NATIONAL FLOUR MILLS LIMITED

Annual Report 2021

A STAKEHOLDER APPROACH TO ACHIEVING OPERATIONAL **EXCELLENCE**

www.nfm.co.tt

Contents

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Vision & Mission

National Flour Mills Limited (NFM) was incorporated in 1972 and over the years has since 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

GUIDING PRINCIPLES AND CORE VALUES

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

BUSINESS STANDARDS

It is the policy of NFM to conduct its business practices in accordance with the highest ethical standards. Bribery and corruption will not be condoned. Every effort will be made to ensure that:

- our products are produced to specifications and in conformance with the customers' requirement;
- the quality of raw materials used are fit for the purpose intended;
- customer credit terms are fair; and that
- customer complaints are treated with 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

Chief Executive Officer

Mr. Ian Mitchell

Corporate Secretary

Ms. 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

Citibank (Trinidad and Tobago) Limited
12 Queen's Park East
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 Forty-Ninth Annual Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual Meeting of the Shareholders of National Flour Mills Limited (NFM) will be held on Friday 1st July 2022 at 10.00 am virtually and 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 accounts for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon;
2. To re-elect/elect Directors;
3. To re-appoint Auditors and to authorise Directors to fix their remuneration;
4. 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 25th day of May 2022 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

Sati Jagmohan
Corporate Secretary
19 April 2022

Satisfying Customers' Needs on Time and in Full

Board of Directors

Left to right: Ms. Joanne Salazar, Mr. Shane Correia, Ms. Karen Shaw, Mr. Nigel Romano - Chairman, Ms. Sonja Voisin, Mrs. Aliyah Hamel-Smith, Mr. Ross Alexander, Ms. Annalean Inniss

Biographies of Directors

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

Mr. Nigel 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. Sonja Voisin currently holds the position of Director/ Managing Director of Gulf Shipping Limited. She stated off her career as a Product Manager at Johnson's and Johnsons Limited where she had responsibility for overall brand performance and then progressed to Gulf Shipping Limited where she held the position of Sales representative. Her career progressed in the marine sector where she served as a Commissioner on the Board of Commissioners at the Port Authority of Trinidad and Tobago. Ms. Voisin also served as President of the Shipping Association of Trinidad & Tobago for two terms.

Ms. Voisin holds a BSc in marketing and her areas of expertise include securing and maintaining new business in the Maritime sector and developing strong networks with stakeholders.

Ms. Voisin is a member of the Audit Committee.

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

Mrs. Aliyah 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 NFM and a member of the Audit Committee and Board Tenders Committee. She also sits on the Board of JMMB Bank (T&T) Limited, JMMB Express Finance (T&T) and the investment management firm, Admiral Capital.

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 Agriculture, Marine Affairs, Marketing and the Environment. 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 Agriculture, Marine Affairs, Marketing and the Environment.

Biographies of Directors (continued)

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.

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 unique perspective of 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 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 the Chair of the Board Tenders Committee and 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 Director, Legal Services at the Ministry of Rural Development and Local Government where she directs, coordinates and manages the legal portfolio and functions of the Ministry and provides strategic support and guidance to the Minister, Permanent Secretary, Heads of Departments and Municipal Corporations on policy and legislative matters.

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. She also 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.

Chairman's Review

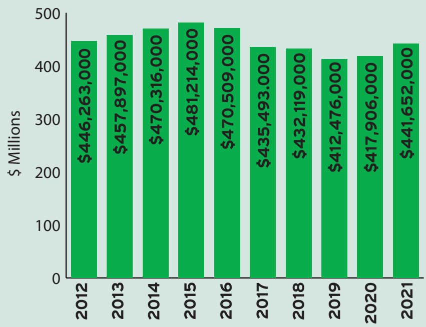
Dear Shareholders

An enduring pandemic, the impact of global warming as a result of climate, escalating geopolitical tensions and continued disruptions to global supply chains impacted NFM's operations in 2021. Revenue for the period under review increased by 5.7% to $441.6M. However, profitability was compromised by a 19.2% increase in cost of sales resulting in an operating profit of only $4.6M, an 88% decrease year on year. Whilst our expenses remained fairly stable, net profit after tax declined by 94.1% year- on- year to $1.3M.

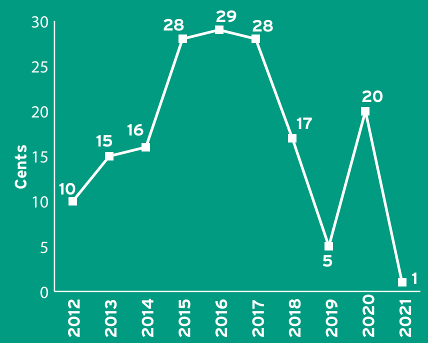
The rapid spread of the Delta and Omicron Covid-19 variants impacted economic growth because of the resultant continued supply chain disruptions, labour shortages and rising geopolitical instability which in turn lead to increasing costs and widespread inflation. The availability of vaccines, herd immunity and behavioural measures helped to mitigate some of these risks and facilitated some degree of economic recovery.

