



CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2020



READYMIX (WEST INDIES) LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2020	2019	2020	2019	2019
Revenue	13,708	18,129	32,686	34,326	70,471
Cost of sales	(8,832)	(16,061)	(24,751)	(30,761)	(60,751)
Gross profit	4,876	2,068	7,935	3,565	9,720
Operating expenses	(1,213)	(3,011)	(3,277)	(6,686)	(10,537)
Impairment of trade receivables	115	(13)	325	(271)	1,196
Operating earnings (loss) before other income and other expenses	3,778	(956)	4,983	(3,392)	379
Other income	60	1	429	1	1
Other expenses	(803)	(7,433)	(1,844)	(9,482)	(16,975)
Operating earnings (loss)	3,035	(8,388)	3,568	(12,873)	(16,595)
Financial expense	(77)	(136)	(194)	(258)	(731)
Financial income and other items, net	107	33	167	64	110
Earnings (loss) before taxation	3,065	(8,491)	3,541	(13,067)	(17,216)
Taxation	2,225	(162)	2,063	(303)	(1,501)
Net income (loss) from continuing operations	5,290	(8,653)	5,604	(13,370)	(18,717)
Discontinued operation	-	-	-	-	423
CONSOLIDATED NET INCOME (LOSS)	5,290	(8,653)	5,604	(13,370)	(18,294)
Basic earnings (loss) per share (Note 3):	0.44	(0.72)	0.47	(1.11)	(1.52)
Basic earnings (loss) per share from continuing operations (Note 3):	0.44	(0.72)	0.47	(1.11)	(1.56)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2020	2019	2020	2019	2019
CONSOLIDATED NET INCOME (LOSS)	5,290	(8,653)	5,604	(13,370)	(18,294)
<i>Items that will not be reclassified subsequently to the income statement</i>					
Net actuarial gains from remeasurement of defined benefit pension plans	-	-	-	-	11,672
Taxation recognised directly in other comprehensive income	-	-	-	-	(3,501)
	-	-	-	-	8,171
TOTAL COMPREHENSIVE INCOME (LOSS)	5,290	(8,653)	5,604	(13,370)	(10,123)

DIRECTORS' STATEMENT

In the second quarter (Q2) of 2020 Readymix (West Indies) Limited's (RML) operations were significantly disrupted by the COVID-19 pandemic and the resulting Government-imposed lockdown. This event had a significant impact on our revenues, operations and our way of doing business. From the onset of the pandemic, RML focused on executing three key priorities which are: 1) ensuring the safety of employees, their families and our communities; 2) supporting stakeholders through stringent safety protocols and reducing physical interactions; and 3) protecting the future of the Company. We achieved all three of these goals during this quarter.

In order to maintain RML's ongoing commitment to the safety, health and the well-being of our employees and contractors, we instituted new protocols during the quarter for COVID-19. We assisted and encouraged our employees to work remotely as much as possible, minimised on-site staffing and designed workflows to accommodate social distancing and stricter hygiene.

The COVID-19 fallout has added to the already very challenging conditions faced by the construction industry over the last few years. During the quarter, the Company introduced some new strategies to cope with the immediate effects caused by the COVID-19 disruption. The Company resolved quickly to preserve cash by eliminating all discretionary expenditures and postponing CAPEX until there was more visibility on the outlook for the industry. The Company continues to execute on its medium-term strategy of diversifying its revenue base, and during the quarter, earned meaningful contributions from its strategic participation in the development and sale of housing units.

In Q2 2020, concrete sales volume declined by 65% compared to Q2 2019, primarily as a consequence of the COVID-19 restrictions, while aggregate volume increased by 46% over the same period due mainly to increased production and availability of product. Revenue declined by \$4.4 million or 24% compared to Q2 2019, as a result of the concrete volume decline, which was partially offset by increased revenues from aggregate sales and our participation in the housing development project. Gross profit increased year-over-year, from \$2.1 million in Q2 2019 to \$4.9 million, reflecting the benefits of the previously implemented strategic initiatives and cost-saving measures. Compared to a net loss of \$8.7 million in Q2 2019, net profit for Q2 2020 was \$5.2 million (a swing of almost \$14 million) which included a taxation credit of \$2.4 million arising primarily from movements in our deferred tax assets and liabilities.

