



# NATIONAL FLOUR MILLS LIMITED

UNAUDITED RESULTS AS AT MARCH 31, 2022 (Expressed in Trinidad and Tobago Dollars)

## Chairman's Review

Dear Shareholders

The global challenges, which impacted 2021, intensified in 2022 with the Russian invasion of Ukraine. As a result of the war, the Black Sea Region could be out of operation indefinitely resulting in disruptions to global markets and raising fundamental concerns about global food and energy security.

While countries were gradually lifting COVID-19 containment measures in Q1 2022, anticipating a return to some level of normalcy, the Russian invasion brought increased uncertainty and volatility to global markets, further disrupting supplies of grain and fuel, exacerbating rising inflationary trends, and derailing the global economic recovery. As a result, we had to increase the prices of our flour and feed products. Price increases were also implemented in Grenada by Caribbean Agro Industries, in Jamaica by the Jamaica Flour Mills Company and in Guyana by the National Milling Company.

At NFM, despite continued COVID-19 infections, our operations have returned to some degree of normalcy. While facing some unprecedented head winds, we are focused on upgrading our infrastructure as part of our ongoing continuous improvement initiatives to ensure the safety of our food and feed products. We continue to train and develop our workforce with an emphasis on accountability and value for money and we continue to mitigate the risks posed by supply chain disruptions by increasing the lead time for raw material purchases and the use of technology to increase productivity.

As a result of the foregoing, specifically the increase in the landed cost of raw materials, the profitability of the Company's flour division continues to decline. Actual revenue increased by 10% to \$110.4M in 2022 compared to \$100.4M in 2021. However, the revenue increase was off-set by a 17% increase in cost of sales resulting in a 15% decrease in gross profit from \$21.6M to \$18.5M year-on-year and a loss of \$783K versus a profit of \$2.6M in 2021's first quarter.

We thank all our stakeholders for their continued support, and would like to highlight that given the volatile environment in which NFM now operates, the survival of the company may require uncomfortable decisions to return to profitability and long-term viability. Therefore, we must be mindful of the need to have the flexibility to adjust prices and to reengineer processes to reduce the controllable costs of our operations. Your Board remains committed to taking the actions necessary to sustain the business' profitability.

Nigel Romano  
Chairman

## Summary Consolidated Statement of Financial Position

	UNAUDITED THREE MONTHS ENDED 31-Mar-22 \$'000	31-Mar-21 \$'000	AUDITED YEAR ENDED 31-Dec-21 \$'000
<strong>Assets</strong>			
<strong>Current assets</strong>			
Cash and cash equivalents	31,322	80,596	50,581
Accounts receivables and prepayments	94,575	62,198	79,568
Amounts due from the GORTT	20,128	17,458	19,726
Inventories	114,418	70,214	100,537
Restricted deposit	1,584	1,584	1,584
Tax recoverable	8,879	5,661	8,880
	<u>270,906</u>	<u>237,711</u>	<u>260,876</u>
<strong>Non-current assets</strong>			
Retirement benefit asset	44,535	20,566	43,118
Investment at fair value through OCI	697	672	697
Right of use asset	6,022	7,029	6,264
Property, plant and equipment	158,941	162,687	159,036
Intangible assets	2,764	3,553	3,219
Deferred tax	9,703	7,483	9,704
Government bonds	5,460	5,460	5,460
	<u>228,122</u>	<u>207,450</u>	<u>227,498</u>
<strong>Total assets</strong>	<u>499,028</u>	<u>445,161</u>	<u>488,374</u>
<strong>Liabilities and Shareholders' Equity</strong>			
<strong>Current liabilities</strong>			
Accounts payable and accruals	83,120	36,778	103,485
Amount due to the GORTT	19,038	19,547	18,928
Borrowings	26,693	40,657	-
Current portion of lease liability	1,038	1,200	2,425
	<u>129,889</u>	<u>98,182</u>	<u>124,838</u>
<strong>Non-current liabilities</strong>			
Deferred taxation	48,377	44,601	48,378
Medical and Life Insurance Plan	31,308	24,145	30,837
Lease liability	7,311	6,826	5,850
	<u>86,996</u>	<u>75,572</u>	<u>85,065</u>
<strong>Shareholders' equity</strong>			
Stated Capital	120,200	120,200	120,200
Treasury shares	-	(4,815)	(3,003)
Retained earnings	163,670	157,432	163,142
Other reserves	(1,727)	(1,410)	(1,868)
	<u>282,143</u>	<u>271,407</u>	<u>278,471</u>
<strong>Total liabilities and shareholders' equity</strong>	<u>499,028</u>	<u>445,161</u>	<u>488,374</u>

## Summary Consolidated Statement of Changes in Equity

	Share Capital \$	Other Equity \$	Retained Earnings \$	Other Reserves \$	Total \$
<strong>Balance as at January 1, 2022</strong>	120,200	(3,003)	163,142	(1,868)	278,471
Profit/(loss) for the year	-	-	(783)	-	(783)
Other movements	-	3,003	1,311	141	4,455
<strong>Balance as at March 31, 2022</strong>	120,200	-	163,670	(1,727)	282,143
<strong>Balance as at January 1, 2021</strong>	120,200	(4,815)	153,451	(88)	268,748
Profit for the year	-	-	1,377	-	1,377
Reversal of gain on revaluation of treasury shares	-	1,805	-	(1,805)	-
Gain on investment at fair value through OCI	-	-	-	25	25
Remeasurement of retirement benefit asset and medical and life insurance plan net of tax	-	-	11,546	-	11,546
Other movements	-	-	374	-	374
Transactions with owners of the Group:					
Dividends declared	-	-	(3,606)	-	(3,606)
Transfer of treasury shares	-	7	-	-	7
<strong>Balance as at December 31, 2021</strong>	120,200	(3,003)	163,142	(1,868)	278,471

