



NATIONAL FLOUR MILLS LIMITED

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

Chairman's Review

Dear Shareholders

After a period marked by some degree of stability, global food security is again at risk following the decision by Russia to exit the Black Sea agreement with Ukraine on July 17, 2023. Given the significant role played by Russia and Ukraine in supplying the world with grain, demand and supply issues will continue to be closely monitored for the impact on wheat prices.

However, we are happy to report that we were able to procure our wheat supplies for up to Q3 of 2023 at competitive prices. Our focus in 2023 has continued to be on Food Safety and Quality, and we believe that this contributed to the achievement of \$289.2M in revenue, a 26% increase over the comparative period in 2022. Despite an increase in cost of sales by 14%, NFM achieved a Gross Profit of \$73.2M, 90% better than 2022's first half, and earned a Net Profit after Tax of \$15.9M compared to the loss of \$2.3M in the first half of 2022.

The much-needed improvement in profitability will allow us to continue to execute on our ambitious infrastructure upgrade programme. We are now working on a major upgrade of our packaging equipment which will help in our continuous efficiency improvement efforts. We have also committed to improving employee facilities and developing our Human Capital, focusing on training and team-building activities as these are critical to building a resilient organisation.

The environment in which we operate continues to be extremely competitive. However, we remain committed to providing our valued customers with improved products at affordable prices. Innovation is always at the heart of what we do at NFM, and consequently, our new product pipeline serves as the fuel for our growth projections. In keeping with our purpose of "Feeding our Caribbean Families", we have reviewed our prices and a decision was made to pass on cost savings to our valued customers. As the only SQF Certified Mill in the Caribbean, NFM takes this responsibility seriously. We remain committed to providing value for money to our valued customers and to Feeding our Caribbean Families.


Nigel Romano
Chairman

Summary Consolidated Statement of Financial Position

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	30 Jun 23 \$'000	30 Jun 22 \$'000	31 Dec 22 \$'000
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	41,296	45,269	48,523
Accounts receivable and prepayments	87,584	78,698	83,052
Amounts due from the GORTT	752	18,128	20,081
Inventories	130,590	159,759	173,553
VAT bonds	-	-	5,460
Restricted deposit	1,593	1,584	1,584
Taxation recoverable	-	8,879	4,266
	261,815	312,317	336,519
<i>Non-current assets</i>			
Retirement benefit asset	17,739	46,042	13,398
Investment at fair value through OCI	724	697	724
Right of use asset	4,759	5,773	5,258
Property, plant and equipment	152,628	160,852	156,559
Intangible assets	1,309	2,305	1,652
Deferred tax assets	11,914	9,704	11,914
VAT bonds	-	5,460	-
	189,073	230,833	189,505
Total assets	450,888	543,150	526,024
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current liabilities</i>			
Accounts payable and accruals	57,273	112,493	88,692
Amount due to the GORTT	62	19,118	19,211
Borrowings	35,000	46,561	75,757
Current portion of lease liabilities	1,200	1,200	2,414
Related parties	134	-	134
Taxation payable	1,736	-	-
	95,405	179,372	186,208
<i>Non-current liabilities</i>			
Deferred taxation	38,470	48,377	38,471
Medical and Life assurance Plan	37,234	32,045	35,754
Lease liabilities	5,122	7,216	4,802
	80,826	87,638	79,027
<i>Shareholders' equity</i>			
Stated Capital	120,200	120,200	120,200
Treasury shares	(3,319)	(3,003)	(3,319)
Retained earnings	159,644	160,811	145,776
Other reserves	(1,868)	(1,868)	(1,868)
	274,657	276,140	260,789
Total equity	274,657	276,140	260,789
Total liabilities and shareholders' equity	450,888	543,150	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	-	-	15,921	-	15,921
Transactions with owners of the Company:					
Balance as at June 30, 2023	120,200	(3,319)	159,644	(1,868)	274,657
Balance as at January 1, 2022	120,200	(3,003)	163,142	(1,868)	278,471
Profit/(loss) for the period	-	-	(2,331)	-	(2,331)
Other movements	-	-	-	-	-
Balance as at June 30, 2022	120,200	(3,003)	160,811	(1,868)	276,140
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
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 six months ended June 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 June 30, 2023 prepared in accordance with International Financial Reporting Standards.

