in this regard.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

8. Net Liabilities Directly Associated with the Discontinued Operation (continued)

As at 31 December 2014, the subsidiary was classified as a disposal group held for sale and as a discontinued operation. There were no income or expenses recorded in 2017 for this subsidiary (2016: expenses totaling \$23.0 thousand). At December 31 2017, there were no assets recorded (2016: \$NIL) while total liabilities were \$421.0 thousand (2016: \$421.0 thousand).

	<u>2017</u>	<u>2016</u>
	\$	\$
9. Payables and Accruals		
Due to related parties (Note 23 (a))	2,580	2,394
Sundry payables and accruals	16,424	14,011
Restructuring costs and other obligations	26,700	13,062
Trade payables	<u>13,238</u>	<u>18,633</u>
	<u>58,942</u>	<u>48,100</u>
	<u>2017</u>	<u>2016</u>
	\$	\$
10. Employee Benefits Liability		
Defined benefit liability	<u>12,210</u>	<u>15,004</u>

The Company (RML) participates in a defined benefit pension plan which is a final salary Plan for its employees, which requires contributions to be made to a separately administered fund.

This Plan is governed by the employment laws of Trinidad and Tobago, which require final salary payments to be adjusted for the consumer price index once in payment during retirement. The level of benefits provided depends on the members' length of service and salary at retirement age.

The Fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer's and employee's representatives. The Board of Trustees is responsible for the administration of the Plan's assets and for the definition of the investment strategy.

The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent actuary, Bacon Woodrow & de Souza Limited. The Actuarial Valuation report as at 31 December 2015 revealed that the Company's section of the Plan was in deficit of \$2.1 million and the Company would need to increase its contributions above the current rate of 15.8% of pensionable earnings to reverse the existing deficit. The next triennial Actuarial Valuation is due as at 31 December 2018.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

10. Employee Benefits Liability (continued)

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints and the availability of suitable investments.

The Barbados subsidiary participated in a defined benefit pension plan, operated by a fellow subsidiary of TCL, which is a final salary Plan for the subsidiary's employees that required contributions to be made to a separately administered fund. As a result of cessation of PPCI Operations, the participation in that pension plan in respect of the subsidiary's employees was terminated with effect from 31 December 2014. A potential defined benefit asset relating to the participation in that plan, based on its current actuarial position, has not been recognised in these financial statements.

The data that follows relates to the defined benefit plan of the Company (RML).

(a) Changes in the defined benefit obligation and fair value of plan assets

	Defined Benefit Obligation	Fair Value of Plan Assets	Net Benefit Liability
	\$	\$	\$
Balance at 1 January 2017	(71,745)	56,741	(15,004)
<i>Pension cost charged to profit or loss</i>			
Current service cost	(2,843)	-	(2,843)
Expenses	-	(234)	(234)
Net interest	(3,906)	3,138	(768)
Sub-total included in profit or loss	(6,749)	2,904	(3,845)
<i>Re-measurement gains (losses) in OCI</i>			
Return on plan assets	-	1,890	1,890
Experience adjustment	3,056	-	3,056
Sub-total included in OCI	3,056	1,890	4,946
<i>Other movements</i>			
Contributions by employees	(647)	647	-
Contributions by employer	-	1,693	1,693
Benefits paid	1,473	(1,473)	-
Sub-total – other movements	826	867	1,693
Balance at 31 December 2017	(74,612)	62,402	(12,210)

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

*(Expressed in Thousands of Trinidad and Tobago Dollars)***10. Employee Benefits Liability (continued)****(a) Changes in the defined benefit obligation and fair value of plan assets (continued)**

The weighted average duration of the defined benefit obligation as at 31 December 2017 is 17.4 years (2016: 17.4 years).

