NATIONAL FLOUR MILLS LIMITED

ANNUAL REPORT 2023



RESILIENCE
IN A PERMACRISIS

NATIONAL FLOUR MILLS LIMITED

ANNUAL REPORT 2023

CONTENTS

Vision & Mission	4
Corporate Information	5
Notice of 51st Annual Meeting of Shareholders	6
Board of Directors	8
Biographies of Directors	10
Chairman's Review	19
Executive Management	21
CEO's Remarks	23
Senior Management	26
Financial Overview: Ten-Year Comparison	27
Directors' Report	30
Corporate Report	32
Statement of Management's Responsibilities	41
Independent Auditor's Report	42
Consolidated Statement of Financial Position	48
Consolidated Statement of Comprehensive Income	50
Consolidated Statement of Changes in Equity	51
Consolidated Statement of Cash Flows	52
Notes to the Consolidated Financial Statements	54
Management Proxy Circular	104
Proxy Form	Insert

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RESILIENCE
IN A PERMACRISIS


NATIONAL FLOUR MILLS LIMITED
RESILIENCE
IN A PERMACRISIS



ANNUAL REPORT 2023

Resilience in a permacrisis is the beacon guiding us through tumultuous times.

It embodies adaptability, innovation and unwavering resolve. With resilience, we embrace change and forge paths to shape a brighter future in spite of uncertainty.

VISION & MISSION

National Flour Mills Limited (NFM) was incorporated in 1972 and over the years has been recognised as the leader in flour milling feed milling and dry mix operations throughout Trinidad and Tobago.

OUR VISION STATEMENT

To be the most trusted food and feed manufacturer in the region.

OUR MISSION STATEMENT

We will feed the region by:

- Meeting and exceeding global food safety standards
- Value for money offerings
- Fairness and equity in treating with our employees

PURPOSE

To feed our Caribbean Families.

GUIDING PRINCIPLES AND CORE VALUES

- Dependability
- Customer Focus
- Growth Mindset
- Integrity
- Ownership

BUSINESS STANDARDS

NFM conducts its business in accordance with the highest ethical standards. Bribery and corruption are not condoned and every effort will be made to ensure that:

- our products are produced to specifications and in conformance with our customers' requirements;
- the quality of raw materials used is fit for the purpose intended;
- customer credit terms are fair; and that
- customer complaints are addressed in a timely and courteous manner.

CORPORATE INFORMATION

• Directors
Mr. Nigel Romano - Chairman
Mr. Ross Alexander
Ms. Sonja Voisin
Ms. Karen Shaw
Mrs. Aliyah Hamel-Smith
Mr. Shane Correia
Ms. Joanne Salazar
Ms. Annalean Inniss
Mr. Varun Maharaj
Mr. Sanjiv Anant Sookoo

• Chief Executive Officer
Mr. Ian Mitchell

• Corporate Secretary
Dr. Sati Jagmohan

• Registered Office
27-29 Wrightson Road
Port of Spain
Telephone: (868) 625-2416/7
Fax: (868) 625-4389
Email: nfm@nfm.co.tt

• Registrar and Transfer Office
The Trinidad and Tobago Central Depository Limited
10th Floor
Nicholas Towers
63-65 Independence Square
Port of Spain
Telephone: (868) 625-5107-9
Fax: (868) 623-0089
Email: ttstockx@stockex.co.tt

• Auditors
PricewaterhouseCoopers
Victoria Avenue
Port of Spain

• Principal Bankers
Scotiabank Trinidad and Tobago Limited
Scotia Centre
Corner Park and Richmond Streets
Port of Spain

RBC Royal Bank (Trinidad and Tobago) Limited
7 St. Clair Avenue
Port of Spain

Republic Bank Limited
Corporate Business Centre – North
Promenade Centre, 1st Floor
72 Independence Square
Port of Spain

• Principal Attorneys
Ashmead Ali and Company
36 Edward Street
Port of Spain

J.D Sellier & Company
121-131 Abercromby Street
Port of Spain



NOTICE OF 51ST ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Fifty-First Annual Meeting of the Shareholders of National Flour Mills Limited (NFM) will be held on Friday June 28th, 2024 at 10.00 a.m. in the Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the consolidated audited financial statements for the financial year ended December 31st, 2023 and the Reports of the Directors and Auditors thereon;
2. To approve the payment of a final dividend of 10 cents per share as recommended by the Directors;
3. To re-elect/elect Directors;
4. To re-appoint Auditors and to authorise Directors to fix their remuneration;
5. To transact any other business as may properly come before the meeting or any adjournment thereof.

NOTES

1. Record Date

The Directors have fixed the 10th day of May 2024 as the Record Date for determining shareholders who are entitled to receive Notice of the Meeting, and have given notice thereof by advertisement in accordance with the Companies Act. Shareholders listed on the Register of Members as at the close of business on that date will be notified of the meeting by mail. A list of those shareholders will be available for examination by shareholders at the Registered Office of the Trinidad and Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain during normal working hours and at the Annual Meeting.

2. Proxies

A Member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not also be a Member of the Company. In the event that a Member of the Company wishes to appoint a proxy to vote in his/her stead, such Member is required to complete and sign the appropriate Proxy Form.

The signed Proxy Form should be deposited with the Secretary of the Company at the Company's Registered Office, 27-29 Wrightson Road, Port of Spain 48 hours in advance of the Meeting. Where a Proxy is appointed by a corporate Member, the form of Proxy should be executed under seal or signed by an Officer or Attorney duly authorised.

3. Annual Report

The Annual Report can be accessed from the Company's website www.nfm.co.tt.

By Order of the Board

Dr. Sati Jagmohan
Corporate Secretary
April 19th, 2024

NATIONAL FLOUR MILLS LIMITED

ANNUAL REPORT 2023

Financial resilience is the cornerstone of stability and freedom.

It cultivates prudence and the courage to face financial storms. With resilience, we can learn and emerge stronger, building a foundation for lasting prosperity and security.



RESILIENCE IN A PERMACRISIS

BOARD OF DIRECTORS



Left to right:
Mr. Ross Alexander
Mrs. Aliyah Hamel-Smith
Mr. Shane Correia
Ms. Sonja Voisin
Mr. Nigel Romano - Chairman

RESILIENCE
IN A PERMACRISIS

ANNUAL REPORT **2023**

BOARD OF DIRECTORS



Left to right:
Ms. Annalean Inniss
Mr. Sanjiv Anant Sookoo
Ms. Joanne Salazar
Ms. Karen Shaw
Mr. Varun Maharaj

Mr. Nigel L. Romano – B.Sc, M.Sc., MBA, C.A



Mr. Romano is a Chartered Accountant and Banker with extensive global experience in banking, finance and public accounting. He is a Member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and is a graduate of the University of the West Indies at St. Augustine with degrees in Management Studies (BSc) and Accounting (MSc). He also earned an MBA from the Jack Welch Management Institute and is an AltMBA alumni.

Mr. Romano joined Moore Trinidad & Tobago, Chartered Accountants as Partner with responsibility for Business Coaching and Advisory Services in November 2019. Prior to this he was the CEO and Managing Director of JMMB Bank (T&T) Limited, a subsidiary of the JMMB Group, a position he held from March 2015 to his retirement in July 2019.

He started his career with KPMG then joined Citibank, where he spent twenty-one years in five countries, starting as CFO in Trinidad & Tobago. He also worked with Citi's businesses in Indonesia, Hong Kong, Singapore and the Philippines. He has also held senior positions with EY (Tax and Corporate Finance Partner), the ANSA McAL Group (Financial Services Sector Head) and the Caribbean Development Bank (Director, Finance and Corporate Planning and Vice President, Operations).

Mr. Romano has served on several boards in both the private and public sectors, including Trinidad Cement Limited, the Port Authority of Trinidad & Tobago and the Patrons of Queens Hall, the Couva Medical and Multi-Training Facility Limited and the UWI Development and Endowment Fund. He is currently the Chairman of National Flour Mills Limited, NIPDEC and the Caribbean Corporate Governance Institute. He also serves as a Director on the Board of Ansa Merchant Bank Limited and is a member of the FIFA appointed Normalisation Committee overseeing the affairs of the Trinidad and Tobago Football Association.

Ms. Sonja Voisin – B.Sc



Ms. Voisin is an accomplished professional with extensive experience in the Shipping and Maritime Industry. She is currently serving as the Managing Director of Gulf Shipping Limited, where she is responsible for overseeing the company's operations and ensuring its success. Ms Voisin also hold Directorships in several other Companies.

Ms. Voisin's career began as a Product Manager at Johnson's and Johnson's Limited, where she played a key role in enhancing brand performance. She then moved to the maritime sector and during her time at Gulf Shipping Limited, Ms. Voisin held the position of Sales Manager, where she worked to secure new business and develop strong relationships with stakeholders. Her expertise in this area eventually led to her appointment as President of the Shipping Association of Trinidad and Tobago for two terms. In addition, she also served as a Commissioner on the Board of Commissioners at the Port Authority of Trinidad and Tobago.

Ms. Voisin holds a Bachelor of Science degree in Marketing, she is a Director on the Board at National Flour Mills (NFM) and is a member of the Audit Committee. Her areas of expertise include securing and maintaining new business in the shipping and maritime sector, developing strong networks with stakeholders, and managing complex operations. Ms. Voisin is highly regarded in the industry for her professionalism, dedication, and ability to drive results. She remains committed to advancing the cause of global connectivity, Caribbean advancement and leadership in the Shipping and Maritime sector.

Ms. Voisin was recently re-elected President of the Shipping Association of Trinidad and Tobago in March 2023.

Mrs. Aliyah Hamel-Smith – LLB, LEC, MBA



Mrs. Hamel-Smith is an Attorney-at-Law with extensive corporate legal experience in both Trinidad and the United Kingdom having been admitted to practice for over 20 years. In addition to her law degree, Mrs. Hamel-Smith also holds an MBA from Oxford-Brookes University. Her career started as an Attorney at M. Hamel-Smith & Co and she currently is the Managing Director and Owner of a Future Planning Firm, ExeQtrust Limited where she provides clients with holistic estate administration and financial planning services.

Prior to that, Mrs. Hamel-Smith held the position of CEO, Global Financial Brokers and Total Benefits Specialists Limited simultaneously, offering customised benefit tools to increase employee wellness in the areas of health, investments and retirement planning.

Mrs. Hamel-Smith spent almost a decade of her career at RBC during which time she worked in various areas of the Company's operations including heading up the Trust Company. There, she acquired expertise in dealing with loan financing instruments and local and international bond issues as well as in pension administration and estate planning, including

Will preparations. She then went on to head up the Financial Planning arm of RBC for the Region.

Mrs. Hamel-Smith is a director at National Flour Mills Limited. She also sits on the Board of JMMB Bank (T&T) Limited, JMMB Express Finance (T&T) and L.J. Williams Limited.

Ms. Karen Shaw – B.Sc; M.Sc; EMBA



Ms. Shaw is the Tobago representative on the Board and brings to the Boardroom, her valuable experience in food manufacturing in both the private and public sectors. Ms. Shaw currently works as an Agro-Investment Specialist at the Division of Food, Security, Natural Resources, the Environment and Sustainable Development. She has had a long history in agriculture starting with the position of Food Technologist and then advancing to the position of Director of Marketing in the Marketing Department of the Division of Food Security, Natural Resources, the Environment and Sustainable Development.

Over the years Ms. Shaw has actively promoted the development of agro-processing in Tobago including providing technical expertise and project management support to budding entrepreneurs as well as ensured that the required institutional support was available to enhance the survival rate for young businesses.

Ms. Shaw is the Chairman of the Human Resources Committee and a member of the Sales and Marketing Committee.

Mr. Shane Correia – B.Sc; MBA



Mr. Correia is a high technology executive with successful achievements in digital and web site development including web programming, database design, system management, strategic marketing and implementation, print media, video animation, operations management, new business development and R & D management.

Mr. Correia is a member of the Human Resources Committee and the Chairman of the Sales & Marketing Committee.

BIOGRAPHIES OF DIRECTORS

Mr. Ross Alexander – Labour Representative



Mr. Alexander has served as a Director of NFM for many years. Mr. Alexander's heart is in the labour movement and over the years has served in several positions including Chairman of the Caribbean Bauxite and Miners Federation, Education Officer for the National Trade Union Centre, 3rd Vice President of the Trinidad and Tobago Labour Congress and Secretary of the Seaman and Waterfront Workers Trade Union. Mr. Alexander's expertise in both the labour and commercial aspects of NFM's business has been invaluable over the years.

Mr. Alexander is the Chairman of the Audit Committee.

Ms. Joanne Salazar – CPFA; Grad CG Acc.Dir.; MSc; MBA



Ms. Salazar is a Chartered Public Finance Accountant and a Chartered Governance Professional and is currently the Owner/Director of QED Consulting Limited. Ms. Salazar has over twenty-five years executive management experience in finance, financial management, corporate strategy and business systems design and improvement.

Prior to starting her own business, Ms. Salazar held the positions of Vice President, Strategy and Corporate Services at Phoenix Park Gas Processors, Chief Executive Officer of the North-West Regional Health Authority and General Manager of the National Ambulance Service in Trinidad and Tobago and Executive Director of Finance of two Health Authorities in the United Kingdom.

Ms. Salazar also holds an M.Sc in Strategic Planning, a Masters in Business Administration, a Post Graduate Diploma in Operations and Supply Chain Management and certification in Organisational Development, Process Management and Change Management in addition to accreditation as a Director from the Institute of Chartered Secretaries & Administrators (Canada). Ms. Salazar is also a graduate of the Governance Institute (UK) formerly the Institute of Chartered Secretaries & Administrators (Canada).

Ms. Salazar is a member of the Audit Committee.

Ms. Annalean Inniss – LLB; LEC; EMBA



Ms. Inniss is an Attorney-at-Law and the holder of a Legal Education Certificate from the Hugh Wooding Law School, St Augustine. She also holds a Bachelor of Laws Degree (Hons) from the University of the West Indies and an Executive Masters of Business Administration (EMBA) from the Arthur Lok Jack Graduate School of Business. Ms. Inniss' legal career spans approximately twenty-four years during which time she gained considerable experience in both the private and public sectors. She currently holds the position of Deputy Permanent Secretary in the Ministry of Local Government where she provides executive support and guidance to the Minister, Permanent Secretary, Heads of Department and Municipal Corporations on key policy initiatives, programmes and projects of the Ministry. Prior to this, she held the position of Director, Legal Services where she played a pivotal role in driving the Ministry's legislative agenda with key on Local Government Reform.

Currently, Ms. Inniss serves on the Board of Directors of National Enterprises Limited, NEL Power Holdings Limited, the Telecommunications Services of Trinidad and Tobago, Amplia Communications Limited and the National Carnival Commission. Ms. Inniss is also the Chairman of the Palo Seco Agricultural Enterprises Limited, The Trinidad and Tobago Oil Company and the Trinidad and Tobago Petroleum Company and previously served on the Board of the Tobago Hospitality and Tourism Institute. Ms. Inniss is also a member of several sub-committees of the Boards on which she now serves including the Audit & Finance Committee, Human Resources and Compensation Committee, Legal and Regulatory Committee and the Tenders Committee.

Ms. Inniss is a Professional Member of the Law Association of Trinidad and Tobago and brings to the Board expertise in the areas of law, policy, strategy and public administration. She is a member of the Human Resources Committee of the Board.

