



NATIONAL FLOUR MILLS LIMITED

UNAUDITED RESULTS AS AT MARCH 31, 2021 (Expressed in Trinidad and Tobago Dollars)

Chairman's Review

Dear Shareholders

After a reasonable financial performance in 2020, NFM's performance in first Quarter 2021 has been adversely impacted by escalating grain prices with wheat prices increasing by 25%, soyabean meal by 40% and corn prices increasing by 60%. For the first quarter of 2021, actual revenue was \$100.4M as compared to \$105.2M in 2020, a 4.6% decrease year on year. The 2020 revenue was boosted significantly by non-seasonal demand triggered mainly by the first period of COVID-19 lockdown. Cost of sales increased by 4% year on year from \$75.7M in 2020 to \$78.7M in 2021 primarily due to increased grain prices. Our gross profit margin decreased by 25% with gross profit declining from \$30.8M in 2020 to \$23M in 2021. Overall, selling, distribution and administrative overheads remained on par and net profit after tax was \$2.6M, a 65% decrease for the comparable period in 2020.

Mindful of its role in feeding the nation, NFM absorbed as much of the price increases as it could. However, a portion of the increases had to be passed on the customer. In Q1, NFM implemented minimal price increases for feed products, dry-mix products and for traded goods. The surge in grain prices is expected to continue in 2021 and NFM will continue to monitor closely and look for savings wherever possible.

With a new Chief Executive Officer on board, NFM has commenced the process of reviewing its strategic initiatives to ensure that we deliver improved value to our loyal customers. Capital improvement is high on the agenda as we begin to structure the business for growth and to deliver its mission. The business will be retooled for greater agility and diversification of revenue streams. Additionally, we are aggressively pursuing continuous improvement initiatives so as to maximize productivity while mitigating the COVID-19 risks to our workforce.

We expect the remainder of 2021 to be challenging. With the roll-out of the COVID-19 vaccines, we are optimistic that life will return closer to what it was before, and activities will resume to some extent. As we employ the tough measures to defend our profitability, we will also improve our capacity.

I would like to take the opportunity to thank my fellow directors and the management and staff of the company for their continued support and commitment to managing the operations of the company. I wish to assure our customers and all our other stakeholders that NFM remains committed to providing basic food products at competitive prices.

Nigel Romano
Chairman

Summary Consolidated Statement of Financial Position

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-2021	31-Mar-2020	31-Dec-2020
	\$'000	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	80,596	69,717	92,795
Accounts receivables and prepayments	62,198	77,091	60,851
Amounts due from the GORTT	17,458	14,705	18,530
Inventories	70,214	78,342	50,748
Restricted deposit	1,584	1,584	1,584
Tax recoverable	5,661	6,610	4,481
	<u>237,711</u>	<u>248,049</u>	<u>228,989</u>
Non-current assets			
Retirement benefit asset	20,566	24,514	19,179
Investment at fair value through OCI	672	1,248	672
Right of use asset	7,029	6,920	7,266
Property, plant and equipment	162,687	170,956	165,065
Intangible assets	3,553	5,321	3,968
Deferred tax	7,483	6,934	7,483
Government bonds	5,460	-	5,460
	<u>207,450</u>	<u>215,893</u>	<u>209,093</u>
Total assets	<u>445,161</u>	<u>463,942</u>	<u>438,082</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accruals	36,778	54,631	30,222
Amount due to the GORTT	19,547	17,545	18,097
Borrowings	40,657	53,945	44,932
Current portion of lease liability	1,200	1,038	1,200
	<u>98,182</u>	<u>127,159</u>	<u>94,451</u>
Non-current liabilities			
Deferred taxation	44,601	47,486	44,601
Medical and Life Insurance Plan	24,145	22,424	23,543
Lease liability	6,826	5,821	6,739
	<u>75,572</u>	<u>75,731</u>	<u>74,883</u>
Shareholders' equity			
Stated Capital	120,200	120,200	120,200
Treasury shares	(4,815)	(3,125)	(4,815)
Retained earnings	156,110	145,299	153,451
Other reserves	(88)	(1,322)	(88)
	<u>271,407</u>	<u>261,052</u>	<u>268,748</u>
Total liabilities and shareholders' equity	<u>445,161</u>	<u>463,942</u>	<u>438,082</u>

