CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Readymix

READYMIX (WEST INDIES) LIMITED

TCL GROUP
Building a Brighter Future

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2019	2018	2019	2018	2018
Revenue	**17,835**	**18,742**	**50,627**	**65,149**	**83,330**
(Loss) earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment, restructuring costs and impairment	**(39)**	**4,225**	**(1,575)**	**4,496**	**3,360**
Depreciation	(1,881)	(1,630)	(6,123)	(4,291)	(5,455)
Gain on disposal of property, plant and equipment	-	-	1	10	791
Manpower restructuring costs (Note 5)	(2,103)	(1,816)	(9,199)	(14,072)	(14,610)
Impairment credit on trade receivables	-	-	-	-	2,438
Integration restructuring expenses (Note 6)	-	-	-	(31)	(31)
Operating loss	**(4,023)**	**779**	**(16,896)**	**(13,888)**	**(13,507)**
Net finance (cost) income	(121)	45	(315)	27	30
(Loss) profit before taxation	**(4,144)**	**824**	**(17,211)**	**(13,861)**	**(13,477)**
Taxation	(161)	(171)	(464)	391	600
(Loss) profit for the period	**(4,305)**	**653**	**(17,675)**	**(13,470)**	**(12,877)**
(Loss) profit attributable to owners of the Company	**(4,305)**	**653**	**(17,675)**	**(13,470)**	**(12,877)**
Basic and diluted (loss) earnings per share - cents (Note 3):	**(36)**	**5**	**(147)**	**(112)**	**(107)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2019	2018	2019	2018	2018
(Loss) profit for the period	**(4,305)**	**653**	**(17,675)**	**(13,470)**	**(12,877)**
Other comprehensive income (loss):					
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement loss on defined benefit plan	-	-	-	-	(16)
Income tax effect	-	-	-	-	5
	-	**-**	**-**	**-**	**(11)**
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	-	-	-	-	(2)
Total other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**-**	**(13)**
Total comprehensive (loss) profit for the period, net of tax	**(4,305)**	**653**	**(17,675)**	**(13,470)**	**(12,890)**
Attributable to:					
Equity holders of the Parent	(4,305)	653	(17,675)	(13,470)	(12,888)
Non-controlling interest	-	-	-	-	(2)
Total comprehensive (loss) profit attributable to owners of the Company:	**(4,305)**	**653**	**(17,675)**	**(13,470)**	**(12,890)**

DIRECTORS' STATEMENT

RML is pleased to report that the trend of safe operations was sustained in the third quarter (Q3) of 2019, with no Lost Time Incidents being reported year-to-date. This reflects our continued commitment to our "ZERO4Life" programme and emphasis on the health and well-being of our employees and contractors.

Very challenging market conditions persist as the construction sector continues to underperform in 2019 with low public sector spending. In Q3 of 2019, there was an increase in aggregate sales volume and a decrease in concrete sales volume, when compared to the same period in 2018. Declining selling prices persisted in Q3 2019, which, together with the impact of the concrete and aggregate sales volumes, resulted in a 5% decrease in revenue, compared to Q3 2018. Adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposals, restructuring costs and impairment) was negative $0.04 million, compared to positive $4.2 million in Q3 2018. Ultimately, a net loss of $4.3 million was recorded for Q3 2019, compared to a profit of $0.7 million in Q3 2018, as further restructuring costs of $2.1 million (2018 - $1.8 million) were incurred.

For the first nine months of 2019, revenue declined by $14.5 million, or 22%, compared to the corresponding 2018 period, mainly due to lower sales volume and prices. Adjusted EBITDA was negative $1.6 million, compared to positive $4.5 million for the same period in 2018. Net loss after tax was $17.7 million (2018 - $13.5 million), after charging $9.2 million in restructuring costs (2018 - $14.1 million). While restructuring costs in 2019 to date have been high, they are lower than 2018 and should continue to reduce as we reach closer to our targets.

While RML continues to explore avenues for growing revenue, improving efficiency and competitiveness and further reducing costs, we are encouraged by a significant improvement in our current quarry reserves position. Our strategic partnership for the development and sale of housing units through East Lake Development Company Limited is progressing well, with a number of units expected to be sold in Q4 of 2019.

The Company continues to await the decision of the Trinidad and Tobago Securities and Exchange Commission regarding the application for deregistration as a reporting issuer.