Mr. Varun Maharaj - LLB (Hons); LEC



Mr. Maharaj is a dynamic legal professional with a passion for excellence, admitted to practice law in both Trinidad and Tobago and the Republic of Guyana. He holds a Bachelor of Laws degree with Upper Second Class Honours from the University of the West Indies, as well as a Legal Education Certificate from Hugh Wooding Law School. Mr. Maharaj is also a student of the ACCA (Association of Chartered Certified Accountants), having completed several exams.

With a solid foundation in tax law, Mr. Maharaj honed his skills during a successful three-year tenure as a Tax Attorney at KPMG Trinidad and Tobago. In this role, he provided tax and corporate advisory services, as well as tax compliance and advisory services to both local and multinational clients. Mr. Maharaj gained exposure to and acquired knowledge from working on several high-level matters, further enhancing his expertise in tax law.

Currently, Mr. Maharaj serves as the General Manager of Premier Label Company Limited, a leading manufacturer of printing and packaging solutions in the Caribbean. In this role, he is leading the company to expand its distribution network throughout the CARICOM region. Leveraging his legal background and managerial acumen, Mr. Maharaj drives innovation and growth, ensuring Premier Label remains at the forefront of the industry.

Mr. Maharaj's dedication to his profession and his commitment to delivering exceptional results make him a valuable asset in any legal or business setting.

Mr. Sanjiv Sookoo - LLB (Hons); LEC



Mr. Sookoo is a young legal professional that was admitted to practice law in Trinidad and Tobago in 2019. He holds a Bachelor of Laws with Upper Second Class Honors from the University of the West Indies and a Legal Education Certificate from the Hugh Wooding Law School.

Mr. Sookoo commenced his legal career under the tutelage of eminent senior and junior attorneys before transferring to the Solicitor General's Department, Office of the Attorney General and Ministry of Legal Affairs. During his four-year tenure as a Legal Counsel in the Ministry, Mr. Sookoo advocated before the High Court and Court of

Appeal on an almost daily basis in a variety of matters involving the State. Besides valuable experience gained in Judicial Review, Tort Law and Constitutional Law, Mr. Sookoo was involved in several high profile matters involving Immigration Law and National Security considerations.

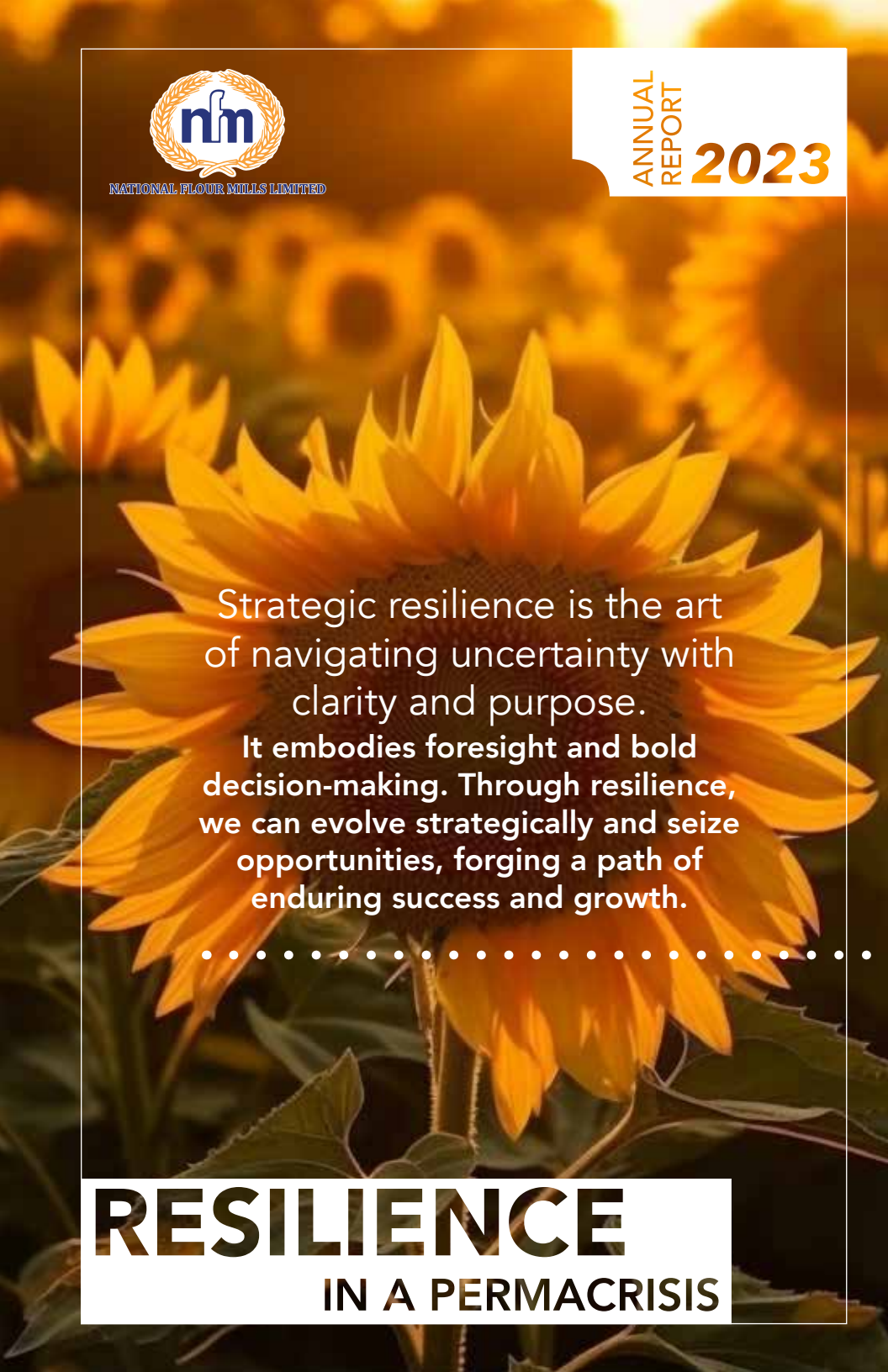
With the benefit of a strong foundation from the Solicitor General's Department, Mr. Sookoo transitioned to private practice and provides skilled representation and legal counsel to individuals, families and companies. He handles several types of legal matters, grounded in civil litigation and industrial relations. He also has experience in corporate and commercial law, company law, land law and contract law.

Mr. Sookoo strives to offer his clients premiere representation and is fully dedicated to not only jealousy defending his client's interests but by advancing pro-active and practical solutions as well as providing personalised attention to each client, tailored to their specific needs.



The Board of Directors on a strategic retreat in August 2023.

Directors are collectively responsible for the management of the company. In August 2023, directors participated in review/team building session to review and reassess the strategic direction of the company.



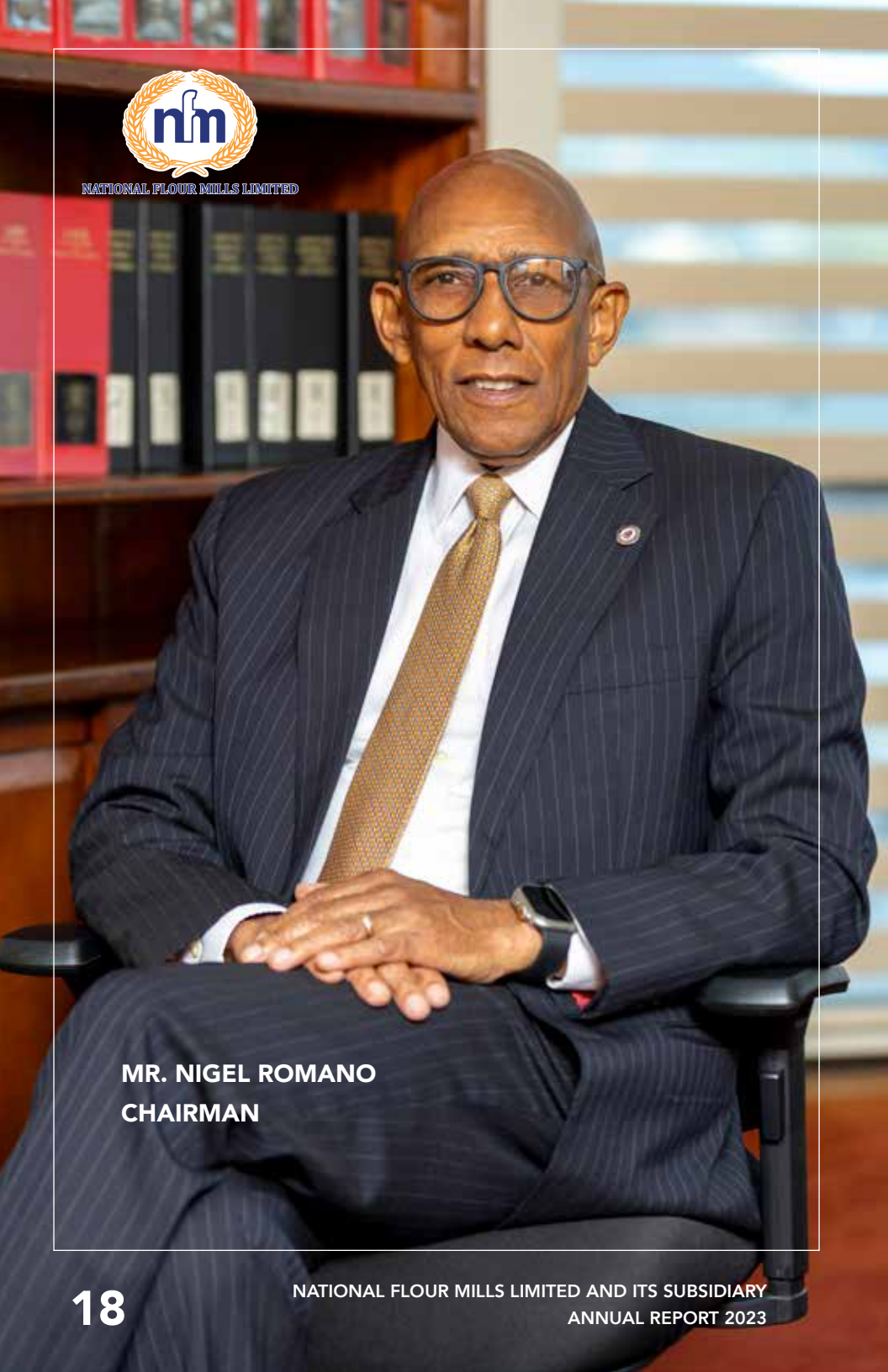
NATIONAL FLOUR MILLS LIMITED

ANNUAL REPORT 2023

Strategic resilience is the art of navigating uncertainty with clarity and purpose.

It embodies foresight and bold decision-making. Through resilience, we can evolve strategically and seize opportunities, forging a path of enduring success and growth.

RESILIENCE IN A PERMACRISIS



MR. NIGEL ROMANO
CHAIRMAN

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.

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



NFM's new 2kg packaging machine.

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

EXECUTIVE MANAGEMENT

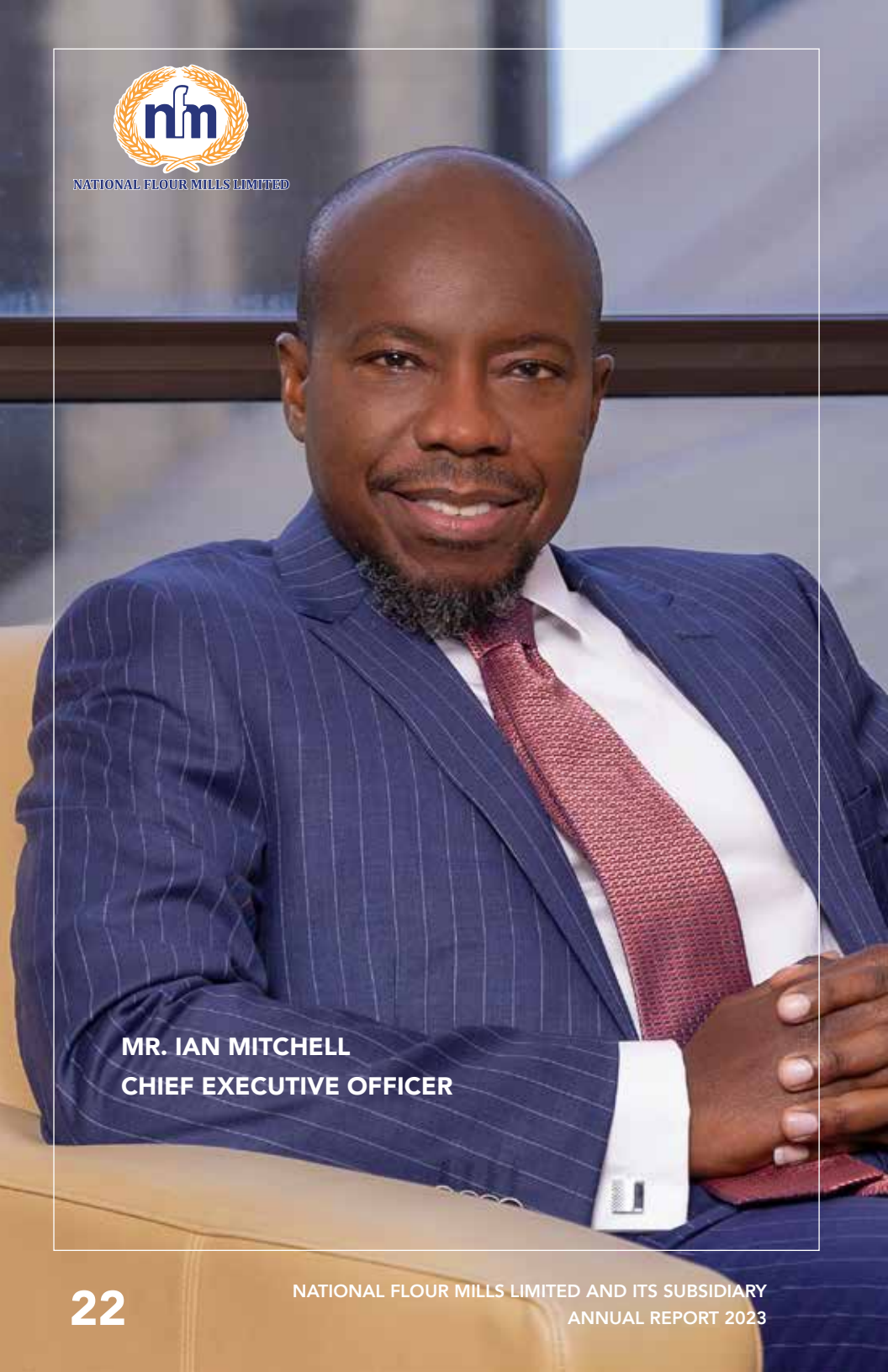
Left to right top:
Mr. Ian Mitchell - Chief Executive Officer
Mr. Michael Valentine - Chief Financial Officer
Ms. Gillian Beckles - Chief Supply Chain Officer
Mr. Jason Mohammed - Chief Operating Officer

Left to right below:
Mr. Nigel De Bique - Head, Sales & Marketing
Ms. Stacy Homer - Chief People Officer
Dr. Sati Jagmohan - Corporate Secretary



RESILIENCE
IN A PERMACRISIS

NATIONAL FLOUR MILLS LIMITED



MR. IAN MITCHELL
CHIEF EXECUTIVE OFFICER

I am pleased to report that NFM has emerged from the pandemic stronger and more resilient than before. Plagued by challenges emanating from the global environment, NFM focused its efforts on developing its human capacity, restructuring the organisation and improving its processes. As a result, NFM achieved a 63.6% increase in Gross Profit from $93M in 2022 to $152M in 2023. Operating Profit increased by 376% from $12.4M to $59.3M year on year, and Profit after tax increased to $35.5M from $6.9M in 2022.

