NATIONAL FLOUR MILLS LIMITED

UNAUDITED RESULTS AS AT SEPTEMBER 30, 2023 (Expressed in Thousands of Trinidad and Tobago Dollars)

Chairman's Review

Dear Shareholders,

I am pleased to report that NFM's focus on efficiency and quality continues to bear fruit. For the first three quarters of 2023 we earned revenue of $431M, a 16% increase over the comparative period in 2022. Gross Profit also increased from $59M in 2022 to $110M in 2023, yielding a gross profit percentage of 25%, more in line with international benchmarks for businesses involved in the manufacture and marketing of flour and feed products. We earned a profit after tax of $26M, or 6%, which is also acceptable, but we still have work to do.

These results can be attributed to several factors, including improved operational efficiency, reductions in grain prices, improved product offerings and closer collaboration with our commercial and retail customers. While the experts are predicting that grain prices will remain favourable due to increased supplies from the United States, Russia and Ukraine, the very volatile geopolitical environment and the impact of a change in climate suggest the need for prudence. Additionally, the escalation and spread of the Israel-Hamas war poses a major risk to the global economy in the form of higher energy prices and trade disruption, which could result in increased prices for soybean meal and corn.

We are particularly mindful of the impact of climate change, which has resulted in extreme weather patterns impacting the food supply chain. If countries fail to implement the necessary measures to arrest this, the impact on global food supplies could be devastating. Climate change is also posing a significant threat to water levels in critical locations such as the Mississippi, from which we source most of our wheat, and we are carefully monitoring these variables.

We continue to upgrade our plant our machinery to modernise our operations. Within the next few months, almost all our consumer products will be packaged using new technology, which would improve our operational efficiency and by extension, our overall efficiency. In addition to the upgrade of our technology and equipment, we are streamlining our processes and working to further enhance the competence and commitment of our people. We are well poised to continue our transformation as we enter 2024.

These achievements would not have been possible without the support of my fellow directors and the dedicated efforts of all NFM team members. Together, we continue to improve NFM's efficiency and provide quality products to the people of Trinidad and Tobago and the Caribbean.

Nigel Romano
Chairman

Summary Consolidated Statement of Financial Position

	UNAUDITED NINE MONTHS ENDED 30-Sep-23 $'000	30-Sep-22 $'000	AUDITED YEAR ENED 31-Dec-22 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	29,085	28,096	48,523
Accounts receivable and prepayments	101,426	84,418	83,052
Amounts due from the GORTT	1,952	19,328	20,081
Inventories	125,775	166,082	173,553
VAT bonds	-	-	5,460
Restricted deposit	1,593	1,584	1,584
Taxation recoverable	-	4,264	4,266
	259,831	**303,772**	**336,519**
Non-current assets			
Retirement benefit asset	19,204	47,514	13,398
Investment at fair value through OCI	724	697	724
Right of use asset	4,510	5,509	5,258
Property, plant and equipment	151,787	158,719	156,559
Intangible assets	1,167	1,869	1,652
Deferred tax assets	11,914	9,704	11,914
VAT bonds	-	5,460	-
	189,306	**229,472**	**189,505**
Total assets	**449,137**	**533,244**	**526,024**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accruals	43,637	128,673	88,692
Amount due to the GORTT	62	19,158	19,211
Borrowings	35,000	19,195	75,757
Current portion of lease liabilities	1,200	1,200	2,414
Related parties	134	-	134
Taxation payable	4,893	-	-
	84,926	**168,226**	**186,208**
Non-current liabilities			
Deferred taxation	38,471	48,377	38,471
Medical and Life Assurance Plan	37,370	32,608	35,754
Lease liabilities	5,176	7,268	4,802
	81,017	**88,253**	**79,027**
Shareholders' equity			
Stated Capital	120,200	120,200	120,200
Treasury shares	(3,319)	(3,003)	(3,319)
Retained earnings	168,181	161,436	145,776
Other reserves	(1,868)	(1,868)	(1,868)
Total equity	**283,194**	**276,765**	**260,789**
Total liabilities and shareholders' equity	**449,137**	**533,244**	**526,024**

Summary Consolidated Statement of Changes in Equity

	Stated Capital $'000	Treasury Shares $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
Balance as at January 1, 2023	120,200	(3,319)	145,776	(1,868)	260,789
Profit/(loss) for the period	-	-	26,003	-	26,003
Transactions with owners of the Company:					
Dividends paid	-	-	(3,606)	-	(3,606)
Balance as at September 30, 2023	**120,200**	**(3,319)**	**168,181**	**(1,868)**	**283,194**
Balance as at January 1, 2022	120,200	(3,003)	163,142	(1,868)	278,471
Profit/(loss) for the period	-	-	(1,706)	-	(1,706)
Balance as at September 30, 2022	**120,200**	**(3,003)**	**161,436**	**(1,868)**	**276,765**
Balance as at January 1, 2022	120,200	(3,003)	163,142	(1,868)	278,471
Profit for the year	-	-	6,909	-	6,909
Loss on investment at fair value through OCI	-	(448)	-	-	(448)
Re-measurement of retirement benefit asset and medical and life assurance plan, net of tax	-	-	(25,791)	-	(25,791)
Other movements	-	80	1,516	-	1,596
Transactions with Owners of the Group:					
Transfer of treasury shares	-	52	-	-	52
Balance as at December 31, 2022	**120,200**	**(3,319)**	**145,776**	**(1,868)**	**260,789**

Notes to the Summary Consolidated Financial Statements for the Nine Months ended September 30, 2023

1. Basis of Preparation

The summary interim consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the interim summary consolidated statement of financial position, interim consolidated statement of comprehensive income, interim summary consolidated statement of changes in equity and interim summary consolidated statement of cash flows. These interim summary consolidated financial statements are derived from the unaudited consolidated financial statements of National Flour Mills Limited and its subsidiary for the period 30 September 2023 prepared in accordance with International Financial Reporting Standards.