Michael Glenn Hamel-Smith
Chairman
October 24, 2019

Jose Luis Seijo Gonzalez
Director
October 24, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	30.09.2019	30.09.2018	31.12.2018
ASSETS			
Non-current assets			
Property, plant and equipment	56,998	56,253	59,383
Investment	1	1	1
Deferred tax assets	21,233	13,655	14,297
	78,232	69,909	73,681
Current assets			
Inventories	7,758	11,739	9,340
Receivables and prepayments	8,827	12,317	14,099
Cash at bank and short-term deposits	12,062	30,727	18,380
	28,647	54,783	41,819
Total assets	**106,879**	**124,692**	**115,500**
EQUITY AND LIABILITIES			
Equity			
Stated capital	12,000	12,000	12,000
Retained earnings	27,873	44,966	45,548
Equity attributable to owners of the Company	**39,873**	**56,966**	**57,548**
Non-controlling interest	(4,901)	(4,899)	(4,901)
Total equity	**34,972**	**52,067**	**52,647**
Non-current liabilities			
Employee benefits liability	5,496	10,644	4,784
Deferred tax liabilities	11,628	4,429	4,693
Lease liability	1,434	-	-
	18,558	15,073	9,477
Current liabilities			
Payables and accruals	52,792	57,129	52,953
Lease liability	134	-	-
Liabilities directly associated with the discontinued operation	423	423	423
	53,349	57,552	53,376
Total equity and liabilities	**106,879**	**124,692**	**115,500**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2019	2018	2019	2018	2018
Cash flows from operating activities					
(Loss) profit before taxation	**(4,144)**	**824**	**(17,211)**	**(13,861)**	**(13,477)**
Adjustments for:					
- Depreciation	1,881	1,630	6,123	4,291	5,455
- Net finance costs	141	(35)	399	(17)	304
- Other non-cash items	-	693	-	812	-
- Employee benefits expense	286	294	712	1,300	169
- Gain on disposal of property, plant and equipment	-	-	(1)	(10)	(791)
	(1,836)	3,406	(9,978)	(7,485)	(8,340)
Changes in:					
- Inventories	3,317	(1,303)	1,582	201	2,600
- Receivables and prepayments	1,802	(468)	7,711	(2,879)	(5,400)
- Payables and accruals	(4,719)	(12,387)	(2,074)	(1,768)	(6,008)
Cash used in operating activities	(1,436)	(10,752)	(2,759)	(11,931)	(17,148)
Pension contributions paid	(277)	(3,472)	(866)	(4,189)	(7,611)
Taxation paid	(173)	(181)	(496)	(643)	(811)
Net interest paid	(141)	(46)	(399)	(264)	(304)
Net cash used in operating activities	**(2,027)**	**(14,451)**	**(4,520)**	**(17,027)**	**(25,874)**
Cash flows from investing activities					
Additions to property, plant and equipment	(1,493)	(306)	(1,800)	(3,982)	(8,260)
Reduction in short-term deposits	4,685	8,000	7,768	19,147	29,961
Proceeds from disposal of property, plant and equipment	-	-	1	10	791
Net cash generated from investing activities	**3,192**	**7,694**	**5,969**	**15,175**	**22,492**
Net increase (decrease) in cash and cash equivalents	1,165	(6,757)	1,449	(1,852)	(3,382)
Cash and cash equivalents - beginning of period	2,528	10,531	2,244	5,626	5,626
Cash and cash equivalents - end of period	**3,693**	**3,774**	**3,693**	**3,774**	**2,244**
Represented by:					
Cash on hand and at bank	**3,693**	**3,774**	**3,693**	**3,774**	**2,244**

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GROUP
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SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Nine Months Jan to Sep		Year Jan to Dec	Nine Months Jan to Sep		Year Jan to Dec
	2019	2018	2018	2019	2018	2018
Balance at beginning of period	**57,548**	**74,833**	**74,833**	**(4,901)**	**(4,899)**	**(4,899)**
Recognition of opening carrying amount differences upon initial application of IFRS 9	-	(4,397)	(4,397)	-	-	-
	57,548	70,436	70,436	(4,901)	(4,899)	(4,899)
Currency translation loss	-	-	-	-	-	(2)
Other comprehensive loss	-	-	(11)	-	-	-
Loss after taxation	(17,675)	(13,470)	(12,877)	-	-	-
Total comprehensive loss	(17,675)	(13,470)	(12,888)	-	-	(2)
Balance at end of period	**39,873**	**56,966**	**57,548**	**(4,901)**	**(4,899)**	**(4,901)**

SEGMENT INFORMATION

TT$'000	CONCRETE	AGGREGATE	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2019			
Revenue	37,391	13,236	50,627
Loss before tax	(13,555)	(3,656)	(17,211)
UNAUDITED NINE MONTHS JAN TO SEP 2018			
Revenue	53,299	11,850	65,149
Loss before tax	(13,285)	(576)	(13,861)
AUDITED YEAR JAN TO DEC 2018			
Revenue	67,250	16,080	83,330
Loss (profit) before tax	(14,554)	1,077	(13,477)

NOTES:

1. **Basis of Preparation**
   These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows.

2. **Accounting Policies**
   These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the December 31, 2018 audited financial statements consistently applied from period to period, except where the Company has adopted the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2019 and which are relevant to the Company's operations.

3. **Earnings Per Share**
   Earnings per share (EPS) is calculated by dividing the (loss) profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

4. **Segment Information**
   The Group derived 74% (2018 - 82%) of its revenue from the sale of concrete and 26% (2018 - 18%) from the sale of aggregates. The Group's Sales strategy is associated with these two product lines, accordingly the segment information is so presented.

5. **Manpower Restructuring Costs**
   Manpower restructuring costs mainly comprise settlement of obligations to separated employees incurred during implementation of restructuring programmes. The objective of the restructuring programmes is to improve cost efficiency in light of continuing market conditions.

6. **Integration Restructuring Expenses**
   Integration restructuring expenses comprise the expenses incurred to align the operations and integrate the processes with the ultimate parent company.

7. **Initial Application of IFRS 16**
   The Group adopted IFRS 16 Leases ("IFRS 16") on January 1, 2019. The adoption of IFRS 16 impacted the accounting policy for property, plant and equipment. The impact on the results of the first nine months of 2019 was a recognition of $2.4 million in right-of-use assets, $2.4 million in lease liability and an increase in adjusted EBITDA by $1.2 million.