These significant improvements could only have been achieved through the synergies among processes, people and equipment. In pursuit of our purpose, 'To Feed Our Caribbean Families', our strategic initiatives continued to focus on our two strategic pillars of improving profitability through productivity and growth through innovation. In service of improving profitability through productivity, efforts were expended on restructuring the organisation to create a more agile workforce. We moved away from jobs that were highly specialised to roles that embrace and reward multiskilling and flexibility. To complement this process, the performance management system is being re-engineered, and this process will continue in 2024 to ensure that team members are held accountable and fairly rewarded for their efforts. This will now allow the organisation to continue to attract the top-level talent that is needed to deliver a very ambitious and exciting strategy.

Our ability to continue to aggressively grow our profitability is contingent on our ability to further develop, attract and retain top-level talent. There has been a careful mix of new talent with existing up-and-coming talent from within the organisation. This blend is what we consider to be the winning formula. Training and development have always represented a significant area of focus and investment for NFM, and in 2023, we went further by implementing a Graduate Trainee Programme. This programme offers an opportunity for talented young graduates to gain on-the-job professional experience. Graduates of this Programme would certainly contribute in a meaningful way to the sector, if not directly to NFM, in the not-too-distant future.

Change is now a way of life at NFM, and to support this, a change management unit was formed. The members of this unit have been certified in change management and are now armed with the tools to help the leadership team get the involvement, engagement, and buy-in required for successful change implementation and adoption.

Productivity is also driven by operational efficiency, and in 2023, we started receiving new state-of-the-art packaging technology to replace our old and obsolete packaging lines. The remaining phases of this project will be completed in 2024. While some of these upgrades will bring major efficiency improvements, we are most proud of the change in packaging formats and the renovations that will result in better ease of use and convenience for our customers. Additional benefits include support for our sustainability initiatives through the more efficient use of energy resources, reduced emissions and a reduction in non-conforming packaged products.

Our second strategic pillar of growth through innovation is stimulating tremendous excitement throughout the organisation. For us, innovation represents the key to transforming the organisation. Innovation has taken many forms, and strategically outsourcing distribution to some channels was of great significance. This move allows us to enhance the customer service we deliver to the channels we retain while further focusing on our core business competencies.

New product development was also a significant area of attention for us. To improve our value proposition to our customers, we need to invest in products that will satisfy their unique requirements. Following the hugely successful launch of our Lotus Cassava Wheat Flour, our Innovation Team is continuing to work tirelessly to deliver a line of exciting new products, all designed to delight our customers.

As the business environment and the standard we set to excite our customers become infinitely more complex, so too are our demands on the supporting infrastructure. We require greater flexibility and a higher level of automation in our internal business processes and ultimately better and more seamless access to business information. To facilitate this, we have commenced the implementation of a new Enterprise Resource Planning (ERP) system to provide us with connectivity across business areas as well as the availability of information on a real-time basis. The system was carefully selected, and it is designed to help us eliminate inefficiencies and promote improved productivity.



The Enterprise Resource Planning (ERP) Team.

While we are mindful of the ongoing issues within the global environment that can undermine all our efforts, we continue to strategise for the company's long-term growth and success. Already in Q1 of 2024, we engaged in our strategy refresh exercise. The theme for 2024 is focus and performance management. I genuinely believe that with the support of all our employees, we can take NFM from strength to strength.

In closing, I wish to extend my sincere thanks and appreciation to my Board for their support and keen oversight. I also wish to thank the company's employees who continue to deliver above expectations. Together, we can continue to expand NFM's footprint throughout the Region and beyond. To our suppliers, customers and other stakeholders, thank you for your continued support.

Ian Mitchell
Chief Executive Officer

SENIOR MANAGEMENT





RESILIENCE
IN A PERMACRISIS

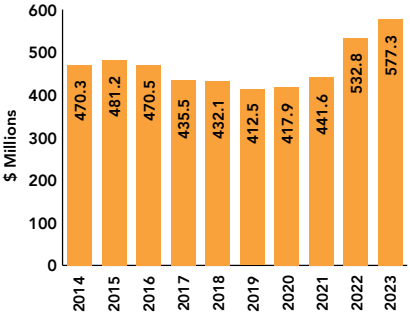
FINANCIAL OVERVIEW
TEN-YEAR COMPARISON

	Revenue	Operating Profit	Net Profit for the Year	Total Assets
2014	$470,316,000	$29,484,000	$19,172,000	$401,730,000
2015	$481,214,000	$45,693,000	$34,038,000	$429,017,000
2016	$470,509,000	$66,593,000	$34,685,000	$502,844,000
2017	$435,493,000	$56,620,000	$32,748,000	$501,588,000
2018	$432,119,000	$35,546,000	$20,595,000	$450,254,000
2019	$412,476,000	$14,794,000	$6,133,000	$444,607,000
2020	$417,906,000	$39,956,000	$23,456,000	$438,082,000
2021	$441,652,000	$4,633,000	$1,377,000	$488,374,000
2022	$532,808,000	$12,459,000	$6,909,000	$526,024,000
2023	$577,333,000	$59,320,000	$35,452,000	$447,021,000

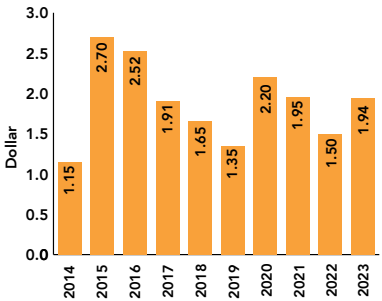
	Share Price	Dividend Payment	Earnings per Share
2014	$1.15	6 cents	16 cents
2015	$2.70	8 cents	28 cents
2016	$2.52	10 cents	29 cents
2017	$1.91	10 cents	28 cents
2018	$1.65	7 cents	17 cents
2019	$1.35	Nil	5 cents
2020	$2.20	6 cents	20 cents
2021	$1.95	Nil	1 cent
2022	$1.50	3 cents	6 cents
2023	$1.94	10 cents	30 cents

FINANCIAL OVERVIEW
TEN-YEAR COMPARISON

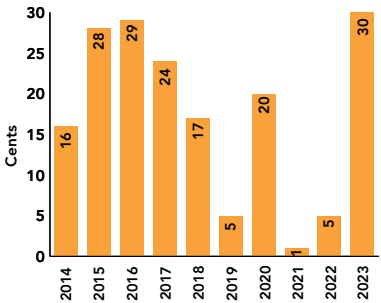
REVENUE



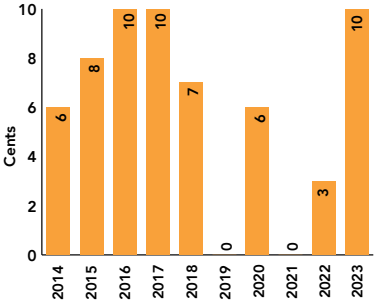
SHARE PRICE



EARNINGS PER SHARE

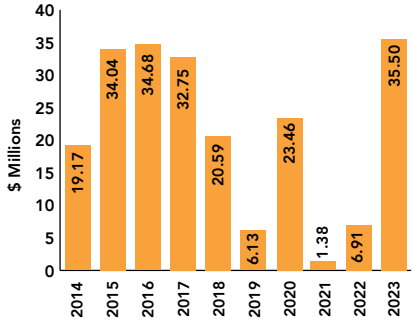


DIVIDEND PAYMENT

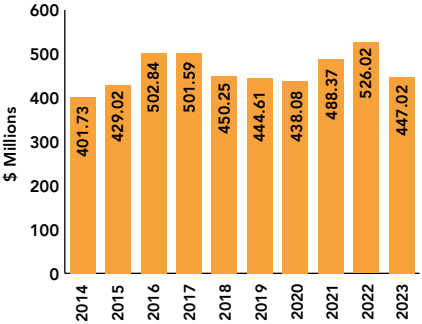


FINANCIAL OVERVIEW
TEN-YEAR COMPARISON

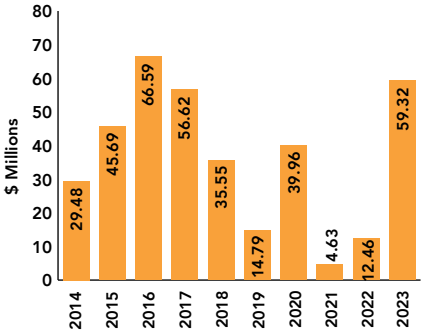
NET PROFIT FOR THE YEAR



TOTAL ASSETS



OPERATING PROFIT



DIRECTORS' REPORT

The Directors are pleased to present their report to the Shareholders for the year ended December 31st, 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the production and sale of flour and feed products.

FINANCIAL PERFORMANCE	$'000
Turnover	577,333
Profit Before Taxation	54,257
Taxation	(18,805)
Profit for the Year	35,452
Other Comprehensive Loss	
Net of tax	(2,521)
Total Comprehensive Income for the year	32,931
Retained Earnings brought forward	145,776
Retained Earnings carried forward	175,805

DIVIDENDS

Based on the level of profitability achieved for the year, a dividend payment of 10 cents for the year ended December 31st, 2023 is recommended by the Board of Directors.

DIRECTORS

In accordance with Article 75 of the Company's Articles of Association, all the Directors will retire from office at the Annual Meeting and being eligible, offer themselves for re-election.

DIRECTORS AND SUBSTANTIAL INTERESTS

Directors' Beneficial Interests	Shareholding
Ross Alexander	20,017
Aliyah Hamel-Smith	1,000

SUBSTANTIAL INTERESTS AS DEFINED BY SECTION 181 (2) (A) OF THE COMPANIES ACT 1995

Name	Shareholdings	Percentage
National Enterprises Limited	61,301,998	51.00%
R.J Investments Limited	9,291,020	7.73%
MASA Investments Limited	6,777,911	5.54%
Colonial Life Insurance Company (Trinidad) Limited	4,521,379	3.76%
RBC Trust (Trinidad and Tobago) Limited – T1154	2,159,294	1.80%
Brimont Limited	2,088,575	1.74%
Olympic Rentals Limited	1,717,724	1.43%
Antilles Employees Credit Union Cooperative	1,300,000	1.08%
Tatil Life Assurance Limited A/C C	1,008,811	0.84%
Tatil Life Assurance Limited	958,852	0.80%

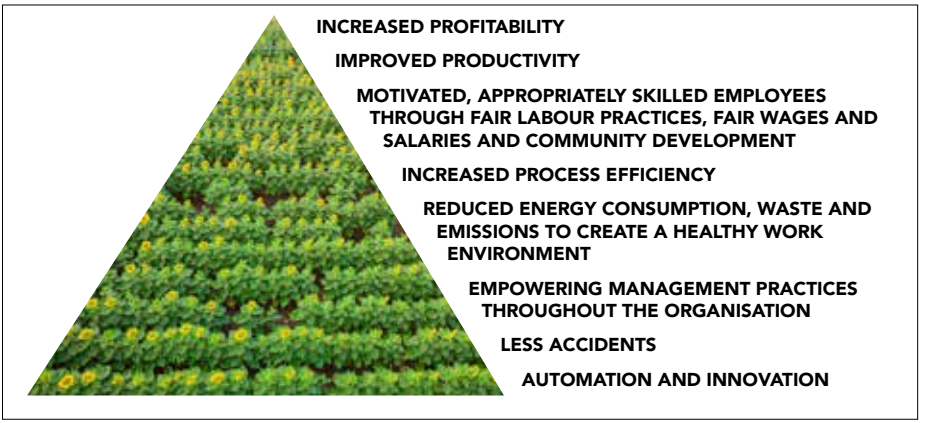
By Order of the Board

Dr. Sati Jagmohan
Corporate Secretary

Registered Office
27-29 Wrightson Road
Port of Spain

As the Company continued to evolve into a modern manufacturing company, efforts were focused on balancing the needs of the various stakeholders, namely, shareholders, employees, customers, and regulatory bodies. We strongly believe that sustained profitability is dependent on the achievement of synergy among the organisation and the food and feed ecosystem.

With the increased focus on ESG initiatives internationally, NFM is mindful of the impact of its operations on the environment. Focusing on improving environmental, social and governance effects will ultimately lead to improved profitability in manufacturing.



The global food and agriculture industry has been identified as a significant contributor to greenhouse gas emissions, and we, therefore, must take decisive action to manage ESG risks more effectively.

At NFM, we have aligned our ESG initiatives with the **United Nations Sustainable Development Goals**, in particular to the goals of:

Goal 2: Zero Hunger

Goal 3: Good Health and Well-Being

Goal 8: Decent Work and Economic Growth

Goal 9: Industry Innovation and Infrastructure

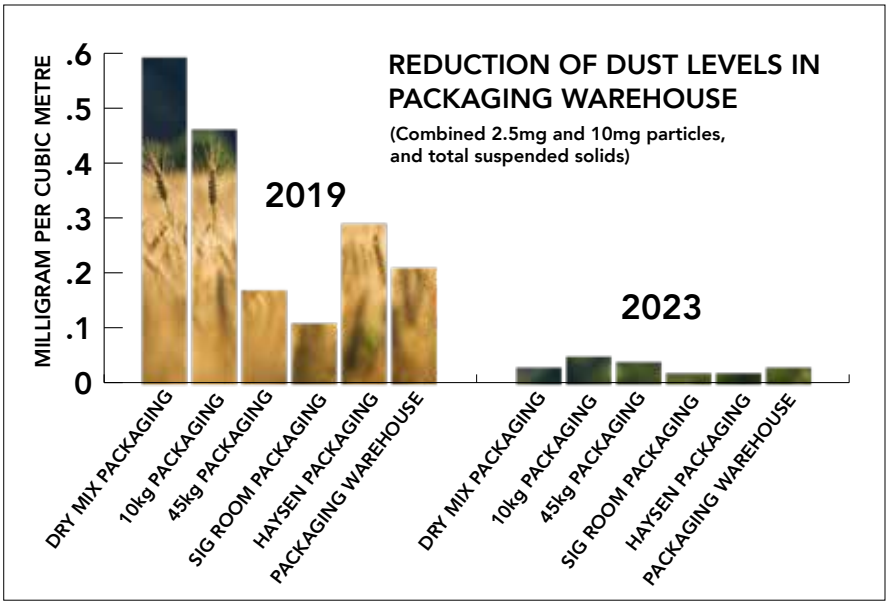
Goal 11: Sustainable Cities and Communities

OUR SPECIFIC ESG INITIATIVES ARE OUTLINED BELOW:

