READYMIX (WEST INDIES) LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2019

TCL GROUP
Building a Brighter Future

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT $'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2019	2018	2019	2018	2018
Revenue	**17,281**	**26,617**	**32,792**	**46,407**	**83,330**
(Loss) earnings before interest, tax, depreciation, gain on disposal of property, plant and equipment, restructuring costs and impairment	**(104)**	**879**	**(1,536)**	**271**	**3,360**
Depreciation	(2,059)	(1,348)	(4,242)	(2,661)	(5,455)
Gain on disposal of property, plant and equipment	1	10	1	10	791
Manpower restructuring costs (Note 5)	(6,226)	(10,647)	(7,096)	(12,256)	(14,610)
Impairment credit on trade receivables	-	-	-	-	2,438
Integration restructuring expenses (Note 6)	-	-	-	(31)	(31)
Operating loss	**(8,388)**	**(11,106)**	**(12,873)**	**(14,667)**	**(13,507)**
Finance (cost) income	(103)	(27)	(194)	(18)	30
Loss before taxation	**(8,491)**	**(11,133)**	**(13,067)**	**(14,685)**	**(13,477)**
Taxation	(162)	(250)	(303)	562	600
Loss for the period	**(8,653)**	**(11,383)**	**(13,370)**	**(14,123)**	**(12,877)**
Loss attributable to owners of the Company	**(8,653)**	**(11,383)**	**(13,370)**	**(14,123)**	**(12,877)**
Basic and diluted loss per Share - cents (Note 3):	**(72)**	**(95)**	**(111)**	**(118)**	**(107)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2019	2018	2019	2018	2018
Loss for the period	**(8,653)**	**(11,383)**	**(13,370)**	**(14,123)**	**(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 for the period, net of tax	**(8,653)**	**(11,383)**	**(13,370)**	**(14,123)**	**(12,890)**
Attributable to:					
Equity holders of the Parent	(8,653)	(11,383)	(13,370)	(14,123)	(12,888)
Non-controlling interest	-	-	-	-	(2)
Total comprehensive loss attributable to owners of the Company:	**(8,653)**	**(11,383)**	**(13,370)**	**(14,123)**	**(12,890)**

DIRECTORS' STATEMENT

Management is pleased to report another quarter, and six months of 2019 to date, of safe operations with no Lost Time Incidents (LTIs) at Ready Mix Limited (RML). This reflects our staff's continued commitment to Health & Safety best practices.

The second quarter (Q2) of 2019 reflected a continuation of very challenging economic conditions faced by the Company in the first quarter. Public sector activity, which is traditionally the key driver of growth in the construction sector, continues to be very restrained. Indeed, while RML's concrete sales volume improved somewhat, aggregate sales volume declined significantly in Q2 compared to Q1. Both concrete and aggregate volumes were below that of Q2 2018, even as the Company continues to focus on maintaining high-quality products and services in an increasingly price-driven market. As a result of the decline in sales volume, revenue declined by 35% compared to Q2 2018 and RML's adjusted EBITDA (earnings before interest, tax, depreciation, gain on disposal and restructuring costs) for Q2 2019 was negative $0.1 million compared to a positive $0.9 million in Q2 2018, a decline of $1.0 million.

Net loss for the quarter was $8.7 million, down from a net loss of $11.4 million in Q2 2018. As the Company continued to review and restructure its operations, further manpower restructuring costs of $6.2 million were recorded in the period, a reduction from $10.6 million in Q2 2018.

For the first six months of 2019, revenue declined by 29% compared to the first half of 2018, mainly due to lower sales volume and prices, resulting in negative adjusted EBITDA of $1.5 million (2018: positive $0.3 million). Despite the 29% revenue reduction, RML managed to record an improved net loss after tax of $13.4 million compared to a net loss after tax of $14.1 million for the first six months of 2018.

RML continues to explore avenues for growing revenue and further reducing costs. Such initiatives include refining our product mixes to reduce cost while maintaining quality, introducing new value-added products, hosting concrete innovation seminars and leveraging on the resources and expertise of our parent company CEMEX to improve efficiency. Additionally, our strategic partnership for development and sale of housing units through East Lake Development Company Limited is progressing well.