	Defined Benefit Obligation	Fair Value of Plan Assets	Net Benefit Liability
	\$	\$	\$
Balance at 1 January 2016	(59,114)	52,361	(6,753)
<i>Pension cost charged to profit or loss</i>			
Current service cost	(3,571)	-	(3,571)
Expenses	-	(265)	(265)
Net interest	(2,937)	2,662	(275)
Sub-total included in profit or loss	(6,508)	2,397	(4,111)
<i>Re-measurement gains (losses) in OCI</i>			
Return on plan assets	-	(33)	(33)
Actuarial gains from changes in financial assumptions	6,051	-	6,051
Experience adjustment	(12,158)	-	(12,158)
Sub-total included in OCI	(6,107)	(33)	(6,140)
<i>Other movements</i>			
Contributions by employees	(759)	759	-
Contributions by employer	-	2,000	2,000
Benefits paid	743	(743)	-
Sub-total – other movements	(16)	2,016	2,000
Balance at 31 December 2016	(71,745)	56,741	(15,004)

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

10. Employee Benefits Liability (continued)

(b) Major categories of plan assets as a percentage of fair value

	<u>2017</u>	<u>2016</u>
	%	%
Equities – locally listed	29	30
– overseas	14	12
Debt securities	50	52
Other assets	7	6
	<u>100</u>	<u>100</u>

Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the markets are relatively illiquid. Other assets principally include cash and cash equivalents.

(c) The principal actuarial assumptions used for accounting purposes for the pension plans are:

	<u>2017</u>	<u>2016</u>
	%	%
Discount rate	5.5	5.5
Rate of future salary increases	5.0	5.0
Rate of future pension increases	0.0	0.0

(d) A quantitative sensitivity analysis for significant assumptions as at 31 December 2017 is as shown below:

Assumptions	Discount Rate		Future Salary Increases		Life Expectancy of Pensioners
Sensitivity level - 1%	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase by 1 year</u>
Impact on the defined benefit obligation	(10,954)	13,973	6,367	(5,540)	847

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The Group expects to contribute \$2.6 million to its defined benefit plan in 2018.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
11. Stated Capital		
<i>Authorised</i>		
An unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>		
12,000,000 ordinary shares of no par value	<u>12,000</u>	<u>12,000</u>

12. Material Partly Owned Subsidiaries

Financial information of the subsidiary with a material non-controlling interest and the related percentage of equity interest held by a non-controlling interest are shown below:

Name	Country of incorporation and operation	<u>2017</u>	<u>2016</u>
		%	%
Premix & Precast Concrete Inc. (PPCI)	Barbados	<u>40</u>	<u>40</u>
		<u>2017</u>	<u>2016</u>
		\$	\$
Accumulated balances of material non-controlling interest:			
Premix & Precast Concrete Inc.		<u>(4,899)</u>	<u>(4,899)</u>
Loss for the year allocated to material non-controlling interest:			
Premix & Precast Concrete Inc.		<u>-</u>	<u>(9)</u>

PPCI recorded NIL income or expenses in 2017 (2016: net expenses/loss of \$23,000) giving rise to a non-controlling interest loss of \$9,000. The entity has also recorded a brought forward liability of \$421,000 in 2017 (2016: \$421,000). Of this amount \$168,000 is attributable to non-controlling interests (2016: \$168,000).

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

*(Expressed in Thousands of Trinidad and Tobago Dollars)***13. Earnings before Interest, Tax, Depreciation, Gain on Disposal of Property, Plant and Equipment and Restructuring Costs**

	<u>2017</u>	<u>2016</u>
	\$	\$
Revenue	<u>120,541</u>	<u>139,936</u>
Less expenses:		
Raw materials and consumables	36,649	38,593
Personnel remuneration and benefits (see below)	27,734	34,580
Equipment hire	21,118	21,999
Other operating expenses	12,565	16,257
Changes in raw materials and work in progress	4,047	9,049
Repairs and maintenance	4,514	5,182
Fuel and electricity	2,032	1,686
Provision for doubtful debts	600	1,101
Insurance	748	867
Foreign exchange loss	193	65
Provision for obsolete spares	<u>-</u>	<u>(125)</u>
	10,341	10,682
Other income (expense)	<u>149</u>	<u>(139)</u>
Total	<u><u>10,490</u></u>	<u><u>10,543</u></u>

