



# National Flour Mills Limited and its Subsidiaries

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 | (expressed in thousands of Trinidad and Tobago dollars)

## CHAIRMAN'S REVIEW



**Nigel Romano**

Dear Shareholders,

I am pleased to report that our efforts to transform the company have started to produce the desired results. For fiscal 2023, NFM earned revenue of \$577M and, through prudent grain purchasing and other cost management initiatives, reduced cost of sales by 3% thereby increasing Gross Profit by 63.6% from \$93M in 2022 to \$152M in 2023. Operating profit also increased by \$46.9M year-on-year from \$12.4M to \$59.3M. And profit after tax increased by \$28.6M, from \$6.9M to \$35.5M in 2023. On this

basis, your Board is recommending a dividend payment of 10 cents per ordinary share for fiscal 2023.

Changes in the global environment, driven by lingering fallout from the Covid-19 pandemic and the impact of the wars in Ukraine and Gaza, continued to influence the way we do business. As a food and feed manufacturing company, NFM is particularly vulnerable to the impact of climate change on the yield and price of grains. Therefore, we remain concerned about the impact of climate change as evidenced by increasing levels of greenhouse gases, rising sea levels and record low Antarctica sea ice, with 2023 being categorised as the warmest year on record. Rising temperatures and carbon dioxide levels will negatively affect crop yields posing threats to global food security and the entire agricultural ecosystem.

We must find ways to adapt, and, in this regard, we are building a more agile culture and a more flexible business model to improve our responsiveness and resilience. There will always be external factors over which we have no control, but by constantly scanning the horizon and building responsive systems and engaged and caring teams, we will be able to sustain the organisation's current growth trajectory.

Our strategic focus is on growing the business regionally. In 2023, we were able to make inroads in the markets of several of our Caribbean neighbours. Our intention is to first establish our footprint throughout the Caribbean and then extra-regionally. At the operational level, we continue to focus on improving margins by working on increasing productivity across the organisation beginning with the full automation of our packaging processes for food and feed products. In addition, the implementation of a new ERP system will ensure that we have real time data to facilitate management decision-making and promote greater accountability throughout the organisation, supported by an engaged and purpose driven workforce.

As the environment becomes more complex, governance has become increasingly important and there is heightened demand for accountability and transparency. Following the issue of new standards for sustainability reporting by the International Sustainability Standards Board in June 2023, companies are now required to disclose more information about their climate-related activities, employment practices and community initiatives. While this is not yet a regulatory requirement in Trinidad and Tobago, we must start preparing for that eventuality.

We are also mindful of the importance of adopting a more risk-based approach to managing the business given the increasing prevalence of cybersecurity, supply chain and other operational threats, and we have invested in strengthening the control environment and allocated additional resources to manage and mitigate risks in the organisation.

I thank our shareholders and other stakeholders for their commitment to NFM. I also thank my fellow directors for their unwavering support and the employees of NFM for their continued dedication to achieving NFM's purpose: feeding the Caribbean. NFM will continue to grow from strength to strength providing quality food and feed products to the Region.

**Nigel Romano**  
Chairman

## INDEPENDENT AUDITOR'S REPORT



### Independent auditor's report on the summary consolidated financial statements

To the Shareholders of NATIONAL FLOUR MILLS LIMITED

#### Our opinion

In our opinion, the accompanying summary consolidated financial statements of NATIONAL FLOUR MILLS LIMITED (the Company), and its subsidiary (together 'the Group') are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 2.

#### The summary consolidated financial statements

The Group's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2023 comprise:

- the summary consolidated statement of financial position as at December 31, 2023;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 March, 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited consolidated financial statements of the current period.

### Responsibilities of management and those charged with governance for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

Port of Spain  
Trinidad, West Indies  
25 March 2024

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## NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### 1 Incorporation and principal activities

NATIONAL FLOUR MILLS LIMITED ("the Company" or "NFM") 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 and its subsidiary (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, which is majority owned by the Government of the Republic of Trinidad and Tobago (GORTT). NFM's ultimate parent is therefore the GORTT. The Group's registered office is 27-29 Wrightson Road, Port of Spain.

### 2 Significant Accounting Policies

The summary consolidated financial statements have been prepared by presenting the Consolidated Statement of Financial Position, Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows exactly as presented in the full set of consolidated financial statements which were prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023. The consolidated financial statements have been prepared under the historical cost convention, except for investments at fair value through other comprehensive income and defined benefit plans where plan assets are measured at fair value. The summary consolidated financial Statements do not include the accounting policies and the notes that are contained in the full audited consolidated financial statements. The accounting policies have been applied consistently to all the years presented.