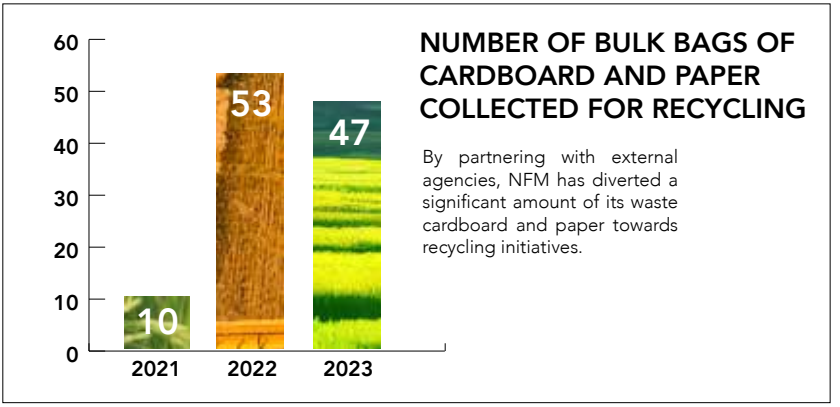


Environmental Initiatives – Zero Hunger/Sustainable Cities & Communities

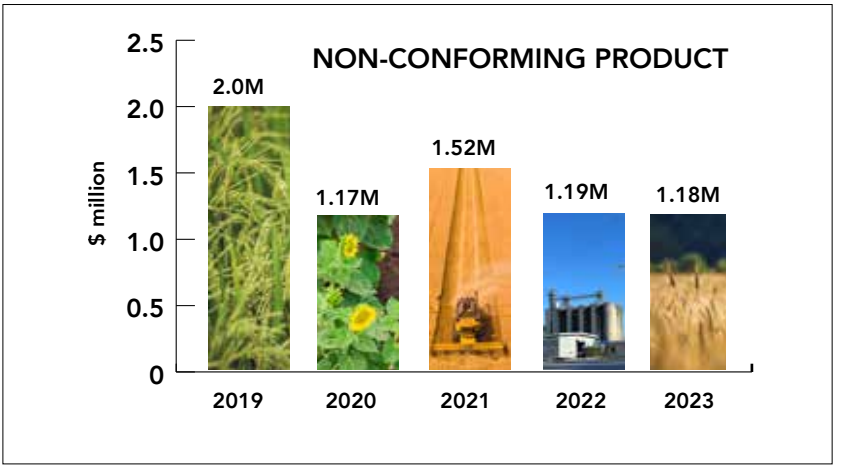
As we continue to develop our sustainability initiatives, our focus has been on monitoring emission levels within the operations and external to the plant.



Based on the initiatives implemented, there was a significant improvement in dust emissions over the period under review. Another initiative which received attention was the area of recycling:



To ensure that we always produce safe quality products to our customers, the percentage of non-conforming products is monitored. The table below captures the volume of non-conforming products in 2023 compared to the previous three years.



In sustaining communities, in 2023, NFM continued to partner with schools, sporting associations, and religious and cultural entities to ensure that we contribute to community development projects and initiatives that support education and youth development. A total of $1.3M was contributed to donations and sponsorships.

SOCIAL INITIATIVES – GOOD HEALTH AND WELL-BEING/DECENT WORK AND ECONOMIC GROWTH/ INDUSTRY INNOVATION AND INFRASTRUCTURE

1. FOOD SAFETY

NFM remains committed to supplying its customers with safe, quality food products. In 2023, we attained Safe Quality Food (SQF) Recertification and again successfully completed the YUM! Brands Quality Systems Audit as well as the Restaurant Brand Industries (RBI) Audit. We also continued to work closely with our customers, providing technical support as and when necessary.

2. HEALTH, SAFETY & THE ENVIRONMENT

In 2023, our efforts were geared towards building a safety culture throughout the organisation. Specific initiatives were:

(a) Training

- 56 persons received forklift training
- 59 persons received Confined Space Entry Training
- 19 Safety Wardens were trained
- 21 Safety Committee members received formal training on the Role & Function of the Safety Committee.

(b) Risk Assessments

Eight Annual Risk Assessments were completed, which identified 150 risks across operational and administrative areas, enabling targetted efforts to enhance workplace safety and resilience.

(c) Decent Work and Economic Growth

NFM continues to provide productive employment for approximately 400 employees. Through the restructuring process, employees have the opportunity to widen their skill levels and become more marketable. There is no discrimination regarding the employment of persons throughout the organisation. The compensation levels at NFM are on par with the local manufacturing sector, and there is a very low turnover rate among staff.

(d) Industry Innovation and Infrastructure

Significant investments have been made to support employees' productive efforts and to simplify and automate work processes. NFM is in the process of changing out its packaging lines, with the new 2kg line being commissioned in April 2024. The new technology will not only be more efficient but will utilise less energy, result in less waste, and produce less emissions. To complement the changing operational technology, the information technology system is also being upgraded.

On the product innovation side, resources have been allocated for a pipeline of new products, including value-added and convenience items.

GOVERNANCE

In keeping with our commitment to adhere to the highest levels of good corporate governance, the Board of Directors continued to oversee the conduct of the business. Given the significant initiatives being undertaken by the company, such as the replacement of packaging equipment and the restructuring of the organisation, the Board met twelve times in 2023 as follows:

Board Meeting No.	Date
Extraordinary Board Meeting No. 1 of 2023	February 7th 2023
Board Meeting No. 468	March 2nd 2023
Extraordinary Board Meeting No. 2 of 2023	March 23rd 2023
Extraordinary Board Meeting No. 3 of 2023	April 6th 2023
Board Meeting No. 469	April 20th 2023
Extraordinary Board Meeting No. 4 of 2023	May 10th 2023
Board Meeting No. 470	June 15th 2023
Extraordinary Board Meeting No. 5 of 2023	July 25th 2023
Board Meeting No. 471	August 18th 2023
Board Meeting No. 472	October 19th 2023
Extraordinary Board Meeting No. 6 of 2023	November 8th 2023
Board Meeting No. 473	December 14th 2023

During these meetings, as part of the due diligence process, the Executives are questioned and challenged on the feasibility of proposals and held accountable for the progress of ongoing projects.

To support the Board's efforts, the Internal Audit function was revamped to focus more heavily on risks and the effectiveness of internal controls implemented by Management. Of particular concern to the Board was the increasing prevalence of cybersecurity attacks, and measures were implemented to test the effectiveness of NFM's controls.

The Board is mindful of new and emerging risks that have the potential to negatively impact the sustained profitability of the Company, such as the inability to attract and retain an appropriate workforce configuration, culture change and resistence to change as well as business service interruptions. Climate change cotinues to pose a very real risk to our business as well as natural disasters and escalating geopolitical tensions.

The Board through its Committees continues to delve deeper into the issues facing the Company to facilitate timely corrective actions. The Committees in 2023 were:

- Audit
- Human Resources
- Sales & Marketing

Disclosure and Compliance

In accordance with its disclosure and compliance requirements, NFM published quarterly unaudited financial statements as well as audited financial statements. Material changes in the company were also published so that prospective investors are provided with real-time information on the performance of the company and the risks associated with the company.

NATIONAL FLOUR MILLS LIMITED



RESILIENCE
IN A PERMACRISIS



ANNUAL REPORT 2023

Social, operational and organisational resilience all thrive on compassion and solidarity.

With resilience, we can weather storms, emerging stronger to navigate the complexities of an ever-changing landscape.


FLOUR

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of NATIONAL FLOUR MILLS LIMITED AND ITS SUBSIDIARY (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/ prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

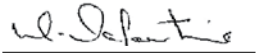
In preparing these audited consolidated financial statements, management utilised International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Ian Mitchell
Chief Executive Officer
March 22, 2024



Michael Valentine
Chief Financial Officer
March 22, 2024

Independent auditor's report

To the Shareholders of NATIONAL FLOUR MILLS LIMITED

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of NATIONAL FLOUR MILLS LIMITED (the Company) and its subsidiary (together 'the Group') as at December 31, 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall group materiality: $5.7 million, which represents 1% of total group revenue.
- The Group audit included the full scope audit of the Company and the audit of certain account balances of the Employee Stock Ownership Plan. There are no other subsidiaries.
- Impairment assessment of the Group.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Company has no interests in other entities, other than the Employee Stock Ownership Plan, where audit procedures were performed on certain account balances included in the consolidated financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Materiality

Overall Group materiality	$5.7 million
How we determined it	1% of total group revenue
Rationale for the materiality benchmark applied	*We chose revenue as the benchmark because, in our view, it is the most stable benchmark against which the performance of the Group is measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $288,650, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Group *Refer to notes 2(c), 2(p), 3(b) and 34 to the consolidated financial statements for disclosures of related accounting policies and balances.* The carrying amount of the net assets of the Group as at December 31, 2023 was $290m. The market capitalisation of the Group was $233m at the reporting date. Under IAS 36: 'Impairment of non-financial assets', this is an indicator of potential impairment. Accordingly, management prepared an impairment assessment for the entity. No impairment loss is recognised if the recoverable amount exceeds the carrying value of the net assets. In performing the impairment assessment, management determined the recoverable amount using discounted cash flows to estimate the value-in-use, being the present value of future expected cash flows. This involves subjective judgements in relation to forecasting future cash flows and is sensitive to the following key assumptions: • Average annual revenue growth rate; • Terminal growth rate;	We considered the method used by management to perform the impairment assessment for the entity and assessed whether it is appropriate based on the requirements of IAS 36. With the assistance of our internal valuation experts, the following procedures, amongst others, were performed: • obtained management's discounted cash flow (DCF) model including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the business; • agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model; • agreed the December 31, 2023 base year financial information to the current year results; • evaluated the disclosures made within the consolidated financial statements; and • assessed management's key assumptions as follows:

- Pre-tax discount rate;
- EBITDA as a % of sales; and
- Gross profit margin.

During the year, management continued to develop a number of planned strategies and initiatives, aimed at increasing revenue and achieving operational efficiencies which are reflected in the key assumptions.

We focused our attention in particular on management's forecasts for revenue growth over the next 5 years, as well as its plans for operational efficiencies, in light of the inherent subjectivity in forecasting the impact of the implementation of the planned strategies and initiatives on future financial performance.

As the recoverable amount derived from the value-in-use calculation was higher than the total carrying amount of the net assets, management ultimately determined no impairment provision was required.

We focused on this area because of the significant level of judgement required in arriving at the key assumptions used in management's impairment assessment.

Average annual revenue growth rate – Assessed management's historic ability to accurately budget and meet budget expectations by comparing past results with historical budgeted projections.

Evaluated management's assumptions for the next 5 years, whilst considering any contrary evidence, including assessing management's planned strategies and the reasonableness of management's forecasted revenue.

Assessed the economic outlook for Trinidad and Tobago, as well as the projected growth, to determine whether management's growth rates were reasonable in the circumstances existing at the statement of financial position date.

Terminal growth rate – Assessed the reasonableness of management's terminal growth rate which included evaluating the maturity of the business, past results and management's future plans.

Pre-tax discount rate – Assessed certain key inputs within the pre-tax discount rate calculation, including the cost of equity and the cost of debt. Developed a point estimate using available market inputs to determine the reasonableness of management's estimate.

EBITDA as a % of sales & gross profit margin – Assessed management's plans for achieving operational efficiencies in conjunction with our assessment of revenue growth rates outlined above.

Reviewed the global outlook on commodity prices supporting the future price per unit assumptions over raw materials to determine whether they were reasonable in the circumstances existing at the reporting date.

Performed further sensitivity analysis by considering the impact of changes in management's average annual revenue growth rate, terminal growth rate, pre-tax discount rate, EBITDA as a % of sales, and gross profit margin.

Based on the procedures performed above, management's determination that no impairment provision was required was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the 2023 Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement leader on the audit resulting in this independent auditor's report is Damian Mustapha.



Port of Spain
Trinidad, West Indies
25 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

	Notes	As at December 31 2023 $	2022 $
Assets			
Non-current assets			
Property, plant and equipment	5	168,754	156,559
Intangible assets	6	1,069	1,652
Right-of-use asset	7	4,317	5,258
Investments at fair value through OCI	9	866	724
Retirement benefit asset	10	12,567	13,398
Deferred taxation assets	28	13,384	11,914
		200,957	189,505
Current assets			
Accounts receivable and prepayments	12	90,824	83,052
Amount due from the Government of the Republic of Trinidad and Tobago (GORTT)	13	-	20,081
Inventories	14	131,071	173,553
VAT Bonds	8	-	5,460
Taxation recoverable		4,266	4,266
Restricted deposit	15	1,598	1,584
Cash and cash equivalents	16	18,305	48,523
		246,064	336,519
Total assets		447,021	526,024
Liabilities and equity			
Non-current liabilities			
Deferred tax liabilities	28	37,873	38,470
Medical and life assurance plan	11	37,452	35,754
Lease liabilities	18	4,044	4,803
		79,369	79,027

	Notes	As at December 31 2023 $	2022 $
Current liabilities			
Amount due to the Government of the Republic of Trinidad and Tobago (GORTT)	13	285	19,211
Borrowings	17	25,000	75,757
Lease liabilities	18	2,378	2,414
Accounts payable and accruals	19	41,064	88,692
Taxation payable		8,901	-
Due to related parties (ESOP advanced funding)	29	76	134
		77,704	186,208
Total liabilities		157,073	265,235
Shareholders' equity			
Stated capital	20	120,200	120,200
Treasury shares	21	(4,189)	(3,319)
Retained earnings		175,805	145,776
Other reserves		(1,868)	(1,868)
Total equity		289,948	260,789
Total liabilities and equity		447,021	526,024

The notes on page 54 to 103 are an integral part of these consolidated financial statements.