For the half year (H1) of 2020, while revenue reflected a net decline of \$1.6 million or 5% compared to H1 2019, both gross and net profits increased over the same period; gross profit was \$7.9 million in H1 2020 compared to \$3.6 million in H1 2019 and net profit was \$5.6 million in H1 2020 compared to a net loss of \$13.4 million in H1 2019, inclusive of restructuring costs. Liquidity also improved with net cash flow from operating activities of \$7.5 million compared to \$1.4 million in H1 2019.

While it is still very early to fully evaluate the long-term effects of COVID-19 on our operations, we believe that this event has made us a stronger and more efficient organisation, which is a testament to the resilience and commitment of our employees and the robustness of our systems and operations.

Pursuant to the Deregistration Order issued by the Trinidad and Tobago Securities and Exchange Commission (TTSEC), Trinidad Cement Limited (TCL) made an offer to minority shareholders of RML to purchase their shares, at the price stipulated in the Order, on June 15, 2020. The offer was made via registered mail and published twice weekly in two daily newspapers for two consecutive weeks. At this time, the Trinidad and Tobago Central Depository is managing the process with persons who have accepted the offer.

Michael Glenn Hamel-Smith
Chairman
July 24, 2020

Jose L. Seijo Gonzalez
Director
July 24, 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED	UNAUDITED	AUDITED
	30.06.2020	30.06.2019	31.12.2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9,772	2,528	2,934
Trade accounts receivable, net	2,670	5,593	4,348
Other accounts receivable	6,967	17,487	9,971
Inventories, net	5,894	11,075	7,250
Total current assets	25,303	36,683	24,503
NON-CURRENT ASSETS			
Other investments	314	1	1
Property, machinery and equipment, net	56,381	57,389	58,532
Employee benefits	6,349	-	6,409
Deferred taxation assets	12,689	21,233	18,767
Total non-current assets	75,733	78,623	83,709
TOTAL ASSETS	101,036	115,306	108,212
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	704	405	418
Trade payables	6,951	7,347	8,862
Other current liabilities	39,386	50,196	42,693
Liabilities directly associated with the discontinued operation	-	423	-
Total current liabilities	47,041	58,371	51,973
NON-CURRENT LIABILITIES			
Other financial obligations	1,672	820	1,051
Employee benefits	-	5,210	-
Deferred taxation liabilities	4,195	11,628	12,664
Total non-current liabilities	5,867	17,658	13,715
TOTAL LIABILITIES	52,908	76,029	65,688
STOCKHOLDERS' EQUITY			
Controlling interest:			
Stated capital	12,000	12,000	12,000
Retained earnings	30,524	45,548	48,818
Net income (loss)	5,604	(13,370)	(18,294)
Total controlling interest	48,128	44,178	42,524
Non-controlling interest	-	(4,901)	-
TOTAL STOCKHOLDERS' EQUITY	48,128	39,277	42,524
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	101,036	115,306	108,212