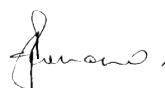
# National Flour Mills Limited and its Subsidiaries

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 | (expressed in thousands of Trinidad and Tobago dollars)

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | As at December 31 |                |
|---|-------------------|----------------|
|   | 2023              | 2022           |
|   | \$                | \$             |
| <b>Assets</b>   |                   |                |
| <b>Non-current assets</b>   |                   |                |
| Property, plant and equipment   | 168,754           | 156,559        |
| Intangible assets   | 1,069             | 1,652          |
| Right-of-use asset  | 4,317             | 5,258          |
| Investments at fair value through OCI   | 866               | 724            |
| Retirement benefit asset  | 12,567            | 13,398         |
| Deferred taxation assets  | 13,384            | 11,914         |
|   | <u>200,957</u>    | <u>189,505</u> |
| <b>Current assets</b>   |                   |                |
| Accounts receivable and prepayments   | 90,824            | 83,052         |
| Amount due from the Government of the Republic of Trinidad and Tobago (GORTT) | -                 | 20,081         |
| Inventories   | 131,071           | 173,553        |
| VAT Bonds   | -                 | 5,460          |
| Taxation recoverable  | 4,266             | 4,266          |
| Restricted deposit  | 1,598             | 1,584          |
| Cash and cash equivalents   | 18,305            | 48,523         |
|   | <u>246,064</u>    | <u>336,519</u> |
| <b>Total assets</b>   | <u>447,021</u>    | <u>526,024</u> |
| <b>Liabilities and equity</b>   |                   |                |
| <b>Non-current liabilities</b>  |                   |                |
| Deferred tax liabilities  | 37,873            | 38,470         |
| Medical and life assurance plan   | 37,452            | 35,754         |
| Lease liabilities   | 4,044             | 4,803          |
|   | <u>79,369</u>     | <u>79,027</u>  |
| <b>Current liabilities</b>  |                   |                |
| Amount due to the Government of the Republic of Trinidad and Tobago (GORTT)   | 285               | 19,211         |
| Borrowings  | 25,000            | 75,757         |
| Lease liabilities   | 2,378             | 2,414          |
| Accounts payable and accruals   | 41,064            | 88,692         |
| Taxation payable  | 8,901             | -              |
| Due to related parties (ESOP advanced funding)                                | 76                | 134            |
|   | <u>77,704</u>     | <u>186,208</u> |
| <b>Total liabilities</b>  | <u>157,073</u>    | <u>265,235</u> |
| <b>Shareholders' equity</b>   |                   |                |
| Stated capital  | 120,200           | 120,200        |
| Treasury shares   | (4,189)           | (3,319)        |
| Retained earnings   | 175,805           | 145,776        |
| Other reserves  | (1,868)           | (1,868)        |
|   | <u>289,948</u>    | <u>260,789</u> |
| <b>Total equity</b>   | <u>289,948</u>    | <u>260,789</u> |
| <b>Total liabilities and equity</b>   | <u>447,021</u>    | <u>526,024</u> |

On March 22, 2024, the Board of Directors of NATIONAL FLOUR MILLS LIMITED AND ITS SUBSIDIARIES authorised these summary consolidated financial statements for issue.

  
Director

  
Director

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Stated Capital | Treasury Shares | Other Reserves | Retained Earnings | Total          |
|--|----------------|-----------------|----------------|-------------------|----------------|
|  | \$             | \$              | \$             | \$                | \$             |
| <b>Year ended December 31, 2022</b>  |                |                 |                |                   |                |
| Balance at January 1, 2022   | 120,200        | (3,003)         | (1,868)        | 163,142           | 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             |
| <b>Balance as at December 31, 2022</b>   | <u>120,200</u> | <u>(3,319)</u>  | <u>(1,868)</u> | <u>145,776</u>    | <u>260,789</u> |
| <b>Year ended December 31, 2023</b>  |                |                 |                |                   |                |
| Balance at January 1, 2023   | 120,200        | (3,319)         | (1,868)        | 145,776           | 260,789        |
| Profit for the year  | -              | -               | -              | 35,452            | 35,452         |
| Loss on revaluation of treasury shares   | -              | (870)           | -              | -                 | (870)          |
| Gain on investment at fair value through OCI   | -              | -               | -              | 142               | 142            |
| Re-measurement of retirement benefit asset and medical and life insurance plan, net of tax | -              | -               | -              | (1,794)           | (1,794)        |
| Other movements  | -              | -               | -              | (165)             | (165)          |
| Transactions with owners of the Group: Dividends declared and paid                         | -              | -               | -              | (3,606)           | (3,606)        |
| <b>Balance as at December 31, 2023</b>   | <u>120,200</u> | <u>(4,189)</u>  | <u>(1,868)</u> | <u>175,805</u>    | <u>289,948</u> |