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

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

	Notes	Year ended December 31 2023 $	2022 $
Revenue	23	577,333	532,808
Cost of sales	24	(425,283)	(439,869)
Gross profit	32	152,050	92,939
Selling and distribution expenses	24	(47,456)	(39,896)
Administration expenses	24	(52,117)	(47,153)
Other operating income	25	6,843	6,569
Operating profit		59,320	12,459
Finance cost	26	(5,063)	(3,379)
Profit before income tax		54,257	9,080
Income tax expense	28	(18,805)	(2,171)
Profit for the year		35,452	6,909
Other comprehensive income/(loss):			
Items that would not be reclassified to profit or loss			
Re-measurement of retirement benefit asset	10	(2,816)	(33,026)
Re-measurement of medical and life assurance plan	11	254	(3,819)
Changes to deferred taxes related to remeasurements	28	769	11,054
Gain/(loss) on investment at fair value through OCI	21	142	(448)
(Loss)/gain on revaluation of treasury shares	9	(870)	52
Other comprehensive loss for the period, net of tax		(2,521)	(26,187)
Total comprehensive income/(loss) for the year		32,931	(19,278)
Earnings per share	30		
Basic earnings per share (in cents)		30.03	5.86
Diluted earnings per share (in cents)		29.63	5.79

The notes on page 54 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

	Notes	Stated Capital $	Treasury Shares $	Other Reserves $	Retained Earnings $	Total $
Year ended December 31, 2022						
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	9	-	52	-	-	52
Balance as at December 31, 2022		120,200	(3,319)	(1,868)	145,776	260,789
Year ended December 31, 2023						
Opening 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	9	-	-	-	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	31	-	-	-	(3,606)	(3,606)
Balance as at December 31, 2023		120,200	(4,189)	(1,868)	175,805	289,948

The notes on page 54 to 103 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

	Notes	Year ended December 31 2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		54,257	9,080
Adjustments for:			
Depreciation	5	15,102	15,755
Write off - Asset Under Construction	5, 6	-	2,172
Amortisation	6, 7	1,527	2,819
Interest and bank charges	26	4,027	3,176
Lease interest expense	26	319	339
Interest income	25	(171)	(19)
Dividend income	25	(192)	(84)
Gain or loss on foreign exchange	27	717	(136)
Gain on treasury shares		-	(316)
(Loss)/gain on revaluation of treasury shares		(870)	52
Retirement benefit expense	10	5,449	3,014
Medical plan expense	11	3,184	2,621
Retirement benefit asset contributions paid	10	(7,434)	(6,320)
Medical and life assurance plan contributions paid	11	(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)
		73,855	32,195
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

	Notes	Year ended December 31 2023 $	2022 $
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)
Net cash generated from/(used in) operating activities		46,744	(60,691)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in restricted deposits		(14)	-
Sale of investments		14	52
Acquisition of property, plant and equipment	5	(27,298)	(15,549)
Interest received on investments		171	19
Redemption of VAT bonds	8	5,460	-
Dividend income		192	84
Purchase of intangible assets	6	(3)	(151)
Net cash used in investing activities		(21,478)	(15,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings drawn		-	122,874
Borrowings repaid		(50,757)	(47,299)
Dividends paid		(3,606)	-
Principal repayments in finance lease	18	(1,121)	(1,397)
Net cash (used in)/generated from financing activities		(55,484)	74,178
Net decrease in cash and cash equivalents		(30,218)	(2,058)
CASH AND CASH EQUIVALENTS AT START OF YEAR		48,523	50,581
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,305	48,523
Cash and cash equivalents represented by			
Cash and cash equivalents	16	18,305	48,523

The notes on page 54 to 103 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 2023
(Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

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 April 14, 1998.

The Company's principal activities are the production and distribution of food products and animal and poultry feeds. The subsidiary is an Employee Stock Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Group. 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. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with IFRS

These consolidated financial statements of the NATIONAL FLOUR MILLS LIMITED group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a historical cost basis, except for investments at fair value through other comprehensive income and defined benefit plans where plan assets are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (continued)

(ii) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Group

The Group has applied the following amendment for the first time for their annual reporting period commencing January 1, 2023.

i. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

(ii) New standards and interpretations not yet adopted by the Group

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the group, apart from (i) above. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Going concern (continued)

Management in its assessment of going concern has considered the adverse impact of the war in Ukraine and sanctions on Russia, both countries being major producers and suppliers of grain to the global market.

Management expects that with its plans to grow revenue by increasing sales volume, adjusting selling prices of its products to match operating costs in combination with cost reduction initiatives that it will continue generating sufficient cashflows from revenue to weather this event.

The Group is considered by management to be in a strong position to achieve its targets. The Group is a long established, dominant market player, fundamental to the food supply in the nation, having a recent history of profitability. There are no plans to cease operations nor is the Group being forced to do so.

The Russian invasion of Ukraine on February 24, 2022, and its withdrawal from the Black Sea grain export corridor agreement on July 17, 2023, create instability in global wheat markets. However, Ukraine's extraordinary resilience and determination prevails and exports have continued, despite Russia's attacks on all Ukraine sea ports. Ukraine's attack on the Russian Black Sea Fleet and Russia's subsequent withdrawal of its fleet, have brought some stability to global grain supply but uncertainty continues. The impact of global warming and climate change continue to impact planting and harvesting in Argentina, Brazil and Australia. Grain prices are also affected by geopolitical uncertainty in the Middle East, in particular the Israel and Hamas conflict that has drawn the United States into a regional conflict with the Houthis in Yemen. The disruptions in the global financial markets, and oil prices also affect wheat prices. Wheat prices in 2023 were the lowest in over two years and early indicators are that continued downward pressure on prices is expected in the short term, but things can change very quickly.

The adverse impact of these events on grain prices and supply has been considered by management and new issues are expected to affect the supply of raw materials. Contracts for one shipment of grain for delivery in April 2024 have been entered by management at the date of management's approval of the consolidated financial statements, to maintain cover for six months of production. Management strategy is to maintain full silos to ensure sufficient raw materials to maintain production.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional currency.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(ii) Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the exchange rates ruling at the date of the transactions. The resulting profits and losses on exchange from these activities are recorded in the profit or loss within finance costs, expenses or other income. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at year-end exchange rates, are recognised in the statement of comprehensive income.

(e) Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Plant and machinery assets in the course of construction are not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows.

Buildings	10 - 40 years
Plant and machinery including capital spares	5 - 25 years
Office furniture and equipment	4 - 10 years
Motor vehicles - shorter of the lease term and useful life	4 - 5 years

Residual values and useful lives are reviewed, and adjusted as appropriate, at each financial year-end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss for the year.

(f) Intangible assets

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

Software (continued)

- it is technically feasible to complete the software so that it will be available for use
- management intends to purchase and customise the software and use it
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include consultancy fees from the software provider and project management fees for the development and implementation and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised using the straight-line basis over their estimated useful lives as follows, from the point at which the asset is ready for use.

Software	4 years

(g) Leases

Lessee accounting

(i) The Group's leasing activities and how these are accounted for:

The Group leases various parcels of land on which its offices and plant operations are located and warehouses and motor vehicles, typically made for fixed periods of 6 months to 99 years but may have extension options as described in (ii) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes..

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

Lessee accounting (continued)

(i) The Group's leasing activities and how these are accounted for: (continued)

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average incremental borrowing cost applied to the lease liabilities was 6% for leases with a remaining term of 5 and 6 years and 7.4% on leases with a remaining term of 40 years. There have been no changes to the incremental borrowing rates as compared to 2022.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group which have recent third party financing, and
- makes adjustments specific to the lease e.g. term, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Leases (continued)

Lessee accounting (continued)

(i) The Group's leasing activities and how these are accounted for: (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and small items of office furniture. Short term leases are less than 12 months.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets in the Group's operations. The extension option relating to the Port lease is exercisable by the Group.

Lessor accounting

Lease income from operating leases where the Group is a lessor is recognised in the Statement of Financial Position on a straight-line basis over the lease term. The respective leased assets are included in the Statement of Financial Position based on their nature.

(h) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

1) those to be measured at amortised cost, and
2) those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss).

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

(i) Classification (continued)

significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Investments and other financial assets (continued)

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 12 for further details.

(i) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition using weighted average cost for grain inventory. Inventories related to raw materials, finished goods and packaging are valued using the weighted average cost.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in selling and distribution.

(k) Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprise cash at bank and in hand, money market deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(l) Borrowings

Borrowings including overdrafts are classified as other liabilities and are recognised initially at fair value net of direct issue costs and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings (continued)

extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The Group has chosen to present interest paid on financial liabilities within operating activities.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Impairment of non-financial assets

Non-financial assets are reviewed for impairment where there are any events or changes in circumstances that would indicate potential impairment. In addition, at each reporting date, the Group assesses whether there is any indication that assets may be impaired. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

(p) Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) (continued)

provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred income tax is provided in full, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

(i) Retirement benefit plan

The Group operates certain post-employment schemes, one being the defined benefit pension plan.

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. This is calculated annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In Trinidad and Tobago, as there is no deep market in such bonds, hence, the market rates on government bonds are used. The pension plan report was provided on the January 19, 2024 by the external actuarial valuator, Bacon Woodrow & de Souza Limited (BWdS).

On an annual basis NFM engages BWdS to conduct a review of the Pension Plan. Their calculations of the Plan's liabilities are based on the detailed actuarial calculations carried out using the data provided for the statutory funding valuation of the Plan as at December 31, 2020. Those results were rolled forward to December 31, 2023, rather than having a full valuation carried out as at that date. IAS 19 envisages that this approach may be taken and allows it.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.
Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The actuary Bacon Woodrow & de Souza Limited performs a full actuarial valuation every three years (next valuation is due as at December 31, 2023 and the report will be available by September 30, 2024). Any surpluses or deficits may be recognised by an adjustment of future contribution rates.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(ii) Medical and life assurance plan

The Group operates a post-retirement medical plan and life assurance plan (the Medical Plan) covering employees who retire either directly from the Group at age 60 or as a result of ill health. The Medical Plan is self-administered.

The Group's obligation in respect of the medical plan is calculated using approximate actuarial valuations of the Group's liabilities and the projected unit actuarial method as required by IAS 19.

Re-measurement of the net medical plan, which comprise actuarial gains and losses, (excluding interest) are recognised immediately in other comprehensive income.

Net interest expense (income) or the net defined liability is determined using the discount rate. Net interest expense and other expenses related to the medical and life insurance are recognised in profit or loss.

(iii) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, vacation and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented in the consolidated statement of financial position within accounts payable and accruals.

(iv) Employee Stock Ownership Plan (ESOP)

The Group operates an Employee Stock Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Group based on a set formula. All permanent employees of the Group are eligible to participate in the Plan that is directed by a Management Committee comprising management of the Group and representatives of the general membership.

Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions. Shares acquired by the ESOP are funded by Group contributions and cash advances by the Group to the ESOP. The cost of NFM shares have been recognised in Shareholders' Equity as Treasury Shares and the cost of the investment in the parent company, National Enterprises Limited, is recognised under Investments at fair value through OCI on the consolidated statement of financial position.

The Group has determined it has control over the Trust as:

- the Group has power over the relevant activities of the employee share trust.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(iv) Employee Stock Ownership Plan (ESOP) (continued)

- the Group has exposure, or rights, to variable returns from its involvement with the employee share trust, and
- the Group has the ability to use its power over the employee share trust to affect the amount of the Group's returns.

Accordingly, the ESOP has been consolidated in accordance with note 2 (a) (ii).

(v) Bonus

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Revenue recognition

The Company manufactures and sells a range of food and animal feed products in both the wholesale and retail markets. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the Company has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The Company also offers bulk discounts to customers and the revenue is recorded net of the discount. Delivery occurs when the products have been shipped or transported to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables if material) and a right to the returned goods (included in other current assets if material) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a product

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

level. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(t) Other income

(i) Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established.

(ii) Management fees

The Group has an agreement with the Ministry of Agriculture, Land and Fisheries whereby the Group is paid a management fee of $400 per month for the operation of the Rice Mill at Carlsen Field. This income is recognised as other income in profit or loss.

(u) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the year in which they are incurred. No amounts were capitalised to property, plant and equipment in the current year or prior year.

(v) Share capital

Ordinary shares are classified as equity and stated at the amounts subscribed by shareholders, less any incremental costs directly attributable to the issue of the shares (net of tax).

(w) Other Reserves

Other Reserves represent movements in other comprehensive income related to investments at FVOCI.

(x) Earnings per share

(i) Basic earnings per share

Earnings per share is calculated by dividing the profit after income tax for the year of the Group by the weighted average number of ordinary shares outstanding during the year excluding treasury shares.

2. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Earnings per share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ('CODM') to allocate resources to the segments and to assess their performance. The CODM has been identified as the Executive Management team. The CODM considers the business from a product/services perspective.

Segment reporting is prepared based on the different categories of products sold by the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates

(a) *Valuation of retirement benefit asset and medical and life assurance plan*

The present values of the pension and medical and life assurance plan obligations depend on a number of factors that are determined on the actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the pensions and medical and life assurance plan include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows, expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality bonds that are denominated in the currency in which the benefits will be paid, and that have the terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Sensitivity analysis for the key assumptions are discussed in Notes 10 and 11.

(b) *Impairment*

The Group tests annually whether any non-financial assets/cash generating units have suffered impairment in accordance with the accounting policy stated in Note 2 (p).

For the purposes of the impairment test, the cash-generating unit was determined to be at the Company level.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions and sensitivity analysis are disclosed in Note 34.

(c) *Depreciation*

Buildings are depreciated over 40 years on a straight line basis. These buildings are located on leasehold premises and the period of depreciation exceeds the lease terms and is based on the assumption that the underlying leases will be renewed upon expiry. This assumption is considered reasonable based on past experience.

(d) *Government receivables*

The Ministry of Finance has agreed to set off Amount due from the Government of the Republic of Trinidad and Tobago (GORTT) against Amount due to the Government of the Republic of Trinidad and Tobago (GORTT) subject to verification of a balance by a certain Ministry. See Note 4(a) (i) and 13.

4. FINANCIAL RISK MANAGEMENT

a. *Financial risk factors*

The Group's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing its financial risk. These policies have remained unchanged throughout the year. The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk which includes:
  (a) Currency risk
  (b) Interest rate risk and
  (c) Price risk

This note presents information about the Group's exposure to each of the above risks, and its framework for managing these risks. Further quantitative disclosures are included in relevant notes throughout these consolidated financial statements.

The Board of Directors has ultimate responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee oversees compliance with the Group's risk management framework and is assisted in its oversight role by the Internal Auditor. There has been no change in the management of these risks from the prior year.

The risk management policies employed by the Group to manage exposure to financial risks are discussed below:

(i) Credit risk

Credit risk arises from cash and cash equivalents, accounts receivables, amounts due from GORTT, VAT Bonds, investments at fair value through OCI, restricted deposits and credit exposures relating to outstanding receivable balances.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. Refer to Note 22.

The Group is exposed to credit risk, which is the potential for loss due to a debtor's failure to pay amounts when due. The Group manages this by regular analysis of the ability of debtors to settle their outstanding balances. Impairment provisions are established for losses or potential losses that have been incurred at the reporting date.

The Group trades with third parties who are subject to credit verification procedures, which take into account their consolidated financial position and past experience. Individual risk limits are set based on internal analysis.

Credit risk on cash and cash equivalents held by the Group are minimised as all cash deposits are held with banks which have acceptable credit ratings.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(i) Credit risk (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group assesses Trade and Other receivables that are subject to the expected credit loss model:

(i) Trade receivables for sales of inventory

The Group provides for two types of bad debts, specific provisions and general provisions.

Specific provision refers to sales invoices that are considered uncollectible. The Group considers these invoices that are 365 days and older to fall in this category.

The general provision refers to the expected credit losses calculated for all other receivables except for GORTT balances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance.

To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before December 31, 2023 and 48 months before December 31, 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(i) Credit risk (continued)

Impairment of financial assets

(i) Trade receivables for sales of inventory (continued)

On that basis, the loss allowance was determined as follows for trade receivables:

	Current	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
General pool of trade and other receivables					
As at December 31, 2023					
Expected loss rate	2%	1%	2%	41%	
Gross carrying amount	31,822	14,086	3,126	9,437	58,470
Loss allowance	603	179	71	3,840	4,693
As at December 31, 2022					
Expected loss rate	1%	8%	6%	29%	
Gross carrying amount	51,950	2,680	1,725	6,504	62,859
Loss allowance	621	209	98	1,858	2,786

The above analysis includes all customers except the Group's two largest customers and receivables from Government. A separate analysis was completed on them and they were assessed as having a low risk of default, since all receivable balances relating to 2022 and 2023 are considered recoverable with impairment of $69 (2022: $45).

	2023 $	2022 $
Trade receivables (except Group's two largest customers)	58,779	62,859
Trade receivables (Group's two largest customers)	12,293	9,047
Less expected credit loss	(4,762)	(2,876)
	66,309	69,030
Loss allowance (except Group's two largest customers) (Note 12)	4,693	2,786
Loss allowance (Group's two largest customers) (Note 12)	69	45
	4,762	2,831

Amounts due from the Government of the Republic of Trinidad and Tobago ('GORTT') for goods and services provided to them, were settled in April 2023. Refer to Note 3 (d) and 13.