Summary Consolidated Statement of Comprehensive Income

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	30 Jun 23 \$'000	30 Jun 22 \$'000	31 Dec 22 \$'000
Revenue	289,226	228,298	532,808
Cost of sales	(216,013)	(189,754)	(439,869)
Gross profit	73,213	38,544	92,939
Selling and distribution expenses	(21,773)	(18,866)	(39,896)
Administrative expenses	(24,998)	(22,818)	(47,153)
Other operating income	2,772	3,637	6,569
Operating profit/(loss)	29,214	497	12,459
Finance cost	(3,923)	(1,373)	(3,379)
Profit/(loss) before taxation	25,291	(876)	9,080
Taxation	(9,370)	(1,455)	(2,171)
Profit/(loss) after taxation	15,921	(2,331)	6,909
Other comprehensive (loss)/gain:			
<i>Items that will never be reclassified to profit or loss</i>			
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	15,921	(2,331)	(19,278)
Basic earnings per share (in cents)	13.49	-	5.86

Summary Consolidated Statement of Cash Flows

	UNAUDITED SIX MONTHS ENDED		AUDITED YEAR ENDED
	30 Jun 23 \$'000	30 Jun 22 \$'000	31 Dec 22 \$'000
Cash flows from operating activities			
Profit/(loss) before taxation	25,291	(876)	9,080
Adjustments for:			
Depreciation	7,476	7,429	15,755
Write off - Asset Under Construction	-	-	2,172
Amortisation	841	1,515	2,819
Lease interest expense	174	180	339
Interest and finance costs	2,973	697	3,176
Interest Income	(25)	(10)	(19)
Dividend income	(1)	(83)	(84)
Gain or loss on foreign exchange	1,554	-	(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	(4,341)	(2,922)	(6,320)
Medical and life assurance plan contributions paid	1,480	1,258	(1,523)
Provision for doubtful accounts	600	-	(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	32,416	7,188	32,195
Changes in working capital:			
(Increase)/decrease in accounts receivable and prepayments	(5,132)	595	(3,679)
(Increase)/decrease in inventories	42,963	(59,222)	(73,016)
Decrease in accounts payable and accruals	(31,419)	8,583	(14,793)
Increase/decrease in amounts due to/from GORTT	180	1,788	(72)
Increase in current amounts due to related parties	-	-	134
Decrease in investment	-	-	25
Taxes refunded	-	-	4,614
Cash generated from operating activities	39,008	(41,068)	(54,592)
Interest paid	(2,973)	(271)	(2,863)
Taxes paid	(3,370)	-	(3,236)
Net cash generated from operating activities	(2,665)	(41,339)	(60,691)
Cash flows from investing activities			
Increase in restricted deposits	(9)	-	-
Proceeds from VAT Bonds	5,460	-	-
Disposal of fixed assets	1	1,880	-
Proceeds from sale of investments	-	-	52
Purchase of property, plant and equipment	(3,544)	(13,442)	(15,549)
Dividend Income	1	83	84
Interest received on investments	25	10	19
Purchase of intangible assets	-	110	(151)
Net cash used in investing activities	1,934	(11,359)	(15,545)
Cash flows from financing activities			
Borrowings drawn	-	47,386	122,874
Borrowings repaid	(40,757)	-	(47,299)
Lease liability repaid	(1,069)	-	(1,397)
Net cash (used in)/generated from financing activities	(41,826)	47,386	74,178
Net change in cash and cash equivalents	(7,227)	(5,312)	(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	41,296	45,269	48,523

 Director

 Director