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2020	2019	2020	2019	2019
OPERATING ACTIVITIES					
Consolidated net income (loss)	5,290	(8,653)	5,604	(13,370)	(18,294)
Discontinued operation	-	-	-	-	(423)
Net income (loss) from continuing operations	5,290	(8,653)	5,604	(13,370)	(18,717)
Non-cash items:					
Depreciation and amortisation of assets	1,776	2,059	3,693	4,242	7,958
Results on sale of subsidiaries, other disposal groups and others	-	(1)	(369)	(1)	(1)
Financial income and other items, net	(86)	107	27	194	618
Pension plan expense	284	897	509	1,099	1,695
Taxation	(2,225)	162	(2,063)	303	1,501
Change in working capital, excluding taxation	(721)	3,983	820	10,016	15,314
Net cash flow provided by operating activities from continuing operations before financial expenses and income, pension payments and taxation	4,318	(1,446)	8,221	2,483	8,368
Interest paid	32	(51)	(85)	(173)	(510)
Interest received	8	35	20	70	113
Taxation paid	(176)	(166)	(326)	(316)	(630)
Pension payments	(79)	(437)	(304)	(673)	(1,437)
Net cash flow provided by (used in) operating activities from continuing operations	4,103	(2,065)	7,526	1,391	5,904
INVESTING ACTIVITIES					
Proceeds from the sale of property, machinery and equipment	(34)	1	369	1	1
Acquisition of property, machinery and equipment	(263)	(223)	(263)	(307)	(4,735)
Acquisition of debt instruments	(313)	-	(313)	-	-
Net cash flow from discontinued operation	-	-	-	-	423
Net cash flow provided by (used in) investing activities	(610)	(222)	(207)	(306)	(4,311)
FINANCING ACTIVITIES					
Payment of lease liabilities	(266)	(453)	(481)	(801)	(903)
Net cash flow used in financing activities	(266)	(453)	(481)	(801)	(903)
Increase (decrease) in cash and cash equivalents	3,227	(2,740)	6,838	284	690
Cash and cash equivalents at beginning of period	6,545	5,268	2,934	2,244	2,244
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,772	2,528	9,772	2,528	2,934
Changes in working capital, excluding taxation:					
Trade receivables, net	2,792	1,960	1,680	4,944	6,195
Other accounts receivable and other assets	(59)	560	3,002	2,217	8,850
Inventories, net	(282)	(910)	1,356	(1,735)	2,090
Trade payables	(523)	(1,544)	(1,911)	(2,943)	(1,428)
Other accounts payable and accrued expenses	(2,649)	3,917	(3,307)	7,533	(393)
Changes in working capital, excluding taxation	(721)	3,983	820	10,016	15,314



READYMIX (WEST INDIES) LIMITED

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FOR THE SIX MONTHS ENDED JUNE 30, 2020



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

TT \$'000	PARENT		NON-CONTROLLING INTEREST			
	UNAUDITED	AUDITED	UNAUDITED	AUDITED		
	Jan to Jun		Jan to Dec	Jan to Jun		Jan to Dec
	2020	2019	2019	2020	2019	2019
Balance at beginning of period	42,524	57,548	57,548	-	4,901	4,901
Net income (loss)	5,604	(13,370)	(18,294)	-	-	-
Total other items of comprehensive income	-	-	8,171	-	-	-
Change in non-controlling interest	-	-	(4,901)	-	-	(4,901)
Balance at end of period	48,128	44,178	42,524	-	4,901	-

SEGMENT INFORMATION

TT \$'000	CONCRETE	AGGREGATES	OTHERS	TOTAL
UNAUDITED YEAR JAN TO JUN 2020				
Revenue	15,871	11,832	4,983	32,686
(Loss) earnings before taxation	(2,359)	1,166	4,734	3,541
UNAUDITED YEAR JAN TO JUN 2019				
Revenue	27,002	7,324	-	34,326
Loss before taxation	(11,105)	(1,962)	-	(13,067)
AUDITED YEAR JAN TO DEC 2019				
Revenue	50,527	17,434	2,510	70,471
(Loss) earnings before taxation	(14,693)	(5,033)	2,510	(17,216)

NOTES:

1. Basis of Preparation

These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in stockholders' equity and condensed consolidated statement of cash flows.

2. Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the audited financial statements for the year ended December 31, 2019, consistently applied from period to period, except where the Group has adopted the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2020 and which are relevant to the Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the income or loss attributable to equity holders of the owner by the weighted average number of ordinary shares outstanding during the period.

4. Cost of Sales, Operating and Other Expenses and Other Income

Cost of sales represents the production cost of inventories at the moment of sale. Cost of sales includes depreciation, amortisation and depletion of assets involved in production, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses of the Group's ready-mix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the Group's management. Selling expenses represent the expenses associated with sales activities. Distribution and logistics expenses refer to expenses of storage at points of sales, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities.

Other expenses and other income consist primarily of expenses and revenues not directly related to the Group's main activities, or which are of an unusual and/or non-recurring nature, including results on disposal of assets and restructuring costs, among others.

5. Segment Information

The Group derived 49% (2019 - 79%) of its revenue from the sale of concrete, 36% (2019 - 21%) from the sale of aggregates and 15% (2019 - nil) from other activities. The Group's sales strategy is associated with these product lines; accordingly the segment information is so presented.