Government receivables were considered for impairment and no amounts were recorded because the default risk is considered negligible.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(i) Credit risk (continued)

Impairment of financial assets

(i) Trade receivables for sales of inventory (continued)

The VAT Bonds matured on May 15, 2023 and upon the surrender of the original bond certificates the cash was subsequently received from the Central Bank of Trinidad and Tobago (CBTT).

Investments at fair value through OCI represents equity instruments which are measured at fair value at each reporting date using the quoted share price. Refer to Note 9.

The loss allowances for trade receivables as at December 31 reconcile to the opening loss allowances as follows:

	2023 $	2022 $
Opening loss allowance as at January 1	2,876	14,341
Decrease in loss allowance recognised in profit or loss	(686)	(637)
Bad debts collected	6	7
Increase/(decrease) in specific provision	2,566	(10,835)
Closing loss allowance as at December 31	4,762	2,876

	$	$
Expected Credit Loss Allowance	1,200	1,076
Specific Provision	3,562	1,800
Closing loss allowance as at December 31	4,762	2,876

(ii) Liquidity risk

The Group's policy throughout the year has been to maintain a mix of short and medium term borrowings. Short-term flexibility is achieved by bank overdraft and revolving loan facilities. In addition, it is the Group's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Group's liquidity. The tables below analyse the Group's financial liabilities which will be settled based on its relevant maturity groupings using the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant consolidated statement of financial position date.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(ii) Liquidity risk (continued)

Contractual maturities of financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years	Total cashflow	Carrying value
At 31 December 2023						
Accounts payable and accruals	48,648	-	-	-	48,648	48,648
Borrowings	26,488	-	-	-	26,488	25,000
Lease liabilities	2,378	1,239	417	3,510	7,544	6,422
Amounts due to GORTT	285	-	-	-	285	285
Due to related parties (ESOP)	76	-	-	-	76	76
	77,875	1,239	417	3,510	83,040	80,431
At 31 December 2022						
Accounts payable	87,014	-	-	-	87,014	87,014
Lease liabilities	2,413	1,498	417	3,713	8,041	7,217
Borrowings	79,010	-	-	-	79,010	75,757
Amounts due to GORTT	19,211	-	-	-	19,211	19,211
Due to related parties	134	-	-	-	134	134
	187,782	1,498	417	3,713	193,410	189,333

Accounts payable and accruals cash flows included in the tables above exclude statutory liabilities which do not meet the definition of financial liabilities under IFRS 7, while borrowings exclude and lease liabilities include interest payments.

The Group monitors cash balances and net debt on a daily basis to ensure adequate headroom exists on banking facilities and that it is compliant with banking terms.

(iii) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis and employs appropriate strategies to mitigate any potential losses.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(iii) Market risk (continued)

a) Currency risk (continued)

A 1% increase in the exchange rate as at the year-end will have the following impact on profit or loss for the period. Management believes that a 1% increase in the foreign exchange rate is considered a reasonable and possible shift.

	Impact on profit or loss	
	2023 $	**2022 $**
Cash	178	482
Accounts receivable	903	826
Accounts payable	(498)	(886)
Borrowings	-	(758)
	583	(336)

(b) Interest rate risk

The Group finances its operations through a mixture of retained earnings and borrowings. The Group borrows in the desired currencies at fixed and floating rates of interest.

Cash flow interest rate risk is the risk that the Group's cash flows will change due to changes in interest rates. Fair value interest rate risk is the risk that the fair value of recognised financial assets and liabilities may change due to changes in interest rates.

Sensitivity analysis

In relation to cash flow interest rate risk, the group's main interest rate arises from short-term borrowings with fixed rates, which does not expose the group to cash flow interest rate risk. The Directors consider that a 1% movement in interest rates represents reasonable possible changes, for which the impact on profit after income tax would be $175 (2022: $530).

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

The Group's consolidated financial assets and liabilities are carried on the consolidated financial statements at amortised cost. Thus the Group is not exposed to fair value interest rate risk.

(c) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position as fair value through other comprehensive income.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Financial risk factors (continued)

(iii) Market risk (continued)

a) Currency risk (continued)

(c) Price risk (continued)

All of the Group's equity investments are publicly traded on the Trinidad and Tobago Stock Exchange.

There were no changes to policies and procedures from the prior year.

Sensitivity analysis

The table below summarises the impact of increases/decreases on the Group's other comprehensive income for the period. The analysis is based on the assumption that the equity index increased by 10% or decreased by 5% with all other variables held constant.

	Impact on other comprehensive income		Impact on other components of equity	
	2023 $	2022 $	2023 $	2022 $
Trinidad and Tobago Stock Exchange increase by 10% in 2023 (2022: 10%)	87	72	87	72
Trinidad and Tobago Stock Exchange decrease by 5 % in 2023 (2022: 5%)	(43)	(36)	(43)	(36)

(d) Fair value estimation

The fair value of Group financial assets and liabilities are a close approximation to the carrying value of the financial asset and liabilities due to the short-term nature of these items.

All the Group's financial assets and liabilities, except for Investments at fair value through OCI are carried at amortised cost. Investments are carried at its the fair value at the reporting date, with all changes being recognised in other comprehensive income.

b. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. Capital is defined as stated capital, retained earnings and borrowings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Capital risk management (continued)

shareholders and return capital to shareholders. The policy and procedures for managing capital risk remains unchanged from the prior year.

Refer to Note 33 (Net debt reconciliation).

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings $	Plant machinery and equipment $	Office furniture and equipment $	Motor vehicles $	Work in progress $	Total $
Year Ended 31 December 2023						
Opening net book amount	102,543	41,041	6,943	575	5,457	156,559
Additions	3,647	3,430	1,938	-	18,283	27,298
Transfers	6,268	-	-	-	(6,268)	-
Depreciation	(6,085)	(6,753)	(2,013)	(251)	-	(15,102)
Closing net book amount	106,372	37,718	6,868	324	17,472	168,754
At December 31, 2023						
Cost	187,006	130,777	18,308	2,526	17,472	356,089
Accumulated depreciation	(80,634)	(93,059)	(11,440)	(2,202)	-	(187,335)
Net book amount	106,372	37,718	6,868	324	17,472	168,754
Year Ended 31 December 2022						
Opening net book amount	103,469	44,601	7,616	969	2,379	159,034
Additions	1,040	4,744	1,185	-	8,580	15,549
Write off - Assets Under Construction*	-	-	-	-	(1,017)	(1,017)
Write-off Capital Spares	-	(1,250)	-	-	-	(1,250)
Transfers	4,485	-	-	-	(4,485)	-
Depreciation	(6,450)	(7,054)	(1,857)	(394)	-	(15,755)
Closing net book amount	102,543	41,041	6,943	575	5,457	156,559
At 31 December 2022						
Cost	177,093	127,345	16,370	2,526	5,457	328,791
Accumulated depreciation	(74,550)	(86,304)	(9,427)	(1,951)	-	(172,232)
Net book amount	102,543	41,041	6,943	575	5,457	156,559

*Write-off - Asset Under Construction - During the year a Management decision to discontinue the Carlsen Field Dry Mix Facility and New Warehouse resulted in the write-off of these assets under construction.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Non-current assets pledged as security

The Group's Commercial loan agreement with Republic Bank Limited calls for the assignment of a debenture to be stamped to cover $90 million comprising of a fixed charge over land and buildings situated at Wrightson Road, Port of Spain and a floating charge over all assets ranking pari-passu with debentures in favour of Citibank Limited and First Citizen's Bank Limited supported by:

- First Demand legal mortgage over leasehold property comprising 4 acres, 3 roods and 13 perches at #27-29 Wrightson Road, Port of Spain to be stamped collateral to the debenture; and
- Assignment of All Risk insurance policies over the assets of the borrower for the insurable and replacement values.

(ii) Depreciation of $12,320 (2022: $13,021) was recogised in cost of sales with $2,782 (2022: $2,734) recognised in expenses.

6. INTANGIBLE ASSETS

	Software $
Year Ended December 31, 2023	
Opening net book amount	1,652
Additions	3
Amortisation	(586)
Closing net book amount	1,069
At December 31, 2023	
Cost	8,639
Accumulated amortisation	(7,570)
Net book amount	1,069
Year Ended December 31, 2022	
Opening net book amount	3,219
Additions	151
Adjustment - Assets Under Construction*	95
Amortisation	(1,813)
Closing net book amount	1,652
At December 31, 2022	
Cost	8,636
Accumulated amortisation	(6,984)
Net book amount	1,652
At January 1, 2022	
Cost	8,390
Accumulated amortisation	(5,171)
Net book amount	3,219

6. INTANGIBLE ASSETS (CONTINUED)

Included in software are costs expended on integration of the Company's ERP and other licenses. The remaining useful economic life of intangible assets is estimated to be 2-4 years. Amortisation is included under administration expenses on the statement of comprehensive income.

*Write-off - Asset Under Construction - In the year 2022, Management made a decision to discontinue the CSB Software Bank Automation module which resulted in the write-off of this asset under construction.

Amortisation of $586 (2022: $1,813) was recognised in expenses.

7. RIGHT-OF-USE ASSETS

	2023 $	2022 $
Opening net book amount	5,258	6,264
Depreciation charge	(941)	(1,006)
Closing net book amount	4,317	5,258
Cost	8,969	8,969
Accumulated depreciation	(4,652)	(3,711)
Net book amount	4,317	5,258

The Group leases mainly comprise of land and a motor vehicle. The Group leases land for manufacturing, warehouse facilities and office space and also sublets some property. Plant and equipment includes leases for vehicles.

8. VAT BONDS

These fixed rate bonds carry interest of 3.3% per annum and matured on May 15, 2023. They were secured by a Trust Deed dated May 15, 2020 between the Republic of Trinidad and Tobago and the Trinidad and Tobago Unit Trust Corporation as trustee for the bondholders.

The original VAT Bonds certificates were surrendered on the maturity date and the cash of $5,460 was subsequently received from the Central Bank of Trinidad and Tobago (CBTT).

9. INVESTMENTS AT FAIR VALUE THROUGH OCI

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. The Group has classified its financial instruments into Level 1 as prescribed under the accounting standards.

9. INVESTMENTS AT FAIR VALUE THROUGH OCI (CONTINUED)

	Level 1 $	Total $
Recurring fair value measurements at December 31 2023		
Financial assets		
Investments listed on Trinidad and Tobago Stock Exchange- NEL Shares	866	866
Recurring fair value measurements at December 31 2022		
Financial assets		
Investments listed on Trinidad and Tobago Stock Exchange - NEL Shares	724	724

	Listed Securities	
	2023 $	2022 $
Opening balance January 1	724	697
Appreciation in value of shares	156	57
Adjustment in opening balance of equity values	-	(25)
Sale of shares	(14)	(5)
Closing balance December 31(refer note 21)	866	724
	$	$
Appreciation in value of shares	156	57
Sale of shares	(14)	(5)
Gain on investment at fair value through OCI	142	52

Recognised fair value measurements

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The listed security represents investment in NEL shares. Refer note 21.

10. RETIREMENT BENEFIT ASSET

	2023 $	2022 $
Present value of defined benefit obligation	(225,741)	(220,516)
Fair value of the assets in the Plan	238,308	233,914
Recognised asset for the Plan	12,567	13,398

10. RETIREMENT BENEFIT ASSET (CONTINUED)

	2023 $	2022 $
a. *Change in defined benefit obligation*		
Defined benefit obligation at start of year	(220,516)	(203,155)
Benefits paid	12,203	12,174
Current service cost	(5,998)	(5,331)
Interest cost	(12,870)	(11,853)
Members' contribution	(2,929)	(2,578)
Re-measurements:		
-Experience adjustments	4,369	(1,572)
-Actuarial loss from changes in financial assumptions	-	(7,814)
Transfers In (prior year adjustment)	-	(387)
Defined benefit obligation at end of year	(225,741)	(220,516)

b. *The defined benefit obligation was allocated among the Plan's members as follows:*

	2023	2022
- Active members	58%	58%
- Deferred members	10%	10%
- Pensioners	32%	32%

The weighted average duration of the defined benefit obligation was 12.9 years (2022: 12.9 years).

- 98% (2022: 98%) of the benefits for active members were vested.
- 18% (2022: 18%) of the defined benefit obligation for active members was conditional on future salary increases.

	2023 $	2022 $
c. *Change in plan assets*		
Plan assets at start of year	233,914	246,273
Interest income	13,964	14,687
Return on plan assets, excluding interest income	(7,185)	(23,640)
Company's contributions	7,434	6,320
Members' contributions	2,929	2,578
Benefits paid	(12,203)	(12,174)
Administrative expenses	(545)	(517)
Transfers In (prior year adjustment)	-	387
Plan assets at end of year	238,308	233,914
Actual return on Plan assets	6,779	(8,953)

10. RETIREMENT BENEFIT ASSET (CONTINUED)

		2023 $	2022 $
d.	*Asset allocation*		
	Locally listed equities	70,554	81,601
	Foreign equities	37,271	29,412
	TT$ denominated bonds	99,502	93,904
	Non TT$ denominated bonds (mainly US$)	14,953	15,890
	Mutual funds	3,597	4,257
	Cash and cash equivalents	7,900	3,548
	Other (immediate annuity policies)	4,531	5,302
		238,308	233,914
e.	*Expense recognised in profit or loss*		
	Current service cost	5,998	5,331
	Net interest on defined benefit obligation	(1,094)	(2,834)
	Administrative expenses	545	517
	Total amount recognised	5,449	3,014
f.	*Re-measurements recognised in other comprehensive income*		
	Experience loss	(2,816)	(33,026)
g.	*Reconciliation of opening and closing statement of financial position entries:*		
	Opening defined benefit asset	13,398	43,118
	Net pension cost	(5,449)	(3,014)
	Re-measurements recognised in other comprehensive income	(2,816)	(33,026)
	Company contributions paid	7,434	6,320
	Closing defined benefit asset	12,567	13,398

h. The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay around $6.7 million to the Pension Plan during 2024.

i. *Summary of principal assumptions*

	2023	2022
Discount rate at 31 December	6.00%	6.00%
Salary increases	4.00%	4.00%
Future pension increases	0.00%	0.00%

10. RETIREMENT BENEFIT ASSET (CONTINUED)

i. Summary of principal assumptions (continued)

The assumptions regarding future mortality are based on publised mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

	2023	2022
Life expectancy at age 60 for current pensioners (in years)		
- Male	21.9	21.9
- Female	26.2	26.1
Life expectancy at age 60 for current members age 40 (in years)		
- Male	22.8	22.7
- Female	27.1	27.1

j. Sensitivity

The calculation of the defined obligation is sensitive to the assumptions used. The following table summarises how the defined obligation would have changed as a result of a change in the assumptions used.

	1% pa higher $' 000	1% pa lower $' 000
31 December 2023		
Discount rate	(24,715)	30,458
Future salary increases	9,345	(8,223)
31 December 2022		
Discount rate	(24,142)	29,753
Future salary increases	9,128	(8,032)

An increase of one year in the assumed life expectancy would increase the defined benefit obligation at December 31, 2023 by $3.508 million (2022: $3.427 million). These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions as adjusted for the sensitivities.