## Notes to the Summary Consolidated Financial Statements as at March 31, 2022

**1. Incorporation and principal activities** National Flour Mills Limited ("the Company") is incorporated in the Republic of Trinidad and Tobago, and was continued under the provisions of the Companies Act, 1995 on 14 April 1998. The Company's and its subsidiary's (together, the Group) principal activities are the production and distribution of food products and animal and poultry feeds. The Group's major shareholder is National Enterprise Limited owning 51% of the issued share capital. The Group's registered office is 27-29 Wrightson Road, Port of Spain. The ultimate shareholder is the Government of the Republic of Trinidad and Tobago.

## Summary Consolidated Statement of Comprehensive Income

	UNAUDITED THREE MONTHS ENDED 31-Mar-22 \$'000	31-Mar-21 \$'000	AUDITED YEAR ENDED 31-Dec-21 \$'000
Turnover	110,406	100,399	441,652
Cost of sales	(91,952)	(78,790)	(362,854)
<strong>Gross profit</strong>	<u>18,454</u>	<u>21,609</u>	<u>78,798</u>
Selling and distribution expenses	(9,396)	(9,178)	(37,514)
Administration expenses	(12,175)	(10,454)	(43,230)
Other operating income	2,572	1,373	6,579
<strong>Operating profit/(loss)</strong>	<u>(545)</u>	<u>3,350</u>	<u>4,633</u>
Finance cost	(238)	415	(2,119)
<strong>Profit/(loss) before taxation</strong>	<u>(783)</u>	<u>3,765</u>	<u>2,514</u>
Taxation	-	(1,130)	(1,137)
<strong>Profit/(loss) after taxation</strong>	<u>(783)</u>	<u>2,635</u>	<u>1,377</u>
<strong>Other comprehensive income/(loss):</strong>			
<i>Items that will never be reclassified to profit or loss</i>			
Re-measurement of retirement benefit asset	-	-	22,753
Re-measurement of medical and life insurance plan	-	-	(6,260)
Reversal on gain on revaluation of treasury shares	-	-	(1,805)
Gain/(loss) on investment at fair value through OCI	-	-	25
Changes to deferred taxes related to re-measurement	-	-	(4,947)
Other comprehensive (loss)/income, net of tax	-	-	9,766
<strong>Total comprehensive income/(loss) for the period</strong>	<u>(783)</u>	<u>2,635</u>	<u>11,143</u>
Earnings per share	(1¢)	2¢	1¢

## Summary Consolidated Statement of Cash Flows

	UNAUDITED THREE MONTHS ENDED 31-Mar-22 \$'000	31-Mar-21 \$'000	AUDITED YEAR ENDED 31-Dec-21 \$'000
<strong>Cash flows from operating activities</strong>			
Profit/(loss) before taxation	(783)	3,765	2,514
Adjustments for:			
Depreciation	3,674	3,825	14,582
Amortisation	712	652	2,681
Interest expense	-	557	1,686
Retirement benefit and medical plan expense	-	-	7,373
Retirement benefit and medical plan contributions	(946)	(785)	(7,525)
Lease interest expense	115	99	407
Interest Income	93	(14)	(34)
Non Cash movement	-	24	-
Dividend income	(1)	(1)	(24)
Gain or loss on foreign exchange	-	-	26
Increase in the provision for doubtful accounts	-	-	(746)
<strong>Operating profit before working capital changes</strong>	<u>2,864</u>	<u>8,122</u>	<u>20,940</u>
Changes in working capital:	-	-	-
(Increase)/decrease in accounts receivable and prepayments	(15,007)	(1,347)	(18,007)
(Increase)/decrease in inventories	(13,881)	(19,466)	(49,789)
Increase in accounts payable and accruals	(20,365)	6,154	73,601
Increase in amounts due to/from GORTT	(292)	2,522	(365)
<strong>Cash generated from operating activities</strong>	<u>(46,681)</u>	<u>(4,015)</u>	<u>26,380</u>
Interest paid	-	(155)	(1,943)
Taxes paid	706	(2,310)	(8,216)
<strong>Net cash generated from operating activities</strong>	<u>(45,975)</u>	<u>(6,480)</u>	<u>16,221</u>
<strong>Cash flows from investing activities</strong>			
Disposal of fixed asset	-	-	96
Sale of investment	-	-	6
Purchase of property, plant and equipment	95	(1,447)	(8,649)
Dividend Income	1	1	24
Interest received on loans	-	14	34
Purchase of intangible assets	-	-	(930)
<strong>Net cash generated from/(used in) investing activities</strong>	<u>96</u>	<u>(1,432)</u>	<u>(9,419)</u>
<strong>Cash flows from financing activities</strong>			
Borrowings drawn	26,693	-	-
Borrowings repaid	-	(4,275)	(44,932)
Dividends paid	-	-	(3,606)
Lease interest paid	-	-	(407)
Lease liability repaid	(73)	(12)	(71)
<strong>Net cash used in financing activities</strong>	<u>26,620</u>	<u>(4,287)</u>	<u>(49,016)</u>
Net change in cash and cash equivalents	(19,259)	(12,199)	(42,214)
Cash and cash equivalents at the beginning of the year	<u>50,581</u>	<u>92,795</u>	<u>92,795</u>
Cash and cash equivalents at the end of the year	<u>31,322</u>	<u>80,596</u>	<u>50,581</u>

Director

Director