Personnel remuneration and benefits include

Salaries and wages	21,460	27,485
Pension cost – defined benefit plan (Note 10 (a))	3,845	4,111
National insurance	1,128	1,779
Other benefits	<u>1,301</u>	<u>1,205</u>
	<u><u>27,734</u></u>	<u><u>34,580</u></u>

	<u>2017</u>	<u>2016</u>
	\$	\$
14 (a) Manpower Restructuring Costs		
Manpower restructuring costs	<u>190</u>	<u>10,753</u>

Manpower restructuring costs mainly comprise of severance costs incurred during the year relative to the implementation of restructuring programmes by the Group. The objective of the programmes is to improve cost efficiency.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
14 (b) Integration Restructuring Expenses		
Integration restructuring expenses	<u>30,276</u>	<u>-</u>
Integration restructuring expenses comprise the expenses incurred to align the operations and integrate the processes with the ultimate parent company.		
	<u>2017</u>	<u>2016</u>
	\$	\$
15. Finance Costs		
Bank and other finance charges	<u>423</u>	<u>327</u>
	<u>2017</u>	<u>2016</u>
	\$	\$
16. Taxation		
(a) Taxation (credit) charge – continuing operations		
Deferred taxation (Note 4(a))	(8,360)	(1,809)
Current taxation	<u>1,100</u>	<u>1,024</u>
	<u>(7,260)</u>	<u>(785)</u>
(b) Reconciliation of applicable tax (credit) charge reported to the statutory tax rate		
(Loss) profit before tax from continuing operations	(27,326)	(9,707)
Loss before tax from discontinued operations	<u>-</u>	<u>(23)</u>
(Loss) profit before taxation	(27,326)	(9,730)
Tax calculated at the rate of 30% (2016: 25%)	(8,198)	(2,432)
Green Fund levy	375	433
Business levy	725	842
Prior year over provision	(148)	(251)
Effect of disallowed expenses	-	316
Effect of allowances and non-taxed income	(14)	(21)
Effect of change in tax rate	<u>-</u>	<u>328</u>
Taxation (credit) charge reported in the consolidated statement of income – continuing operations	<u>(7,260)</u>	<u>(785)</u>

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

17. Loss per Share

The following reflects the income and share data used in the loss per share computation:

	<u>2017</u>	<u>2016</u>
	\$	\$
Net loss for the year attributable to equity holders of the Parent – continuing operations	(20,066)	(8,922)
Net loss for the year attributable to equity holders of the Parent – discontinued operations	-	(14)
Net loss for the year attributable to equity holders – total company	<u>(20,066)</u>	<u>(8,936)</u>
Weighted average number of ordinary shares issued (thousands)	<u>12,000</u>	<u>12,000</u>
Basic and diluted loss per share – continuing operations (expressed in \$ per share)	<u>(\$1.67)</u>	<u>(\$0.74)</u>
Basic and diluted loss per share – total company (expressed in \$ per share)	<u>(\$1.67)</u>	<u>(\$0.74)</u>

The Group has no dilutive potential ordinary shares in issue.