The most recent actuarial assessment of the Pension Plan was at December 31, 2020. Refer to significant accounting policy note 2 (r).

11. MEDICAL AND LIFE ASSURANCE PLAN

	2023 $	2022 $
Recognised liability for the Medical and Life Assurance Plan	37,452	35,754
a. Change in the obligations		
Obligation at start of year	(35,754)	(30,837)
Benefits paid	1,232	1,523
Current service cost	(1,076)	(816)
Interest cost	(2,108)	(1,805)
Re-measurements:		
- Experience adjustments	254	(1,892)
- Actuarial loss from changes in financial assumptions	-	(1,927)
Obligation at end of year	(37,452)	(35,754)
b. The defined benefit obligation was allocated between the Plan's members as follows:		
Active members	41%	41%
Pensioners	59%	59%

The weighted average duration of the defined benefit obligation was 15.5 years (2022: 15.5 years).

0% of the benefits for active members were vested (2022: $:0 years).

c. The amount recognised in the profit for the year for medical benefits obligations is as follows:

	2023 $	2022 $
Current service cost	1,076	816
Interest on defined benefit obligations	2,108	1,805
Net benefit cost	3,184	2,621
d. Re-measurements recognised in other comprehensive income		
Experience gain/(loss)	254	(3,819)
e. Reconciliation of opening and closing statement of financial position entries:		
Opening defined benefit obligations	35,754	30,837
Net benefit cost	3,184	2,621
Re-measurements recognised in other comprehensive income	(254)	3,819
Benefits paid by the Company	(1,232)	(1,523)
Closing defined benefit obligations	37,452	35,754

11. MEDICAL AND LIFE ASSURANCE PLAN (CONTINUED)

f. The Group expects to pay $1.3 million in benefits in 2024.

g. *Summary of principal assumptions*

	2023	2022
Discount rate at 31 December	6.00%	6.00%
Future medical cost increases	5.00%	5.00%
Future salary increases	4.00%	4.00%

h. *Sensitivity*

The calculation of the Medical Plan obligation is sensitive to the assumptions used. The following table summarises how the Medical Plan obligation would have changed as a result of a change in the assumptions used.

	1% pa higher $	1% pa lower $
31 December 2023		
Discount rate	(4,972)	6,342
Medical cost increases	5,358	(4,244)
31 December 2022		
Discount rate	(4,646)	5,910
Medical cost increases	4,989	(3,966)

An increase of one year in the assumed life expectancies would increase the defined benefit obligation as at December 31, 2023, by $581 (2022: $574).

Risk exposure - Retirement Benefit Asset (the Plan) and Medical and Life Assurance Plan (Medical Plan)

Through its defined benefit pension plans and medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

The Retirement Benefit Asset Plan and the Medical Plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of equities, government bonds and corporate bonds, which all provide volatility and risk. As the Plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

The Group believes that due to the long-term nature of the Plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to efficiently manage the Plan.

(ii) Changes in bond yields

A decrease in government bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

11. MEDICAL AND LIFE ASSURANCE PLAN (CONTINUED)

h. Sensitivity (continued)

(iii) Inflation risks

Some of the Goup's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The majority of the Plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

(iv) Life expectancy

The majority of the Pension Plan and Medical Plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plans' liabilities.

12. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Accounts receivable and prepayments are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortised cost, using the effective interest method and net of any impairment losses. Discounts payable to customers are shown as a reduction in trade receivables when there is a legal right and intent to settle them on a net basis. We do not consider the fair values of accounts receivable and prepayments to be significantly different from their carrying values.

	2023 $	2022 $
Trade receivables	71,071	71,906
Less expected credit loss	(4,762)	(2,876)
	66,309	69,030
Prepayments	13,868	7,005
Other receivables	10,647	7,017
	90,824	83,052

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Included within other receivables are Value Added Tax receivables of $10,381 (2022: $4,997).

The other classes of receivables are not considered to be impaired.

12. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

	Performing	Past due but not impaired	Impaired	ECL (Note 4a)	Total
2023					
Current	31,822	-	603	(603)	31,822
30 to 60 days	-	14,086	179	(179)	14,086
61 to 90 days	-	3,126	71	(71)	3,126
Over 90 days	-	9,437	3,840	(3,840)	9,437
	31,822	26,648	4,693	(4,693)	58,470
2022					
Current	51,950	-	666	(666)	51,950
30 to 60 days	-	2,680	209	(209)	2,680
61 to 90 days	-	1,725	98	(98)	1,725
Over 90 days	-	6,504	1,858	(1,858)	6,504
	51,950	10,909	2,831	(2,831)	62,859

*excludes two largest customers

The credit quality of customers is assessed at the Group level, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors. It is the Group's policy that overdue accounts are reviewed monthly at sales and marketing management meetings to mitigate exposure to credit risk and provided for where appropriate.

13. AMOUNTS DUE TO/FROM THE GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO (GORTT)

Amounts due from the Government of the Republic of Trinidad and Tobago (GORTT) arise during the normal course of business. This includes transactions with the Ministry of Agriculture, Lands and Fisheries for the processing of rice paddies as well as amounts due from GORTT for the offering of discounts to customers to pass on to the public. There are no amounts due from the GORTT at year end (2022: $20,081) however, amounts payable to the GORTT amounted to $285 (2022: $19,211).

In 2021, the Minister of Finance approved a request from NFM for setting off the receivable and payable balances subject to verification of the amounts claimed to be owed to NFM by the Ministry of Agriculture, Lands and Fisheries and the feasibility of the options proposed. This approval was obtained by letter from the Ministry of Finance, dated February 2021 by virtue of which the GORTT has taken responsibility for the Gift to the Nation component of the receivables from the GORTT to NFM. National Flour Mills Limited received further correspondence by letter dated April 05, 2023 from the Ministry of Trade and Industry advising of the approval for the setting-off of the outstanding debt owed to NFM by GORTT in the amount of $19,112. It further stated that the debt owed by GORTT to be

13. AMOUNTS DUE TO/FROM THE GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO (GORTT) (CONTINUED)

set-off against the proceeds from the sale of rice in the amount of $19,211 due to GORTT by NFM as at December 31, 2022. The difference of $99 due to GORTT by NFM was paid on April 20, 2023 via a cheque. No provisions have been made for these balances.

14. INVENTORIES

	2023 $	2022 $
Raw materials	97,108	129,837
Packaging materials	9,937	8,970
Finished goods and work in progress	11,344	23,806
Spares	12,682	10,940
	131,071	173,553

Inventories are stated after a provision for impairment of $1,002 (2022: $459).

The cost of inventories recognised as an expense and included in cost of sales is $320,011 (2022: $340,947) (Note 24).

15. RESTRICTED DEPOSIT

Restricted deposits comprise of $1,598 (2022: $1,584) with a financial institution and is used to secure the Group's lease facility. The funds are held in a deposit and earn interest of 0.35% (2022: 0.35%).

16. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and in hand	18,031	48,255
Short-term bank deposits	274	268
	18,305	48,523

17. BORROWINGS

	2023 $	2022 $
Total borrowings	25,000	75,757
Current portion	25,000	(75,757)
Non-current portion	-	-

17. BORROWINGS (CONTINUED)

Revolving grain purchase loans have been provided by the following institutions to finance the importation of grains:

	2023 TT$	2022 US$	2022 TT$
Export Import Bank of Trinidad and Tobago Limited	-	6,000 *	40,757
RBC Royal Bank (Trinidad and Tobago) Limited	25,000	-	35,000
Total borrowings	25,000	6,000	75,757

*converted to TTD

Loan details	Year	Tenor (months)	Interest Rate	Maturity Date
Export Import Bank of Trinidad and Tobago Limited	2022	6	8.25%	09 June 2023
RBC Royal Bank (Trinidad and Tobago) Limited	2022	6	4.50%	15 May 2023
RBC Royal Bank (Trinidad and Tobago) Limited (extended)	2023	12	4.25%	15 May 2024

The RBC loan was liquidated in full by the Group on March 5, 2024.

Interest for the period January 1, 2024 to May 15, 2024 amounts to $79.

The Group has a Commercial loan agreement facility with Republic Bank Limited for the assignment of a debenture to be stampted and covers $90 million comprising a fixed charge over land and buildings situated at Wrightson Road, Port of Spain (refer to Note 5 (i)).

18. LEASE LIABILITIES

	2023 $	2022 $
Balance at January 1	7,217	8,275
Other movements	7	-
Interest Expense	319	339
Principal repayments	(1,121)	(1,397)
Balance at December 31	6,422	7,217
Current portion	(2,378)	(2,414)
Non-current portion	4,044	4,803

18. LEASE LIABILITIES (CONTINUED)

Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023 $	2022 $
Amortisation charge	941	1,006
Interest expense (included in finance cost)	319	339
Expense relating to short-term leases (included in cost of sales and administrative expenses)	284	284
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	120	120

The total cash outflow for leases in 2023 was $1,844 (2022: $2,140).

Lessor

Amounts recognised in profit or loss for operating leases from which sub-lease income is derived

	2023 $	2022 $
Rental income from operating leases	700	700
Direct operating expenses from property that generated rental income	236	236

19. ACCOUNTS PAYABLE AND ACCRUALS

	2023 $	2022 $
Trade payables	13,636	56,274
Payroll related liabilities	10,091	14,623
Accrued expenses	14,165	14,896
Vacation accrual	3,172	2,899
	41,064	88,692

Included within payroll related liabilities is the amount payable to employees of $1,200 (2022: $617) under the Employee Share Ownership Plan (note 21).

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

20. STATED CAPITAL & RESERVES

(a) Ordinary shares and reserves are classified as equity. Each share has one voting right and also has equal rights to dividend distribution.

(b) Other reserves represent movements in other comprehensive income related to investments at FVOCI.

	2023 $	2022 $
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
120,200,000 ordinary shares of no par value	120,200	120,200

21. TREASURY SHARES

The Group provides for employee participation in the capital ownership structure of the Group by providing access to shares in the Group through its Employee Stock Ownership Plan (ESOP). The plan which took effect from 5 May 1995, allowed for an initial injection of $700 into the Trust with annual amounts not exceeding 3% of after-tax profits for distribution to all permanent members of staff each year. The plan is classified as a cash settled share-based payment whose allocation vest immediately.

The amount paid to each employee is pro-rated based on that employee's basic salary as a factor of total basic salaries of permanent employees in the particular year of distribution. The ESOP requires that a minimum of 40% of each employee's entitlement be taken in the form of a share-based payment. The Trust is managed by a Financial Institution in the name of the Group on behalf of the employees. The Group's liability relating to this arrangement is included within Accounts Payables.

Treasury shares are shares in National Flour Mills Limited that are held by the National Flour Mills Limited Employee Share Trust for the purpose of issuing shares under the National Flour Mills Limited Employee Stock Ownership Plan. The number of Company shares held by the plan as at December 31, 2023 was 2,159,294 (2022: 2,212,845) with a market value of $4,189 (2022: $3,319). During the year, the gain on treasury shares amounted to $870 (2022: $316) The number of unallocated treasury shares held is 684,648 (2022: 909,536).

In addition to the Company shares above, as part of the employees' compensation package and in accordance with the Trust Deed and rules, employees are awarded shares in the parent company, National Enterprises Limited (NEL). As these shares are held by the ESOP on behalf of the employees, these shares are accounted for as an investment on the consolidated statement of financial position. Refer to Note 9.

The number of NEL shares held by the plan as at year end was 208,681 (2022: 212,869) with a fair value of $866 (2022: $724). The fair value was derived from the Trinidad and Tobago Stock Exchange at the consolidated statement of financial position date.

22. FINANCIAL INSTRUMENTS BY CATEGORY

	2023 $	2022 $
Financial assets		
VAT bond	-	5,460
Accounts receivable and prepayments	90,824	83,052
Amounts due from the GORTT	-	20,081
Cash and cash equivalents	18,305	48,523
Investments at fair value through OCI	866	724
Restricted deposit	1,598	1,584
	111,593	159,424
Financial liabilities		
Accounts payable and accruals	41,064	88,692
Lease liability	6,422	7,217
Amounts due to the GORTT	285	19,211
Borrowings	25,000	75,757
Related parties (ESOP advanced funding)	76	134
	72,847	191,011

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

National Flour Mills Limited derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Food $	Feed $	Other $	Total $
Year ended December 31 2022				
Segment revenue	357,235	140,310	35,787	533,332
Less: Intersegment revenue	-	-	(524)	(524)
Revenue from external customers	357,235	140,310	35,263	532,808
Timing of revenue recognition				
At a point in time	357,235	140,310	35,263	532,808
Revenue from external customers	357,235	140,310	35,263	532,808
Year ended December 31 2023				
Segment revenue	399,685	147,897	30,531	578,113
Less: Intersegment revenue	-	-	(780)	(780)
Revenue from external customers	399,685	147,897	29,751	577,333
Timing of revenue recognition				
At a point in time	399,685	147,897	29,751	577,333
Revenue from external customers	399,685	147,897	29,751	577,333

Revenue from external customers come from food products and animal feed products.

24. EXPENSES BY NATURE

	2023 $	2022 $
Direct materials	320,011	340,947
Salaries and wages	110,050	101,169
ESOP Allocation to employees	108	48
Rents, rates and taxes	2,475	721
Transportation, security, electricity, communication and handling charges	20,313	20,141
Repairs and maintenance	11,038	9,653
Depreciation and amortisation (Notes 5, 6, 7)	16,629	18,575
Insurance	10,101	7,947
Professional and legal fees	5,016	5,033
Provision for doubtful accounts	1,886	196
Advertising and promotion	2,838	3,123
Other	24,391	19,365
Total cost of sales, selling and distribution and administrative expenses	524,856	526,918
Amounts as per income statement:		
Cost of Sales	425,283	439,869
Selling and distribution expenses	47,456	39,896
Administration expenses	52,117	47,153
	524,856	526,918

Audit fees for the year ended December 31, 2023 totalled $756 (2022: $765). Other fees paid to the auditor (and related network firms) for non-assurance services totalled $31 (2022: $40).