MR. NIGEL ROMANO
(Chairman)

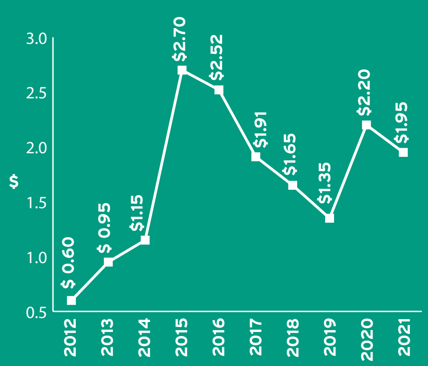
Revenue



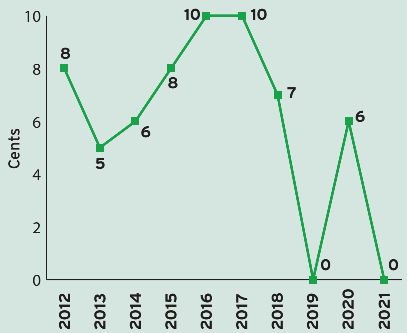
Earnings Per Share



Share Price



Dividend Payment



"The Intergovernmental Panel on Climate Change has emphasised that time is running out to adopt serious measures to manage climate change. Signatories to the Paris Agreement are focused on implementing strategies to limit Global warming to well below 2°C compared to pre-industrial levels. Notwithstanding this ambitious goal, global water shortages remain a real threat, the result of which would be increased food prices.

Chairman's Review (continued)

In the agricultural sector, crop yields were subjected to the adverse effect of climate change. The correlation between climate change and agriculture cannot be underestimated with global warming being responsible for deeper and longer droughts affecting wheat production and global water shortages remain a real threat, the result of which would be increased food prices. In addition, the high levels of greenhouse gases do not auger well for maintaining the nutrient content of wheat which could also increase the cost of our major raw material. Therefore, the Intergovernmental Panel on Climate Change has emphasised that time is running out to adopt serious measures to manage the risks of climate change and signatories to the Paris Agreement are focused on implementing strategies to limit Global warming to well below 2°C compared to pre-industrial levels. This is a very ambitious goal but critical to the sustainability of life on our planet.

Wheat, corn and soyabean prices were at historically high levels in 2021 due to a surge in demand in markets globally and a reduction in supplies as a result of production shortfalls in major growing regions. In addition to higher grain prices, average container shipping rates have increased significantly and shipping delays caused by container shortages and bottlenecks at ports exacerbated the situation. All of these factors have contributed to increases in the costs of landed grains and other production inputs.

The probability of significant improvements in these areas in the foreseeable future is not likely and to survive in this continually changing environment, NFM must continue to assess the way it does business. Like most manufacturing companies in Trinidad and Tobago, NFM purchases most of its raw materials and is therefore subject to the vagaries of international trade. We are also operating with aged plant infrastructure which impacts the level of production output.

As a manufacturer of food and feed products, NFM is now investing in modernising its facilities to ensure that we can meet the needs of our customers on time and in full. We are investing in technology and equipment to increase the reliability of supply and the quality of our products. Quality, productivity and continuous improvement continue to be the cornerstone of our production processes and we are aiming to get it right the first time, every time.

"In response to these global challenges, we are working towards building resilience by automating our processes and investing in more user-friendly Enterprise Resource Planning systems and processes as well as managing our storage and inventory levels. Greater focus will be placed on risk management so that we are better equipped to anticipate and mitigate the risks to our business.

Chairman's Review (continued)

We also continue to invest in the growth and development of our employees through the provision of technical and leadership training for our team members. We are also emphasising purpose and values and holding teams accountable through objectives and key results as we continue to change the culture to create a more agile workforce able to respond to the constant changes affecting NFM's operations.

The pandemic has intensified the need to identify alternate revenue streams. Given the unpredictability of grain prices, the need for strategies to ensure the sustained viability of the Company has become even more important. In 2021, our flour manufacturing operations sustained a loss due to exorbitant gain prices. We therefore had no option but to increase the prices of our flour and feed products in 2022.

While our flour manufacturing operations will always be vital to the company, the need to ensure that shareholders are provided with an adequate return on their investment necessitates focusing our efforts on growing our exports of existing products and innovating to create new products and making our processes more efficient.

Going forward, we will be even more challenged to sustain profit margins. The invasion of the Ukraine by Russia has jeopardised the global supply of wheat and other grains and the sanctions imposed in response to the invasion will also lead to further disruptions in global supply chains. While other grain producing counties are moving to increase the acreage under production, there will be a period of higher prices due to supply limitations.