18. Segmental Information

The Group derived 63% (2016: 68%) of its revenue from the sale of pre-mixed concrete in Trinidad & Tobago. The sale of aggregates in Trinidad and Tobago accounts for the remaining 37% (2016: 32%) of the Group's revenue and forms part of the sales strategy for RML and hence it is incorporated in the Group's business activities. Accordingly, the Group's assets and liabilities are associated with the pre-mixed concrete and aggregates business.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

18. Segmental Information (continued)

Operating segments are reported in a manner consistent with the internal reporting framework. The General Manager monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

	Concrete		Aggregate		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Revenue	<u>76,355</u>	<u>94,570</u>	<u>44,186</u>	<u>45,366</u>	<u>120,541</u>	<u>139,936</u>
(Loss) profit before tax	<u>(23,050)</u>	<u>(14,521)</u>	<u>(4,276)</u>	<u>4,791</u>	<u>(27,326)</u>	<u>(9,730)</u>
Capital expenditure	2,531	2,554	5,650	17,728	8,181	20,282
Segment Assets	21,153	35,189	60,397	66,184	81,550	101,373

Administrative and general and selling expenses are apportioned between the concrete and aggregate segments based on the ratio of revenues derived from each segment. Certain assets are not managed by business unit, being cash and deferred tax \$64,672 (2016:\$54,457).

19. Fair Value

The fair value of short-term financial assets and liabilities comprising cash and short-term deposits balances, receivables and payables approximate their carrying amounts because of the short-term maturities of these instruments. The fair value and carrying amounts of financial assets and liabilities is presented below:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and short-term deposits	51,722	51,722	47,330	47,330
Receivables and due from related parties	9,346	9,346	29,086	29,086
Financial liabilities				
Payables and due to related parties	15,818	15,818	21,027	21,02

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

20. Commitments and Contingencies

(a) Capital commitments

There were seven capital commitment for \$2.488 million (2016: \$0.349 million) as at 31 December 2017. These capital commitments consist of the following:

- (i) Mine Equipment & Design for \$1.659 million to upgrade old wash plant.
- (ii) Altcon Ingenieria for \$0.360 million to install admixture dispensing systems at concrete plants.
- (iii) Joel Engineering Solution Ltd. for \$0.093 million to construct slump stand at Harmony Hall concrete plant.
- (iv) Lifetime Roofing Ltd. for \$0.116 million to refurbish Melajo Garage roof.
- (v) Pro Form Engineering Ltd. for \$0.113 million for safety projects at all plants.
- (vi) Ramkasso Lurkhur and Sons for \$0.135 million to build Melajo water retention pond.
- (vii) Samuels Air Conditioning Services for \$0.012 million to install air condition units at Harmony Hall concrete plants.

(b) Operating lease commitments

Future minimum rentals payable under operating leases entered into with various companies in respect of motor vehicles and property rentals are as follows:

	2017	2016
	\$	\$
Due within one year	1,700	1,211
Due after one year but not more than five years	1,354	2,304
More than five years	859	2,683
	<u>3,913</u>	<u>6,198</u>

Operating lease expenses amounting to \$1.435million (2016: \$1.759 million) are included within the other operating expenses (refer to Note 13).

(c) Contingent liabilities

At 31 December 2017, the Company (RML) had contingent liabilities as follows:

- Performance Bond (\$1.448 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Melajo at Tapan Road, Valencia. Expiry: 15 April 2018

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

20. Commitments and Contingencies (continued)

(c) Contingent liabilities (continued)

- Rehabilitation Bond (\$1.448 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Melajo at Tapana Road, Valencia. Expiry: 15 April 2019
- Performance Bond (\$0.295 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Bermudez at Valencia Old Road, Tapana, Valencia. Expiry: 15 April 2018
- Rehabilitation Bond (\$0.295 million) dated 15 April 2013 in favour of the Ministry of Energy and Energy Affairs in respect to Quarry Licence over Bermudez at Valencia Old Road, Tapana, Valencia. Expiry: 15 April 2019.