25. OTHER OPERATING INCOME

The following amounts are included within other operating income in the profit or loss:

	2023 $	2022 $
Management fee	4,800	4,800
Rental income - sublease	700	700
Dividend income	192	84
Other amounts	980	966
Interest income	171	19
	6,843	6,569

26. FINANCE COST

	2023 $	2022 $
Interest and bank charges	4,027	3,176
Lease interest	319	339
Foreign exchange gain/(loss) (Note 27)	717	(136)
	5,063	3,379

27. FOREIGN EXCHANGE GAINS/(LOSSES)

The aggregate net foreign exchange gains/(losses) recognised in profit or loss were:

	2023 $	2022 $
Exchange (loss)/gain on foreign currency borrowings included in finance cost (Note 26)	(717)	136
Total net foreign exchange (losses)/gains recognised in profit before tax for the period	(717)	136

28. CURRENT AND DEFERRED TAXATION

	2023 $	2022 $
Current taxation expense		
Deferred tax credit	(1,297)	(1,065)
Current tax charge	20,102	3,236
	18,805	2,171
The Group's effective tax rate of 35% (2022: 24%) differs from the statutory tax rate of 30% as follows:		
Profit before taxation	54,257	9,080
Tax calculated at 30%	16,277	2,724
Tax impact of expenses not deductible for tax purposes	1,072	(656)
Tax impact of income not subject to tax	(416)	103
Prior year under provision	1,584	-
Tax impact on adoption of IFRS 9	54	-
Other differences	234	-
	18,805	2,171
Deferred taxation		
Deferred income tax asset	13,384	11,914
Deferred income tax liabilities	(37,873)	(38,470)
Net deferred income tax liability	(24,489)	(26,556)

28. CURRENT AND DEFERRED TAXATION (CONTINUED)

	IFRS 9 Provision $	Retirement Benefit Asset $	Medical Plan $	Property Plant and Equipment & Intangible Assets $	IFRS 16 $	Inventory Provision $	Total $
Year Ended December 31, 2023							
At January 1, 2023	(439)	(4,019)	10,727	(34,137)	1,191	122	(26,555)
(Charge) / credit to:							
- profit or loss	(54)	(596)	586	527	655	179	1,297
- other comprehensive loss	-	845	(76)	-	-	-	769
At December 31, 2023	(493)	(3,770)	11,237	(33,610)	1,846	301	(24,489)
Year Ended December 31, 2022							
At January 1 2022	452	(12,936)	9,252	(36,045)	603	-	(38,674)
(Charge) / credit to:							
- profit or loss	(891)	(991)	329	1,908	588	122	1,065
- other comprehensive loss	-	9,908	1,146	-	-	-	11,054
At December 31, 2022	(439)	(4,019)	10,727	(34,137)	1,191	122	(26,555)

In 2016 the Group was audited by the Board of Inland Revenue (BIR) in relation to the financial year 2010, resulting in an assessment for additional taxes. Management has since filed an objection against the BIR assessment. Based on advice obtained, management is of the view that the assessment for additional taxes is without merit and as a result no adjustment has been made to the consolidated financial statements in relation to this matter.

29. RELATED PARTY TRANSACTIONS

Balances and transactions with key management personnel during the year were as follows:

	2023 $	2022 $
Key management compensation		
All managers and executive salaries and key compensation	13,058	11,518
Post-employment benefits	1,047	682
Director's fees	606	579
Due to related parties (ESOP advanced funding)	76	134
	14,787	12,913

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts due to/from the Government of the Republic of Trinidad and Tobago (GORTT)
Refer to Note 13
Sales and purchases of goods and services

	2023 $	2022 $
Sales from the rendering of services to related parties	4,957	4,844
Purchases of goods from related parties	755	477

30. EARNINGS PER SHARE

'Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of $35,452 (2022: $6,909) by the weighted average number of ordinary shares outstanding of 120,200,000 (2022: 120,200,000) less treasury shares of 2,159,294 (2022: 2,212,845) (Note 21).

'Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of $35,452 (2022: $6,909) by the weighted average number of ordinary shares outstanding of 120,200,000 (2022: 120,200,000) less unallocated treasury shares of 558,095 (2022: 766,041).

31. DIVIDENDS

'Final dividends to the shareholders of the Group are recognised in the year that they are approved by the Directors. Interim dividends are recognised in the year that they are declared. Final dividend for the year ended December 31, 2022 of 0.03 cents per fully paid share was declared at the AGM held on June 30, 2023 and subsequently paid on July 27, 2023. Dividends in respect of the year ended December 31, 2023 has not been declared.

Dividends proposed as at year end amounted to $0 (2022: $3,606).

32. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Operating Decision Maker (CODM) reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

- Food includes manufacturing and distribution of flour, milled cereals and dry mixes.
- Animal feed includes manufacturing and distribution of feed products for animals.
- Other operations include the purchase and sale of imported dry goods, rice and oil.

32. OPERATING SEGMENTS (CONTINUED)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Financial information regarding assets and liabilities by operating segment is not reported on a regular basis to the CODM.

	Food		Animal feed		Other		Total	
	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Segment revenue	399,685	357,235	147,897	140,310	29,751	35,263	577,333	532,808
Gross profit	105,264	62,269	38,951	24,164	7,835	6,506	152,050	92,939
Depreciation & amortisation	15,003	17,461	1,509	929	117	186	16,629	18,576
Net finance cost	4,303	2,872	456	304	304	203	5,063	3,379
Other operating income	1,438	4,928	5,338	131	67	1,510	6,843	6,569
Profit before tax	37,562	6,447	13,899	2,270	2,796	363	54,257	9,080
Property, plant & equipment	156,151	145,600	11,954	7,828	649	3,131	168,754	156,559
Intangible assets	1,069	1,536	-	83	-	33	1,069	1,652
Borrowings	-	-	-	-	-	-	25,000	75,757
Accounts payable & accruals	-	-	-	-	-	-	41,064	88,692

Entity wide disclosures

Revenues from external customers are derived from the sale of products by individual business segment.

The breakdown of revenue by business:

	2023 $	2022 $
Revenue		
Flour	379,917	337,208
Feed mill	147,897	140,310
Parboiled rice	7,900	7,554
Dry mixes	19,768	20,027
Trading	12,118	11,526
Oil	9,733	16,183
	577,333	532,808

32. OPERATING SEGMENTS (CONTINUED)

	2023 $	2022 $
Revenue from external customers		
Export sales	34,595	35,110
Local sales	542,738	497,698
	577,333	532,808

Major customers
The Group has one third party customer whose revenue exceeds 10% of total sales. In 2023 sales with this customer was 12% of total sales (2022: 12%).

33. NET DEBT RECONCILIATION

	2023 $	2022 $
Net debt		
Cash and cash equivalents	18,305	48,523
Lease liabilities	(6,422)	(7,217)
Borrowings payable within one year	(25,000)	(75,757)
	(13,117)	(34,451)
Cash and cash equivalents	18,305	48,523
Gross debt - fixed interest rates	(31,422)	(82,974)
Net debt	(13,117)	(34,451)
Total equity	289,948	260,789
Gearing	5%	13%

	Cash $	Finance leases $	Borrowings due within one year $	Total $
Net debt as at January 1 2022	50,581	(8,275)	-	42,306
Cash flows	(2,058)	-	-	(2,058)
Interest expense	-	(339)	-	(339)
Principal repayments	-	1,397	-	1,397
Borrowings	-	-	(75,757)	(75,757)
Net debt as at December 31, 2022	48,523	(7,217)	(75,757)	(34,451)

33. NET DEBT RECONCILIATION (CONTINUED)

	Cash $	Finance leases $	Borrowings due within one year $	Total $
Net debt as at January 1 2023	48,523	(7,217)	(75,757)	(34,451)
Cash flows	(30,218)	-	-	(30,218)
Interest expense	-	(319)	-	(319)
Principal repayments	-	1,121	-	1,121
Borrowings	-	-	50,757	50,757
Net debt as at December 31,2023	18,306	(6,415)	(25,000)	(13,110)

(i) Other changes in finance leases of $319 (2022: $339) relates to the interest cost on the lease obligation.

34. IMPAIRMENT TEST FOR CARRYING VALUE OF NET ASSETS

For the year ended December 31, 2023, the carrying value of the Group's net assets was $289,948 (2022: $260,789) while the market capitalisation was $233,188 (2022: $180,300). This was a trigger for an impairment test to be carried out. The impairment test performed by management was at the entity level where the impairment trigger existed.

The recoverable amount of this business unit was determined based on a value-in-use calculation. This calculation used pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. Cash flows for the five-year period were extrapolated using the estimated growth rates below.

The key assumptions for the value-in-use calculations are as follows:

	2023	2022
Average annual revenue growth rate	6.02%	7.98%
Terminal growth rate	0.50%	0.50%
Pre-tax discount rate	15.28%	17.03%
EBITDA as a % of sales	11.12%	14.96%
Gross profit margin	24.48%	26.06%

34. IMPAIRMENT TEST FOR CARRYING VALUE OF NET ASSETS (CONTINUED)

Assumption	Approach used to determining values
Average annual revenue growth rate	Average annual revenue growth rate over the five-year forecast period was based on past performance and management's expectations of market development.
Terminal growth rate	This is the growth rate used to extrapolate cash flows beyond the budget period. The rate was based on management's expectation of the Group's long-term growth rate.
Pre-tax discount rate	Reflects specific risks of the Group.
EBITDA as a % of sales	Based on past performance and management's expectations for the future.
Gross Profit margin	In line with current gross profit margins and based on assumptions for future commodity prices and economic conditions.

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change (holding all other factors constant) as follows:

	From %	To %
2023 Rate changes		
Average annual revenue growth rate	6.02	4.86
Terminal growth rate	0.50	(22.29)
Discount rate	15.28	23.69
EBITDA rate	11.12	7.00
Gross profit margin	24.48	20.95
2022 Rate changes		
Average annual revenue growth rate	7.98	5.21
Terminal growth rate	0.50	(9.13)
Discount rate	17.03	22.95
EBITDA rate	14.96	11.64
Gross profit margin	26.06	17.41

35. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities amounted to $21,361 (2022: $8,400).

36. CONTINGENT LIABILITIES

a. *Legal Liabilities*

In the normal course of operations, the Group is party to various legal proceedings. Management has assessed the Group's likely liability for all claims in the consolidated financial statements and provisions have been made where applicable. The actual liability could differ from these estimates.

The Group has contingent liabilities in the amount of $0.8m (2022: $0.7m) in relation to legal claims.

b. *Customs Bonds*

The following are the customs bonds being held with Scotiabank Trinidad and Tobago Limited and Republic Bank Limited.

Currency	In favour of	Balance	Expiry date
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	50	4-Mar-24
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	1,500	4-Mar-24
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	10	23-Mar-24
TTD	The Ministry of National Security	11	28-Sep-24
TTD	The Comptroller of Customs	10	7-Feb-24
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	1,500	8-Feb-24

c. *Authority to Hold Funds*

Given by: NATIONAL FLOUR MILLS LIMITED

Amount Held: $1,581

d. *Property Taxes*

The Property Tax Act of 2009 (PTA) was enacted into law by the Government of the Republic of Trinidad and Tobago (GORTT), effective from January1 2010.There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on September 30 2017.As of present date there have been no further changes to the legislation or extension of the waivers previously granted by the GORTT. The PTA is now effective January 1, 2024 as property valuations are being done by the statutory authority and assessments being sent to taxpayers.While a present obligation exists, taxpayers are unable to reliably estimate the liability as the basis for fair value at this time has not been clarified and hence no liability has been recognised in these consolidated financial statements.

37. SUBSEQUENT EVENTS

There are no other events, situations or circumstances that have occurred which might significantly affect the Groups equity or financial position, which have not been adequately ocntemplated or mentioned in these consolidated financial statements.

MANAGEMENT PROXY CIRCULAR

Republic of Trinidad and Tobago
The Companies Act, 1995
(Section 144)

1. **Name of Company**
   NATIONAL FLOUR MILLS LIMITED: Company No. N-763 (95)(A)

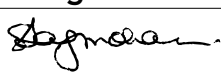
2. **Particulars of Meeting** – The Fifty-First Annual Meeting of the Shareholders of the Company will be held in the Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain on Friday June 28th, 2024 at 10.00 a.m.

3. **Solicitation** – It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form.

4. **Any Director's Statement submitted pursuant to Section 76(2)** – No statement has been received from any Director pursuant to Section 76(2) of the Company's Act, 1995.

5. **Any Auditor's Statement submitted pursuant to Section 171(1)** – No statement has been received from the Auditors of the Company pursuant to section 171 (1) of the Company's Act 1995.

6. **Any Shareholder's proposal and/or statement submitted pursuant to Sections 116(1) and 117(2)** – No Proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, 1995.

Date	Name and Title	Signature
April 19th, 2024	**Dr. Sati Jagmohan** **Secretary**	

NATIONAL FLOUR MILLS LIMITED

NATIONAL FLOUR MILLS LIMITED
REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT 1995
{Section 143(1)}
Form of Proxy

Name of Company

NATIONAL FLOUR MILLS LIMITED Company No. N-763 (95) (A)

Particulars of Meeting

Fifty-First (51st) Annual Meeting of the Shareholders of the Company to be held in the Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain on Friday, June 28th, 2024, at 10.00 a.m.

I/We……

of ……

being a member/members of National Flour Mills Limited ("the Company"), hereby appoint the Chairman of the Meeting or failing him…….of…… …… in the same manner, to the same extent and with the same powers as if I/We was/were present at the said Meeting or such adjournment thereof, and in respect of the resolutions listed below to vote in accordance with my/our instructions below and overleaf.

Dated this…….day of ……., 2024.

……

Signature(s) of Shareholder(s)

Please indicate with an "X" in the space below and overleaf your instructions on how you wish your vote on the resolution referred to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit. Please consider the notes 1 to 5 for your assistance to complete and deposit this Proxy Form.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Be it resolved that the Consolidated Audited Financial Statements for the Group for the year ended December 31st, 2023 and the Reports of the Directors and the Auditors thereon be and are hereby adopted.			
2.	Be it resolved that a final dividend for the year ended December 31st, 2023 of 10 cents per ordinary share as recommended by the Directors be approved and declared payable on July 24th, 2024 to shareholders on the register of Members at the close of business on July 10th, 2024.			
3.	Be it resolved that Mr. Nigel Romano be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
4.	Be it resolved that Ms. Sonja Voisin be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			

NATIONAL FLOUR MILLS LIMITED

5.	Be it resolved that Ms. Karen Shaw be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
6.	Be it resolved that Mrs. Aliyah Hamel-Smith be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
7.	Be it resolved that Mr. Ross Alexander be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
8.	Be it resolved that Mr. Shane Correia be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
9.	Be it resolved that Ms. Joanne Salazar be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next Annual Meeting of Shareholders.			
10.	Be it resolved that Ms. Annalean Inniss be and is hereby re-elected as a Director to hold office for a term to conclude at the end of the next annual meeting of shareholders.			
11.	Be it resolved that Mr. Varun Maharaj be and is hereby elected as a Director to hold office for a term to conclude at the end of the next annual meeting of shareholders.			
12.	Be it resolved that Mr. Sanjiv Anant Sookoo be and is hereby elected as a Director to hold office for a term to conclude at the end of the next annual meeting of shareholders.			
13.	Be it resolved that PwC be re-appointed Auditors of the Company for the period ending at the close of the next Annual Meeting and that the Directors be authorised to fix their remuneration and expenses for the ensuing year.			

Notes:

1. A Shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person appointed proxy in the space provided and initial the alteration.
2. If the appointer is a Corporation, this Proxy Form must be under common seal or under the hand of an officer or an attorney duly authorised on their behalf.
3. A Shareholder who is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.
4. In the case of joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.
5. To be valid, the Proxy Form must be completed, signed and deposited at the Registered Office of the Company at the address below not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting or adjourned meeting.

Return to:

The Secretary
National Flour Mills Limited
27-29 Wrightson Road
Port of Spain



NATIONAL FLOUR MILLS LIMITED

27-29 Wrightson Road
Port of Spain
Tel: 1 (868) 625-2416/7
Fax: 1 (868) 625-4389

Carlsen Field Connector Road
Carlsen Field, Chaguanas
Tel: 1 (868) 322-9401; 325-6219
Fax: 1 (868) 672-9880

Email: nfm@nfm.co.tt
Website: nfm.co.tt