



# NATIONAL FLOUR MILLS LIMITED

Unaudited Results as at March 31, 2018 • (Expressed in Trinidad and Tobago Dollars)

## Chairman's Review

Dear Shareholders,


For the three months ended March 31, 2018, National Flour Mills Limited earned an unaudited Net Profit after Tax of \$7.4 million from Sales of \$110.7 million.

Cost increases over the corresponding period in 2017 were partly driven by the adoption of IFRS 9 effective January 1st 2018, access to more retail space at supermarkets and the implementation of our international safe quality food certification program. The latter two initiatives are geared towards increasing our sales opportunities and would have contributed to the 7.6% increase in sales over Q1 2017. Exports doubled, supporting the overall sales increase and providing much needed foreign currency earnings, but the change in mix impacted our gross profit percentages. Finance costs continue to decline because of our focus on paying down debt to limit our currency exposure and improve return on assets employed.

Market conditions locally and regionally continue to be challenging impacted by the

volatility being seen in the international markets. Despite anticipated general increases in production costs, our disciplined management of labour and plant efficiencies will ensure that our products remain competitive. Our focus for the rest of the year will be on new product development, geographic diversification and the completion of the SQF food safety program which will continue to create new market opportunities.

NFM's Board and Management remain committed to creating value for our customers and we remain optimistic that through our continuous improvement initiatives and strategic focus on developing new markets to create and capture value for our stakeholders, NFM will continue to find better ways to ensure that we sustain our competitive advantage.

  
Nigel Romano  
Chairman

## Statement of Financial Position

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-18 \$'000	31-Mar-17 \$'000	31-Dec-17 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	59,767	58,444	55,452
Accounts receivables and prepayments	81,863	61,607	74,067
Amounts due from the GORTT	15,974	15,378	17,137
Inventories	62,255	61,240	61,625
Restricted deposit	30,400	110,994	75,020
Tax recoverable	3,302	-	3,418
	<u>253,561</u>	<u>307,663</u>	<u>286,719</u>
<b>Non-current assets</b>			
Retirement benefit asset	22,102	21,408	20,914
Property, plant and equipment	177,038	166,741	175,757
Deferred tax	5,436	5,050	5,436
Restricted deposit	1,581	6,200	1,581
	<u>206,157</u>	<u>199,399</u>	<u>203,688</u>
<b>Total assets</b>	<u>459,718</u>	<u>507,062</u>	<u>490,407</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Current tax payable	-	4,685	-
Accounts payable and accruals	43,936	31,414	47,052
Amount due to the GORTT	15,146	12,156	14,448
Loans and borrowings	47,600	64,683	83,221
Current portion of finance lease liability	799	478	885
	<u>107,481</u>	<u>113,416</u>	<u>145,606</u>
<b>Non-current liabilities</b>			
Deferred taxation	45,910	46,747	45,910
Medical and Life Insurance Plan	18,163	16,637	18,120
Lease liability	-	932	-
Loans and borrowings	37,270	92,623	37,293
	<u>101,343</u>	<u>156,939</u>	<u>101,323</u>
<b>Shareholders' equity</b>			
Share capital	120,200	120,200	120,200
Treasury shares	(2,633)	(2,633)	(2,633)
Retained earnings	133,327	119,140	125,911
	<u>250,894</u>	<u>236,707</u>	<u>243,478</u>
<b>Total liabilities and shareholders' equity</b>	<u>459,718</u>	<u>507,062</u>	<u>490,407</u>

## Statement of Changes in Equity

	Share Capital \$'000	Other Equity \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance as at January 1, 2018</b>	120,200	(2,633)	125,911	243,478
Total comprehensive income:				
Profit for the period	-	-	7,416	7,416
Transactions with owners of the Company:				
Dividends declared	-	-	-	-
<b>Balance as at March 31, 2018</b>	<u>120,200</u>	<u>(2,633)</u>	<u>133,327</u>	<u>250,894</u>
<b>Balance as at January 1, 2017</b>	120,200	(2,633)	110,349	227,916
Total comprehensive income:				
Profit for the period	-	-	29,055	29,055
Actuarial gain for the retirement benefit asset and medical and life insurance plan	-	-	(1,473)	(1,473)
Transactions with owners of the Company:				
Dividends declared	-	-	(12,020)	(12,020)
<b>Balance as at December 31, 2017</b>	<u>120,200</u>	<u>(2,633)</u>	<u>125,911</u>	<u>243,478</u>

