



NATIONAL FLOUR MILLS LIMITED

UNAUDITED RESULTS AS AT MARCH 31, 2020 (Expressed in Trinidad and Tobago Dollars)

Chairman's Review

The global impact of the Covid-19 virus and the devastation inflicted on employment and economic activity has been your board's major focus for the first quarter. Economies across the globe are experiencing unprecedented slowdowns in economic activity and levels of unemployment. Our regional economies, dependent as they are on tourism, have not been spared. Locally, the impact has been exacerbated by the falling demand for oil and gas. The impact on our local energy and petrochemical industries coupled with the measures to contain the virus, will negatively influence our business environment for some time.

Despite this, our supply chain remains robust. However, we have experienced increased price volatility in the grain markets due to changing views on the impact of these developments on demand and consumption patterns. The lockdown of the local economy in the latter part of the first quarter contributed to an upsurge in home cooking and baking. NFM used this opportunity to market its brands on-line, and as a result realized increased sales of our staple products. As a result, revenue for the period was \$105.2M or 9.5% above 2019.

In addition, the increased controls over material utilization arising out of detailed process analysis coupled with strategic raw material buying decisions have positively impacted our cost of sales yielding a 16.3% increase in gross profit, and a 27.8% gross profit margin, up from 26.2% for the same period last year. Our selling and distribution expenses have also benefitted from tighter route management falling by 6.5% year-on-year. The improved revenues along with more stringent cost controls have resulted in a 76.2% improvement in profit before tax and a 73.8% increase in profit after tax.

NFM continues its plant improvement program and is scheduled to upgrade packaging equipment later this year to allow for greater efficiency through automation and an expanded product range. The SQF certification audit scheduled for April 2020 has been postponed due to the pandemic and a new date will be set once the situation returns to some level of normalcy.

I would like to thank the dedicated NFM team who have remained committed and focused on ensuring that we continue to deliver our very essential products to our customers. Your Board is cognizant of the significant challenges facing the economy and remains committed to delivering quality products while continuously improving our performance to increase value for our stakeholders.

Nigel Romano
Chairman

Summary Consolidated Statement of Financial Position

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-20 \$'000	31-Mar-19 \$'000	31-Dec-19 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	69,717	54,313	43,578
Accounts receivables and prepayments	77,091	65,763	74,149
Amounts due from the GORTT	14,705	13,420	18,274
Inventories	78,342	83,264	65,296
Restricted deposit	1,584	16,540	16,542
Tax recoverable	6,610	7,676	9,001
	<u>248,049</u>	<u>240,976</u>	<u>226,840</u>
Non-current assets			
Retirement benefit asset	24,514	7,314	23,178
Investment at fair value through OCI	1,248	1,758	1,248
Right of use asset	6,920	-	6,920
Property, plant and equipment	170,956	180,613	173,714
Intangible assets	5,321	6,367	5,773
Deferred tax	6,934	6,370	6,934
	<u>215,893</u>	<u>202,422</u>	<u>217,767</u>
Total assets	<u>463,942</u>	<u>443,398</u>	<u>444,607</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accruals	54,631	29,907	32,545
Amount due to the GORTT	17,545	15,977	17,321
Borrowings	53,945	72,982	64,645
Current portion of lease liability	1,038	-	1,038
	<u>127,159</u>	<u>118,866</u>	<u>115,549</u>
Non-current liabilities			
Deferred taxation	47,486	44,234	47,486
Medical and Life Insurance Plan	22,424	19,530	21,833
Lease liability	5,821	-	5,821
Borrowings	-	7,774	-
	<u>75,731</u>	<u>71,538</u>	<u>75,140</u>
Shareholders' equity			
Stated Capital	120,200	120,200	120,200
Treasury shares	(3,125)	(3,175)	(3,125)
Retained earnings	145,299	136,781	138,165
Other reserves	(1,322)	(812)	(1,322)
	<u>261,052</u>	<u>252,994</u>	<u>253,918</u>
Total liabilities and shareholders' equity	<u>463,942</u>	<u>443,398</u>	<u>444,607</u>

Summary Consolidated Statement of Changes in Equity

	Share Capital \$'000	Other Equity \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000
Balance as at January 1, 2020	120,200	(3,125)	138,165	(1,322)	253,918
Total comprehensive income: Profit for the year	-	-	7,012	-	7,012
Other movements	-	-	122	-	122
Transactions with owners of the Company:					
Dividends declared	-	-	-	-	-
Balance as at March 31, 2020	<u>120,200</u>	<u>(3,125)</u>	<u>145,299</u>	<u>(1,322)</u>	<u>261,052</u>
Balance as at January 1, 2019- Restated	120,200	(3,175)	130,651	(812)	246,864
Total comprehensive income: Profit for the year	-	-	6,133	-	6,133
Loss on investment	-	-	-	(510)	(510)
Actuarial gain for the retirement benefit asset and medical and life insurance plan	-	-	10,155	-	10,155
Other movements	-	-	(360)	-	(360)
Movement in Treasury shares	-	50	-	-	50
Transactions with owners of the Company:					
Dividends declared	-	-	(8,414)	-	(8,414)
Balance as at December 31, 2019	<u>120,200</u>	<u>(3,125)</u>	<u>138,165</u>	<u>(1,322)</u>	<u>253,918</u>

Notes to the Summary Consolidated Financial Statements as at March 31, 2020

Note 1: Basis of Preparation

The abridged financial statements do not include accounting policies and the notes that are contained in the financial statements. The financial statements were prepared in accordance with International Financial Reporting Standards.