Based on the level of profitability achieved for fiscal 2021, we are unable to recommend the payment of a dividend to our shareholders. However, we anticipate that the current investments being made to upgrade our plant and machinery and upskill our workforce will yield results in 2022.

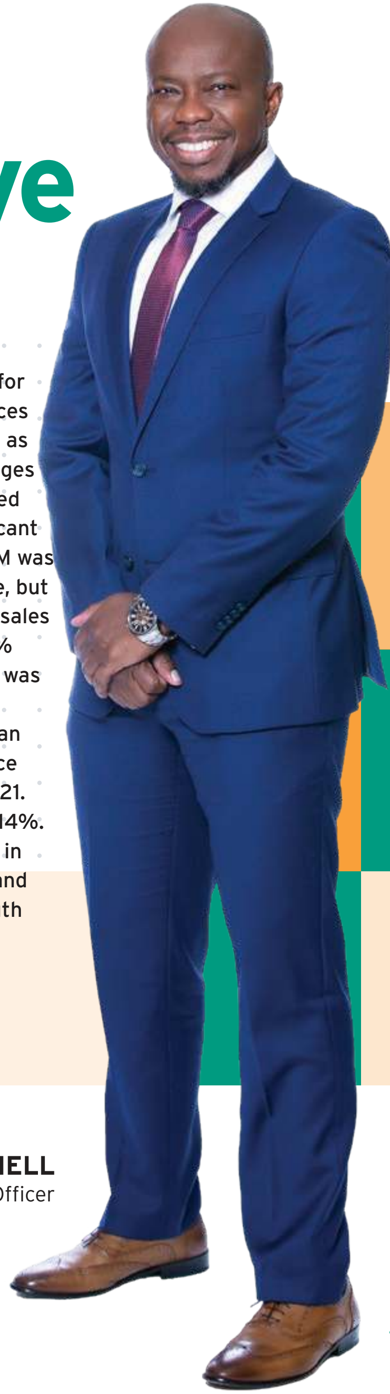
As a board, we remain committed to using our best efforts to ensure the sustained profitability of NFM. I wish to thank my fellow directors for their continued support over the last year and I look forward to continuing to work with them to guide the leadership team at NFM. I also wish to thank all of our employees and other stakeholders for their continued support.

Nigel Romano
Chairman

Executive Management

Left to right: Mr. Emmet Daisy, Head - Procurement and Raw Materials, Ms. Georgia Donaldson - Chief People Officer, Mr. Ian Mitchell - Chief Executive Officer, Mr. Jason Mohammed - Chief Operating Officer, Mr. Nigel De Bique - Head, Sales & Marketing, Ms. Sati Jagmohan - Corporate Secretary

Report of the Chief Executive Officer



The main highlight of the milling industry for the year 2021 was the soaring of grain prices to multiyear highs. Other challenges, such as supply chain disruptions, container shortages and shipping port congestions, compounded things further and contributed to a significant increase in the cost of doing business. NFM was able to achieve a 5.7% increase in revenue, but was unable to avert an increase in cost of sales by 19.2% year on year, resulting in a 30.6% decline in gross profit. Net profit after tax was $1.3M.

Significant increases in the price of soybean meal and corn forced NFM to raise the price of its animal feed products in February 2021. These price increases ranged from 3% to 14%. One of the major factors for the increases in the cost of grain was extremely high demand from China. Dry weather conditions in South America and labour strikes in Argentina in January 2021 further exacerbated the situation.

MR. IAN MITCHELL
Chief Executive Officer

Chief Executive Officer (continued)

"The national increase in COVID-19 cases and the ensuing imposed restrictions had a serious effect on the Company's operations. Productivity levels were significantly impacted by staff shortages due to employees being quarantined. Additionally, work hours had to be adjusted due to the curfew, and additional costs were incurred as operations in our production plants moved from 8-hour shifts to 12-hour shifts. These factors affected costs as the Company also had to depend heavily on its pool of temporary employees to support operations.

Coping with Disruptions

We recognise that the world as we once knew it may never return, and that out of the chaos associated with the disruptions, a new order will emerge. NFM must be prepared for that new order and in 2021, we made a conscious decision to prioritise our activities. We made an undertaking to focus on satisfying the current needs of our customers, to anticipate what their future needs will be and identify the ways in which NFM will satisfy those needs.

Despite worldwide changes in eating trends, the demand for NFM's products remains strong. In light of this and in order to remain relevant, NFM's approach to production must focus on efficiency and sustainability. Our aged plant and equipment have served us well over the years, but the time has now come for us to seek out new and improved technology that can serve as a platform to take the business forward. Significant research has been done and is continuing. The introduction of new technology must be managed in a structured manner to ensure that NFM becomes more efficient while reducing our carbon footprint.