## Statement of Comprehensive Income

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-18 \$'000	31-Mar-17 \$'000	31-Dec-17 \$'000
Turnover	110,693	102,842	435,493
Cost of sales	(78,535)	(70,622)	(304,697)
<b>Gross profit</b>	<u>32,158</u>	<u>32,220</u>	<u>130,796</u>
Selling and distribution expenses	(8,762)	(7,287)	(34,822)
Administrative expenses	(11,763)	(11,133)	(47,441)
Other operating income	1,384	1,422	5,718
<b>Operating profit</b>	<u>13,017</u>	<u>15,222</u>	<u>54,251</u>
Finance cost	(1,414)	(2,355)	(9,485)
<b>Profit before taxation</b>	<u>11,603</u>	<u>12,867</u>	<u>44,766</u>
Taxation	(4,187)	(4,076)	(15,711)
<b>Profit after taxation</b>	<u>7,416</u>	<u>8,791</u>	<u>29,055</u>
Other comprehensive income	-	-	-
Items that will never be reclassified to profit or loss			
Remeasurement of retirement benefit asset	-	-	(1,478)
Remeasurement of medical and life insurance plan	-	-	(626)
Deferred taxation	-	-	631
Other comprehensive income, net of tax	-	-	(1,473)
<b>Total comprehensive income for the period</b>	<u>7,416</u>	<u>8,791</u>	<u>27,582</u>
Earnings per share	6 cents	7 cents	24 cents

## Statement of Cash Flows

	UNAUDITED THREE MONTHS ENDED		AUDITED
	31-Mar-18 \$'000	31-Mar-17 \$'000	31-Dec-17 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation	11,603	12,867	44,766
Adjustments for:			
Depreciation charge for the period	3,610	3,503	15,298
Interest expense	1,401	2,355	8,149
Retirement benefit and medical plan	(1,145)	(1,327)	650
Other non-cash movements	-	-	(293)
Increase in the provision for doubtful accounts	400	-	642
	<u>15,869</u>	<u>17,398</u>	<u>69,212</u>
Changes in working capital:			
Accounts receivable and prepayments	(7,796)	9,110	(3,353)
Inventories	630	10,811	10,426
Accounts payable and accruals	(1,331)	(15,545)	(39)
Amounts due (from) / to GORTT	1,861	(1,011)	590
	<u>9,233</u>	<u>20,763</u>	<u>76,836</u>
Interest paid	(3,108)	(1,315)	(7,871)
Taxes paid	(3,953)	(953)	(21,243)
<b>Net cash from operating activities</b>	<u>2,172</u>	<u>18,495</u>	<u>47,722</u>
<b>Cash flows from investing activities</b>			
Restricted deposit	44,620	(56,228)	(15,673)
Purchase of property, plant and equipment for the period	(4,891)	(4,037)	(26,506)
<b>Net cash used in investing activities</b>	<u>39,729</u>	<u>(60,265)</u>	<u>(42,179)</u>
<b>Cash flows from financing activities</b>			
Net repayment of loans and borrowings	(35,644)	7,600	(29,192)
Finance lease liability payments	(87)	(125)	(650)
Dividends paid	(1,855)	(1,635)	(14,623)
<b>Net cash used in financing activities</b>	<u>(37,586)</u>	<u>5,840</u>	<u>(44,465)</u>
Net change in cash and cash equivalents	4,315	(35,930)	(38,922)
Cash and cash equivalents, beginning of the period	55,452	94,374	94,374
Cash and Cash equivalents, end of period	<u>59,767</u>	<u>58,444</u>	<u>55,452</u>

  
Director

  
Director

## Notes to the Financial Statements for the Quarter ended March 31, 2018

### 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.