Summary Consolidated Statement of Comprehensive Income

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-20 \$'000	31-Mar-19 \$'000	31-Dec-19 \$'000
Turnover	105,234	96,117	412,476
Cost of sales	(75,952)	(70,940)	(321,112)
Gross profit	<u>29,282</u>	<u>25,177</u>	<u>91,364</u>
Selling and distribution expenses	(8,665)	(9,268)	(38,657)
Administrative expenses	(11,057)	(10,597)	(47,127)
Other operating income	1,470	1,677	9,214
Operating profit	<u>11,030</u>	<u>6,989</u>	<u>14,794</u>
Finance cost	(875)	(1,227)	(4,731)
Profit before taxation	<u>10,155</u>	<u>5,762</u>	<u>10,063</u>
Taxation	(3,143)	(1,728)	(3,930)
Profit after taxation	<u>7,012</u>	<u>4,034</u>	<u>6,133</u>
Other comprehensive income			
Items that will never be reclassified to profit or loss	-	-	16,363
Remeasurement of retirement benefit asset	-	-	(1,856)
Remeasurement of medical and life insurance plan	-	-	(510)
Loss on investment at fair value through OCI	-	-	(4,352)
Deferred taxation	-	-	-
Other comprehensive income, net of tax	-	-	9,645
Total comprehensive income for the period	<u>7,012</u>	<u>4,034</u>	<u>15,778</u>
Earnings per share	6 cents	3 cents	5 cents

Summary Consolidated Statement of Cash Flows

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-20 \$'000	31-Mar-19 \$'000	31-Dec-19 \$'000
Cash flows from operating activities			
Profit before taxation	10,155	5,762	10,063
Adjustments for:			
Depreciation	3,893	3,829	15,472
Amortisation	452	411	2,494
Interest expense	1,097	1,400	4,780
Retirement benefit and medical plan expense	5,347	6,359	7,131
Lease interest expense	-	-	291
Interest Income	(46)	(130)	(491)
Capitalised Borrowings	78	119	658
Discounting of Receivables	-	-	637
Non Cash movement	122	-	-
Dividend income	-	-	(481)
Gain or loss on foreign exchange	19	-	(322)
Increase in the provision for doubtful accounts	300	300	2,798
Operating profit before working capital changes	21,417	18,050	43,030
Changes in working capital:			
Increase in accounts receivable and prepayments and restricted deposit	(3,242)	(3,526)	(7,387)
(Increase)/ decrease in inventories	(13,045)	(3,671)	11,303
(Decrease)/increase in accounts payable and accruals	17,190	(4,060)	(2,670)
Increase in amounts due to/from GORTT	3,791	4,525	804
Cash generated from operating activities	26,111	11,318	45,080
Interest paid	(508)	(1,395)	(4,838)
Taxes paid	(752)	(3,529)	(7,823)
Net cash generated from operating activities	<u>24,851</u>	<u>6,394</u>	<u>32,419</u>
Cash flows from investing activities			
Restricted deposit	14,958	15,442	15,439
Disposal of fixed asset	-	-	85
Purchase of property, plant and equipment	(1,136)	(2,069)	(6,961)
Dividend Income	-	-	481
Retirement benefit asset & medical contributions paid	(1,784)	(1,668)	(7,857)
Interest received on loans	46	130	491
Purchase of intangible assets	-	(230)	(1,369)
Net cash generated from/ (used) in investing activities	<u>12,084</u>	<u>11,605</u>	<u>309</u>
Cash flows from financing activities			
Borrowings drawn	-	-	-
Borrowings repayment	(10,796)	(7,971)	(24,513)
Dividends paid	-	-	(8,414)
Lease interest paid	-	-	(217)
Lease liability repaid	-	-	(291)
Net cash used in financing activities	<u>(10,796)</u>	<u>(7,971)</u>	<u>(33,435)</u>
Net change in cash and cash equivalents	26,139	10,028	(707)
Cash and cash equivalents at the beginning of the year	43,578	44,285	44,285
Cash and cash equivalents at the end of the year	<u>69,717</u>	<u>54,313</u>	<u>43,578</u>

Director

Director