(d) Other contingencies

- The Company was assessed by the Board of Inland Revenue (BIR) for additional corporation taxes of principal and interest for income tax year 2004. The Company has formally objected to this assessment. No provision has been recorded for the exposure of \$0.36 million inclusive of interest as at 31 December 2017 as the Directors are of the opinion that the liability is not considered probable.
- During 2011, the Company received a notification of outstanding claims amounting to \$2.6 million. RML has since written to the relevant party asking for further information and clarification on the nature of the claim. The relevant party has acknowledged receipt of RML's letter and has advised that their legal department is looking into the matter. Owing to the uncertainty of this possible liability no provision has been recorded.
- The Company has been and is a defendant in various legal actions from time to time and continues to vigorously defend its position on all such matters. Based on advice received from the Company's attorneys, provisions have been recognized in these financial statements reflecting the possible outcome of one or more of such matters in the coming year.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

21. Financial Risk Management

Introduction

The Group's activities expose it to a variety of financial risks, including the effects of changes in interest rates, market liquidity conditions, and foreign currency exchange rates which are accentuated by the Group's foreign operations, the earnings of which are denominated in foreign currencies. Accordingly, the Group's financial performance and position are subject to changes in the financial markets. Overall risk management measures are focused on minimising the potential adverse effects on the financial performance of the Group of changes in financial markets.

Risk management structure

The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management in compliance with the policies approved by the Board of Directors.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the reporting date. Management therefore carefully manages its exposure to credit risk.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one customer, or group of customers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

Continued exposure to credit risk is further managed through regular analysis of the ability of debtors to settle outstanding balances and by changing these credit limits when appropriate. The Group does not hold collateral as security.

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

21. Financial Risk Management (continued)

Credit risk (continued)

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, without taking account of any other credit enhancements:

	Gross maximum exposure	
	2017	2016
	\$	\$
Cash at bank and short-term deposits	51,722	47,330
Receivables and due from related parties	9,346	29,086
Total credit risk exposure	61,068	76,416

Credit risk related to receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. At 31 December 2017, the Group had four (4) individual customers (2016: 9 customers) that owed the Group more than \$1.0 million each and accounted for approximately 29% (2016: 38%) of all trade receivables outstanding. Included therein are amounts receivable from four class of customers with an outstanding receivable balance of \$2.6 million (2016: \$1.5 million) net of provision.

Credit risk related to cash and short-term deposits

Credit risks from balances with banks and financial institutions are managed in accordance with Group policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Credit Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. As such, there is no material risk relating to foreign currency fluctuations.

READYMIX (WEST INDIES) LIMITED**Notes to the Consolidated Financial Statement**

31 December 2017

*(Expressed in Thousands of Trinidad and Tobago Dollars)***21. Financial Risk Management (continued)****Foreign currency risk (continued)**

The aggregate value of financial assets and liabilities by denominated currency are as follows:

	TT	US	BDS	Total
	\$	\$	\$	\$
<u>2017</u>				
Assets				
Cash at bank and short-term deposits	51,610	112	-	51,722
Receivables and due from related parties	<u>9,346</u>	<u>-</u>	<u>-</u>	<u>9,346</u>
	<u>60,956</u>	<u>112</u>	<u>-</u>	<u>61,068</u>
Liabilities				
Payables and due to related parties	<u>15,818</u>	<u>-</u>	<u>-</u>	<u>15,818</u>
<u>2016</u>				
Assets				
Cash at bank and short-term deposits	42,174	5,156	-	47,330
Receivables and due from related parties	<u>29,086</u>	<u>-</u>	<u>-</u>	<u>29,086</u>
	<u>71,260</u>	<u>5,156</u>	<u>-</u>	<u>76,416</u>
Liabilities				
Payables and due to related parties	<u>21,027</u>	<u>-</u>	<u>-</u>	<u>21,027</u>

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

21. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible the Group utilises surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Group also utilises available credit facilities such as loans, overdrafts and other financing options where required.