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Year ended December 31 |                 |
|--|------------------------|-----------------|
|  | 2023                   | 2022            |
|  | \$                     | \$              |
| <b>Revenue</b>   | 577,333                | 532,808         |
| <b>Cost of sales</b>   | (425,283)              | (439,869)       |
| <b>Gross profit</b>  | 152,050                | 92,939          |
| Selling and distribution expenses  | (47,456)               | (39,896)        |
| Administration expenses  | (52,117)               | (47,153)        |
| Other operating income   | 6,843                  | 6,569           |
| <b>Operating profit</b>  | 59,320                 | 12,459          |
| Finance cost   | (5,063)                | (3,379)         |
| <b>Profit before income tax</b>  | 54,257                 | 9,080           |
| Income tax expense   | (18,805)               | (2,171)         |
| <b>Profit for the year</b>   | 35,452                 | 6,909           |
| <b>Other comprehensive gain/(loss): Items that would not be reclassified to profit or loss</b> |                        |                 |
| Re-measurement of retirement benefit asset   | (2,816)                | (33,026)        |
| Re-measurement of medical and life assurance plan  | 254                    | (3,819)         |
| Changes to deferred taxes related to remeasurements  | 769                    | 11,054          |
| Gain/(loss) on investment at fair value through OCI  | 142                    | (448)           |
| (Loss)/gain on revaluation of treasury shares  | (870)                  | 52              |
| Other comprehensive loss for the period, net of tax  | (2,521)                | (26,187)        |
| <b>Total comprehensive income/(loss) for the year</b>  | <u>32,931</u>          | <u>(19,278)</u> |
| <b>Earnings per share</b>  |                        |                 |
| Basic earnings per share (in cents)  | 30.03                  | 5.86            |
| Diluted earnings per share (in cents)  | 29.63                  | 5.79            |

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Year ended December 31 |                 |
|---|------------------------|-----------------|
|   | 2023                   | 2022            |
|   | \$                     | \$              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                        |                 |
| Profit before taxation  | 54,257                 | 9,080           |
| Adjustments for:  |                        |                 |
| Depreciation  | 15,102                 | 15,755          |
| Write off - Asset Under Construction                          | -                      | 2,172           |
| Amortisation  | 1,527                  | 2,819           |
| Interest and bank charges                                     | 4,027                  | 3,176           |
| Lease interest expense  | 319                    | 339             |
| Interest income   | (171)                  | (19)            |
| Dividend income   | (192)                  | (84)            |
| Gain or loss on foreign exchange                              | 717                    | (136)           |
| Gain on treasury shares                                       | -                      | (316)           |
| (Loss)/gain on revaluation of treasury shares                 | (870)                  | 52              |
| Retirement benefit expense                                    | 5,449                  | 3,014           |
| Medical plan expense  | 3,184                  | 2,621           |
| Retirement benefit asset contributions paid                   | (7,434)                | (6,320)         |
| Medical and life assurance plan contributions paid            | (1,232)                | (1,523)         |
| Provision for doubtful accounts                               | (686)                  | (195)           |
| Loss on retirement pension and medical benefit                | -                      | 2,208           |
| Gain/(loss) on investment at fair value through OCI           | (142)                  | (448)           |
|   | <u>73,855</u>          | <u>32,195</u>   |
| Changes in working capital:                                   |                        |                 |
| Decrease/(increase) in inventories                            | 42,482                 | (73,016)        |
| Increase in accounts receivable and prepayments               | (11,233)               | (3,679)         |
| Decrease/(increase) in amounts due to/from GORTT              | 1,155                  | (72)            |
| Decrease/(increase) in current amounts due to related parties | (58)                   | 134             |
| Decrease in investment  | -                      | 25              |
| Decrease in taxes refunded (VAT)                              | 4,147                  | 4,614           |
| Decrease in accounts payable and accruals                     | (47,628)               | (14,793)        |
| Cash provided by/(used in) operations                         | 62,720                 | (54,592)        |
| Interest paid   | (4,921)                | (2,863)         |
| Taxes paid  | (11,055)               | (3,236)         |
| <b>Net cash generated from/(used in) operating activities</b> | <u>46,744</u>          | <u>(60,691)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                        |                 |
| Increase in restricted deposits                               | (14)                   | -               |
| Sale of investments   | 14                     | 52              |
| Acquisition of property, plant and equipment                  | (27,298)               | (15,549)        |
| Interest received on investments                              | 171                    | 19              |
| Redemption of VAT bonds                                       | 5,460                  | -               |
| Dividend income   | 192                    | 84              |
| Purchase of intangible assets                                 | (3)                    | (151)           |
| <b>Net cash used in investing activities</b>                  | <u>(21,478)</u>        | <u>(15,545)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                        |                 |
| Borrowings drawn  | -                      | 122,874         |
| Borrowings repaid   | (50,757)               | (47,299)        |
| Dividends paid  | (3,606)                | -               |
| Principal repayments in finance lease                         | (1,121)                | (1,397)         |
| <b>Net cash (used in)/generated from financing activities</b> | <u>(55,484)</u>        | <u>74,178</u>   |
| <b>Net decrease in cash and cash equivalents</b>              | <u>(30,218)</u>        | <u>(2,058)</u>  |
| <b>CASH AND CASH EQUIVALENTS AT START OF YEAR</b>             | <u>48,523</u>          | <u>50,581</u>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>               | <u>18,305</u>          | <u>48,523</u>   |
| <b>Cash and cash equivalents represented by</b>               |                        |                 |
| Cash and cash equivalents                                     | <u>18,305</u>          | <u>48,523</u>   |