Summary Consolidated Statement of Comprehensive Income

	UNAUDITED NINE MONTHS ENDED 30-Sep-23 $'000	30-Sep-22 $'000	AUDITED YEAR ENDED 31-Dec-22 $'000
Revenue	431,311	371,259	532,808
Cost of sales	(320,858)	(311,923)	(439,869)
Gross profit	**110,453**	**59,336**	**92,939**
Selling and distribution expenses	(32,028)	(28,341)	(39,896)
Administrative expenses	(38,727)	(33,537)	(47,153)
Other operating income	4,303	5,370	6,569
Operating profit/(loss)	**44,001**	**2,828**	**12,459**
Finance cost	(4,579)	(2,202)	(3,379)
Profit/(loss) before taxation	**39,422**	**626**	**9,080**
Taxation	(13,419)	(2,332)	(2,171)
Profit/(loss) after taxation	**26,003**	**(1,706)**	**6,909**
Other comprehensive (loss)/gain:	-	-	-
Items that will never be reclassified to profit or loss			
Remeasurement of retirement benefit asset	-	-	(33,026)
Remeasurement of medical and life assurance plan	-	-	(3,819)
Gain on revaluation of treasury shares	-	-	52
(Loss)/gain on investment at fair value through OCI	-	-	(448)
Changes to deferred taxes related to remeasurements	-	-	11,054
Other comprehensive (loss)/income, net of tax	-	-	(26,187)
Total comprehensive income/(loss) for the period	**26,003**	**(1,706)**	**(19,278)**
Basic earnings per share (in cents)	22.04	-	5.86

Summary Consolidated Statement of Cash Flows

	UNAUDITED NINE MONTHS ENDED 30-Sep-23 $'000	30-Sep-22 $'000	AUDITED YEAR ENDED 31-Dec-22 $'000
Cash flows from operating activities			
Profit/(loss) before taxation	**39,422**	**626**	**9,080**
Adjustments for:			
Depreciation	11,231	11,196	15,755
Write off - Asset Under Construction	-	-	2,172
Amortisation	1,232	2,215	2,819
Lease interest expense	261	252	339
Interest and finance costs	3,473	1,580	3,176
Interest Income	(29)	(16)	(19)
Dividend income	(83)	(359)	(84)
Gain or loss on foreign exchange	9	-	(136)
Gain on treasury shares	-	-	(316)
Gain on revaluation of treasury shares	-	-	52
Retirement benefit expense	-	-	3,014
Medical plan expense	-	-	2,621
Retirement benefit asset contributions paid	(5,806)	(4,396)	(6,320)
Medical and life assurance plan contributions paid	1,617	1,771	(1,523)
Provision for doubtful accounts	900	-	(195)
Loss on Retirement pension and medical benefit	-	-	2,208
Gain on investment at fair value through OCI	-	-	(448)
Dividend proposed	(3,606)	-	-
Operating profit before working capital changes	**48,621**	**12,869**	**32,195**
Changes in working capital:	-	-	-
(Increase)/decrease in accounts receivable and prepayments	(19,274)	(5,100)	(3,679)
(Increase)/decrease in inventories	47,778	(65,545)	(73,016)
Decrease in accounts payable and accruals	(45,055)	24,897	(14,793)
Increase/decrease in amounts due to/from GORTT	(1,020)	628	(72)
Increase in current amounts due to related parties	-	-	134
Decrease in investment	-	-	25
Taxes refunded	-	-	4,614
Cash generated from operating activities	**31,050**	**(32,251)**	**(54,592)**
Interest paid	(3,473)	(1,289)	(2,863)
Taxes paid	(4,262)	2,284	(3,236)
Net cash generated from operating activities	**23,315**	**(31,256)**	**(60,691)**
Cash flows from investing activities			
Increase in restricted deposits	(9)	-	-
Proceeds from VAT Bonds	5,460	-	-
Disposal of fixed assets	1	4,513	-
Proceeds from sale of investments	-	-	52
Purchase of property, plant and equipment	(6,458)	(10, 784)	(15,549)
Dividend Income	83	359	84
Interest received on investments	29	16	19
Purchase of intangible assets	-	(15)	(151)
Net cash used in investing activities	**(894)**	**(10,424)**	**(15,545)**
Cash flows from financing activities			
Borrowings drawn	-	19,195	122,874
Borrowings repaid	(40,757)	-	(47,299)
Dividends paid	-	-	-
Lease liability repaid	(1,102)	-	(1,397)
Net cash (used in)/generated from financing activities	**(41,859)**	**19,195**	**74,178**
Net change in cash and cash equivalents	**(19,438)**	**(22,485)**	**(2,058)**
Cash and cash equivalents at the start of the year	**48,523**	**50,581**	**50,581**
Cash and cash equivalents at the end of the period/year	**29,085**	**28,096**	**48,523**

Director

Director