The table below summarises the maturity profile of the Group's financial instruments at 31 December based on contractual undiscounted payments:

	On demand	<1 year	1 to 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
2017					
Financial assets					
Cash at bank and short-term deposits	5,626	46,096	-	-	51,722
Receivables and due from related parties	-	9,346	-	-	9,346
	<u>5,626</u>	<u>55,442</u>	<u>-</u>	<u>-</u>	<u>61,068</u>
Financial liabilities					
Payables and due to related parties	-	15,818	-	-	15,818
2016					
Financial assets					
Cash at bank and short-term deposits	10,330	37,000	-	-	47,330
Receivables and due from related parties	-	27,628	1,458	-	29,086
	<u>10,330</u>	<u>64,628</u>	<u>1,458</u>	<u>-</u>	<u>76,416</u>
Financial liabilities					
Payables and due to related parties	-	21,027	-	-	21,027

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

21. Financial Risk Management (continued)

Credit quality per category of financial asset

The credit quality of the balance due from the Group's various counterparties are internally determined from an assessment of each counterparty based on a combination of factors.

These factors include financial strength and the ability of the counterparty to service its debts, the stability of the industry or market in which it operates and its proven track record with the Company. The categories defined are as follows:

Superior: This category includes balances due from the Government and Government agencies that have been secured by a letter of comfort from the Government and balances due from institutions that have been accorded the highest rating by an international rating agency or is considered to have the highest credit rating. These balances are considered risk free.

Desirable: These are balances due from counterparties that are considered to have good financial strength and reputation.

Acceptable: These are balances due from counterparties that are considered to have fair financial strength and reputation.

Sub-standard: Balances that are impaired.

The table below illustrates the credit quality of the Group's trade receivables as at December 31:

	Superior \$	Desirable \$	Acceptable \$	Sub-Standard \$	Total \$
2017	6,017	1,842	1,405	15,467	24,731
2016	5,809	6,527	15,787	23,981	52,104

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

22. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and comply with the capital requirements set by the regulators of the markets where the Group operates.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

23. Related Party Disclosures

Related party balances arose from transactions with fellow subsidiaries of the Trinidad Cement Limited Group.

	<u>2017</u>	<u>2016</u>
	\$	\$
(a) Related party balances		
Amounts due from related parties (Note 5)		
Trinidad Cement Limited	71	456
TCL Ponsa Manufacturing Limited	11	12
Arawak Cement Company Limited	-	495
	<u>82</u>	<u>963</u>
Amounts due to related parties (Note 9)		
Trinidad Cement Limited	<u>2,580</u>	<u>2,394</u>

All related party balances above are unsecured and carry no fixed repayment terms.

The Group also holds short-term advances at year-end with the ultimate parent company, Trinidad Cement Limited (TCL), amounting to \$46.1 million (2016: \$37.0 million), which earns interest at a rate of 0.92% per annum and matures on 15 March 2018 (Refer to Note 7).

READYMIX (WEST INDIES) LIMITED

Notes to the Consolidated Financial Statement

31 December 2017

(Expressed in Thousands of Trinidad and Tobago Dollars)

	<u>2017</u>	<u>2016</u>
	\$	\$
23. Related Party Disclosures (continued)		
(b) Related party transactions		
Purchases of goods	20,996	27,536
Management fee expenses – parent company	2,551	4,228
Interest income	336	186
(Increase) reduction in investment		
In short-term deposits	(9,098)	4,000
Disposal of long-term asset and logistics charge	955	-

The purchase of goods were conducted with the ultimate parent company, Trinidad Cement Limited, and its subsidiaries. These transactions were consummated on terms no less favorable than those that could have been obtained from other parties providing goods and services.

Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	<u>2017</u>	<u>2016</u>
	\$	\$
Short-term employment benefits	3,112	5,041
Pension plan benefits	88	95

In 2017, the total remuneration of the directors was \$0.101 million (2016: \$0.084 million).

24. Subsequent Events

There are no events occurring after these consolidated statement of financial position date and before the date of approval of these consolidated financial statements by the Board of Directors that require adjustment to or disclosure in these consolidated financial statements.