Summary Consolidated Statement of Changes in Equity

	Share Capital	Other Equity	Retained Earnings	Other Reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at January 1, 2021	120,200	(4,815)	153,451	(88)	268,748
Profit for the year	-	-	2,635	-	2,635
Other movements	-	-	24	-	24
Transactions with owners of the Company:					
Dividends declared	-	-	-	-	-
Balance as at March 31, 2021	<u>120,200</u>	<u>(4,815)</u>	<u>156,110</u>	<u>(88)</u>	<u>271,407</u>
Balance as at January 1, 2020	120,200	(3,125)	138,165	(1,322)	253,918
Profit for the year	-	-	23,456	-	23,456
Loss on investment at fair value through OCI	-	-	-	(567)	(567)
Gain on revaluation of treasury shares	-	(1,805)	-	1,805	-
Actuarial gain for the retirement benefit asset and medical and life insurance plan	-	-	(4,302)	-	(4,302)
Other movements	-	68	(262)	(4)	(198)
Sale of Treasury shares	-	47	-	-	47
Transactions with owners of the Company:					
Dividends declared	-	-	(3,606)	-	(3,606)
Balance as at December 31, 2020	<u>120,200</u>	<u>(4,815)</u>	<u>153,451</u>	<u>(88)</u>	<u>268,748</u>

Notes to the Summary Consolidated Financial Statements as at March 31, 2021

Note: Basis of Preparation

The abridged unaudited 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-2021	31-Mar-2020	31-Dec-2020
	\$'000	\$'000	\$'000
Turnover	100,399	105,234	417,906
Cost of sales	(78,790)	(75,952)	(304,452)
Gross profit	<u>21,609</u>	<u>29,282</u>	<u>113,454</u>
Selling and distribution expenses	(9,178)	(8,665)	(38,726)
Administrative expenses	(10,454)	(11,057)	(43,880)
Other operating income	1,373	1,470	9,108
Operating profit	<u>3,350</u>	<u>11,030</u>	<u>39,956</u>
Finance cost	415	(875)	(4,184)
Profit before taxation	<u>3,765</u>	<u>10,155</u>	<u>35,772</u>
Taxation	(1,130)	(3,143)	(12,316)
Profit after taxation	<u>2,635</u>	<u>7,012</u>	<u>23,456</u>
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of retirement benefit asset	-	-	(5,144)
Remeasurement of medical and life insurance plan	-	-	(1,002)
Loss on investment at fair value through OCI	-	-	(567)
Gain on revaluation of treasury shares	-	-	1,805
Deferred taxation	-	-	1,844
Other comprehensive income, net of tax	-	-	(3,064)
Total comprehensive income for the period	<u>2,635</u>	<u>7,012</u>	<u>20,392</u>
Earnings per share	2 cents	6 cents	20 cents

Summary Consolidated Statement of Cash Flows

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-2021	31-Mar-2020	31-Dec-2020
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Profit before taxation	3,765	10,155	35,772
Adjustments for:			
Depreciation	3825	3,893	15,486
Amortisation	652	452	2,747
Interest expense	557	1097	3,438
Retirement benefit and medical plan expense	-	-	6,736
Retirement benefit and medical plan contributions	(785)	(745)	(7,173)
Lease interest expense	99	-	455
Interest Income	(14)	(46)	(122)
Capitalised Borrowings	-	78	-
Discounting of Receivables	-	-	357
Non Cash movement	24	122	-
Dividend income	(1)	0	(222)
Gain or loss on foreign exchange	-	19	413
Increase in the provision for doubtful accounts	-	300	3,991
Operating profit before working capital changes	8,122	15,325	61,878
Changes in working capital:			
(Increase) / decrease in accounts receivable and prepayments	(1,347)	(3,242)	3,847
(Increase) / decrease in inventories	(19,466)	(13,046)	14,548
Increase in accounts payable and accruals	6,154	22,025	182
Increase in amounts due to / from GORTT	2,522	3,793	520
Cash generated from operating activities	(4,015)	24,855	80,975
Interest paid	(155)	(1,036)	(4,461)
Taxes paid	(2,310)	(752)	(9,743)
Net cash generated from operating activities	<u>(6,480)</u>	<u>23,067</u>	<u>66,771</u>
Cash flows from investing activities			
Restricted deposit	-	14,958	14,958
Disposal of fixed asset	-	-	83
Sale of investment	-	-	57
Purchase of property, plant and equipment	(1,447)	(1,136)	(6,920)
Dividend Income	1	-	222
Interest received on loans	14	46	122
Net cash generated from / (used) in investing activities	<u>1,432</u>	<u>13,868</u>	<u>8,522</u>
Cash flows from financing activities			
Borrowings drawn	-	-	68,715
Borrowings repaid	(4,275)	(10,796)	(88,428)
Dividends paid	-	-	(5,700)
Lease interest paid	-	-	(455)
Lease liability repaid	(12)	-	(208)
Net cash used in financing activities	<u>(4,287)</u>	<u>(10,796)</u>	<u>(26,076)</u>
Net change in cash and cash equivalents	12,199	26,139	49,217
Cash and cash equivalents at the beginning of the year	92,795	43,578	43,578
Cash and cash equivalents at the end of the year	<u>80,596</u>	<u>69,717</u>	<u>92,795</u>

Director

Director