RML 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
July 15, 2019

Jose Luis Seijo Gonzales
Director
July 15, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	30.06.2019	30.06.2018	31.12.2018
ASSETS			
Non-current assets			
Property, plant and equipment	57,389	57,577	59,383
Investment	1	1	1
Deferred tax assets	21,233	13,655	14,297
	78,623	71,233	73,681
Current assets			
Inventories	11,075	10,436	9,340
Receivables and prepayments	10,006	11,858	14,099
Cash at bank and short-term deposits	15,582	45,481	18,380
	36,663	67,775	41,819
Total assets	**115,286**	**139,008**	**115,500**
EQUITY AND LIABILITIES			
Equity			
Stated capital	12,000	12,000	12,000
Retained earnings	32,178	44,313	45,548
Equity attributable to owners of the Company	**44,178**	**56,313**	**57,548**
Non-controlling interest	(4,901)	(4,899)	(4,901)
Total equity	**39,277**	**51,414**	**52,647**
Non-current liabilities			
Employee benefits liability	5,210	13,214	4,784
Deferred tax liabilities	11,628	4,429	4,693
Lease liability	820	-	-
	17,658	17,643	9,477
Current liabilities			
Payables and accruals	57,523	69,528	52,953
Lease liability	405	-	-
Liabilities directly associated with the discontinued operation	423	423	423
	58,351	69,951	53,376
Total equity and liabilities	**115,286**	**139,008**	**115,500**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED				AUDITED
	Three Months Apr to Jun		Six Months Jan to Jun		Year Jan to Dec
	2019	2018	2019	2018	2018
Cash flows from operating activities					
Loss before taxation	**(8,491)**	**(11,133)**	**(13,067)**	**(14,685)**	**(13,477)**
Adjustments to reconcile profit before taxation to net cash generated by operating activities:					
Depreciation	2,059	1,348	4,242	2,661	5,455
Finance costs	136	23	258	18	304
Other non-cash items	-	574	-	119	-
Employee benefits expense	224	553	426	1,006	169
Gain on disposal of property, plant and equipment	(1)	(10)	(1)	(10)	(791)
	(6,073)	(8,645)	(8,142)	(10,891)	(8,340)
(Increase) decrease in inventories	(910)	1,389	(1,735)	1,504	2,600
Decrease (increase) in receivables and prepayments	1,650	(951)	5,909	(2,411)	(5,400)
Increase (decrease) in payables and accruals	2,600	6,893	2,645	10,619	(6,008)
Cash used in operating activities	(2,733)	(1,314)	(1,323)	(1,179)	(17,148)
Pension contributions paid	(353)	(481)	(589)	(717)	(7,611)
Taxation paid	(173)	(291)	(323)	(462)	(811)
Finance cost paid	(136)	(116)	(258)	(218)	(304)
Net cash used in operating activities	**(3,395)**	**(2,202)**	**(2,493)**	**(2,576)**	**(25,874)**
Cash flows from investing activities					
Additions to property, plant and equipment	(223)	(3,061)	(307)	(3,676)	(8,260)
Reduction in short-term deposits	877	11,147	3,083	11,147	29,961
Proceeds from disposal of property, plant and equipment	1	10	1	10	791
Net cash generated from investing activities	**655**	**8,096**	**2,777**	**7,481**	**22,492**
Net (decrease) increase in cash and cash equivalents	(2,740)	5,894	284	4,905	(3,382)
Cash and cash equivalents - beginning of period	5,268	4,637	2,244	5,626	5,626
Cash and cash equivalents - end of period	**2,528**	**10,531**	**2,528**	**10,531**	**2,244**
Represented by:					
Cash on hand and at bank	**2,528**	**10,531**	**2,528**	**10,531**	**2,244**

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FOR THE SIX MONTHS ENDED JUNE 30, 2019

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SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Six Months Jan to Jun		Year Jan to Dec	Six Months Jan to Jun		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	(13,370)	(14,123)	(12,877)	-	-	-
Total comprehensive loss	(13,370)	(14,123)	(12,888)	-	-	(2)
Balance at end of period	**44,178**	**56,313**	**57,548**	**(4,901)**	**(4,899)**	**(4,901)**

SEGMENT INFORMATION

TT$'000	CONCRETE	AGGREGATE	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2019			
Revenue	25,860	6,932	32,792
Loss before tax	(11,105)	(1,962)	(13,067)
UNAUDITED SIX MONTHS JAN TO JUN 2018			
Revenue	37,529	8,878	46,407
Loss before tax	(13,929)	(756)	(14,685)
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 attributable to equity holders of the owner by the weighted average number of ordinary shares outstanding during the period.

4. **Segment Information**
   The Group derived 79% (2018 - 81%) of its revenue from the sale of concrete and 21% (2018 - 19%) 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 six months of 2019 was a recognition of $1.9 million in right-of-use assets, $1.9 million in lease liability and an increase in adjusted EBITDA by $0.8 million (Q1 2019 $0.4 million).