



National Flour Mills Limited

Recent Price	\$ 3.00	EPS(est.2002)	\$ 0.19
52 Wk Range	\$ 2.85 - 3.40	Div.(est.2002)	\$ 0.16
Shares O/s	120,200,000	Yield(est.2002)	5.33%
Float	34,269,020	P/E (est.2002)	15.79 X
Market Cap.	\$ 360,600,000	Fiscal Yr End	December
ACTUAL	2001	2000	1999
P/E Ratio	18.9 X	11.2 X	10.1X
EPS	\$ 0.18	\$ 0.38	\$ 0.40
Div. Payout	88.89%	50.00%	50.00%
ROE% (Avg)	8.45%	18.17%	21.76%
ROA% (Avg)	5.23%	10.69%	11.47%
B.V. / Share	\$ 2.17	\$ 2.18	\$ 1.99
LT Debt	\$ -	\$ 2,550,000	\$ 7,650,000
Pref. Equity	Nil	Nil	Nil
Comm. Equity	\$ 260,826,000	\$ 262,082,000	\$ 239,354,000



The company is faced with a fiercely competitive environment in most of the commodity markets it currently serves. NFM has had a concession on the duty of imported grain revoked and has had to pay retroactive duties net-of-tax from January 01, 2001 to the tune of \$4.120 million.

The Company

The principal activities of the Company and its subsidiary are the production and distribution of flour and related wheat by-products, soya products, rice and corn products, and, animal and poultry feed.

The major shareholders are National Enterprises Limited 51%, Republic Trust and Asset Management Division 6.95% and Unit Trust Corporation of T&T Limited 5.30%.

Update – Half-year ended June 30, 2002.

National Flour Mills Limited

Turnover for the six months ended June 30, 2002 for National Flour Mills (NFM) was 6.8 per cent below the previous figure in 2001. In the six month period ending June 30, 2002, turnover was \$237.2 million, compared to \$254.4 million achieved a year earlier. Net Income before taxes was virtually unchanged (0.4 per cent lower) in 2002 at \$15.8 million. The effective tax rate was 34.3 per cent in 2002 when compared to 36.6 per cent in 2001.

Net Income after taxation was \$10.4 million in 2002, a 4.0 per cent improvement over the \$10.0 million recorded in 2001. Earnings per share in the first half of 2002 reached 8.64 cents per share, a 4.0 per cent increase from the 8.31 cents made in the same period in 2001.

The turnover of \$237.2 million posted in the first half of 2002 is the lowest ever for a six-month period since listing in 1995. NFM has not been able to compensate for the competition eating into its market share. While cost containment has been successful in reducing operating costs, NFM has not grown the top line, which is critical in sustaining net profit growth. We are forecasting earnings per share of 19 cents and a total dividend of 16 cents.

Income Statement Analysis (TT\$ millions)

	2001	2000	1999	1998	1997
Rev.	509.569	538.874	545.195	586.721	681.331
Op. Inc.	71.596	71.596	64.456	59.312	40.998
Depr.	14.578	13.629	15.889	14.185	14.103
Int. Exp.	1.016	1.761	5.182	3.927	6.145
Pretax Inc.	33.666	64.477	71.754	59.312	4.776
Eff. Tax Rate	34.36%	35.71%	23.42%	31.06%	20.34%
Net Inc.	22.096	41.446	47.945	38.654	2.651

Bal. Sheet & Other Fin. Data (TT\$ millions)

Cash	30.154	27.238	38.339	32.596	53.603
Curr. Assets	219.180	227.306	244.375	222.328	251.785
Total Assets	418.570	425.795	432.188	403.734	411.307
Curr. Lia.	106.437	115.883	139.242	162.568	185.530
LT Debt	0.000	2.550	7.650	2.500	9.781
Common Eq.	260.826	257.962	239.354	201.280	203.128
Total Cap.	411.722	420.237	432.188	403.734	411.307
Cap Exp.	9.554	17.442	-2.855	36.037	16.612
Cash Flow	5.844	-8.470	60.026	-62.774	40.452

This document is based on information obtained from sources which we believe to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, West Indies Stockbrokers Limited. Expressions of opinion herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell securities. West Indies Stockbrokers Limited and or their officers, directors, and employees may own or have positions in any of the securities mentioned herein, and may from time to time add or dispose of any such securities. This document is for the information of clients only and is not for publication in the Press or elsewhere without the permission of West Indies Stockbrokers Limited. WISE is a subsidiary of RBTT Financial Holdings Limited