In the interim, we have put measures in place to ensure that we continue to provide quality service to our customers. As part of an ongoing process to engage our stakeholders, several training sessions were hosted by our Technical Team:

(a) "Recovery from Crisis: Impact of COVID-19 on Sales and Marketing" and "Animal Health, COVID-19, Food and Feed Safety and Good Farming Practices in Livestock Production"

(b) Webinars for farmers and agri-entrepreneurs over the period April-June 2021 in collaboration with the Sugarcane Feeds Centre on NFM's poultry feeds. A webinar was also held on duck nutrition and feeding.

In terms of infrastructural improvements, many projects were undertaken in 2021 to improve our grain storage facilities for Soybean Meal as well as to upgrade the

Raw Material and Finished Goods warehouses at both our main compound and our secondary locations. We also commenced the process of transitioning NFM to a data-driven organisation. Part of this process requires the selection of and transition to a more modern and fit-for-purpose enterprise resource planning (ERP) system. This project will extend to 2023, but some other ICT solutions will be deployed in 2022 to optimise our sales and distribution processes and bring more immediate enhancement to our customer service.

Strategic Planning Exercise

While the pandemic captured our attention, time was also spent focussing on strategy. We worked with the teams throughout the organisation and finalised our strategic plan based on the two strategic pillars of growth through innovation and profitability through productivity. As part of this process, new values were developed for the business as follows:

- **Dependability** – Our customers must be able to depend on us to provide them with what they need on time, every time.
- **Customer Focus** – Satisfying the needs of our customers is not negotiable and must drive the operations of the business.
- **Growth Mindset** – Given that NFM is a mature business, the need to foster a growth mindset is deemed to be critical.
- **Integrity** – We must be trusted to do the right thing every rime.
- **Ownership** – We take full responsibility for the performance of the business. The buck stops with us.

Our post-pandemic plan must be cognizant of global changes to the flour and feed industries, for example, equipment suppliers in the flour milling industry continue to introduce new technologies such as the AIPesa milling system by Buhler, which has the capability to increase throughput and produce in accordance with international food safety standards. On the feed side, similar developments are occurring.

While our resources for large-scale capital investments are limited, we must be mindful of the importance of retaining some of our earnings to modernise the business. Failure to do so will result in NFM becoming unable to compete effectively in regional and international markets. Right here in the Caribbean, the East Caribbean Group of Companies have announced an investment in a new flour mill, which will increase the supply of flour to the region.

Chief Executive Officer (continued)

Going Forward

The pandemic has taught us the importance of collaborating with our stakeholders in order to build resilience into our operations. Investing in new technologies will give us some of the tools we need to compete and grow, but culture change is needed for the complete transformation that will allow the business to flourish. Employee involvement and engagement is therefore at the forefront of what we do because we need all hands on deck for the journey ahead.

I would like to take this opportunity to express my sincere thanks and appreciation to the Board of Directors for their wisdom and continued support, to the employees who continued to demonstrate loyalty to the Company, to the Unions for their willingness to partner with Management to devise the changes necessary for the survival of the business and our suppliers for assisting us with the challenges posed by the disruptions to the supply chain.

The year 2022 is poised to be just as challenging as 2021. While the process of opening up economies has commenced, the Russian-Ukraine War, other geopolitical issues and climate change all pose very real threats to the profitability of the business. Russia and the Ukraine account for one-third of the global supply of wheat and the absence of these volumes does not augur well for grain prices which remains a function of demand and supply. While NFM is using all options available to it to manage its cost of sales, our ability to maintain current flour and feed prices is uncertain.

Ian Mitchell
Chief Executive Officer

Customers

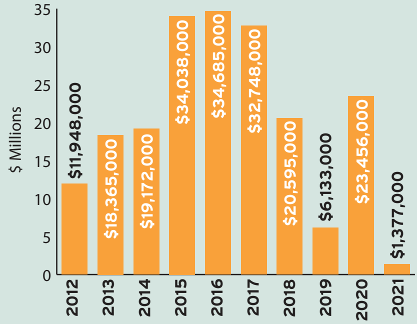
The customer is a primary stakeholder, which is an entity that is directly linked to the company and its economic success.

Financial Overview Ten-Year Comparison

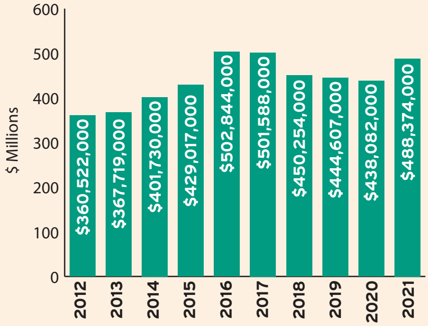
	Revenue	Operating Profit/Loss	Net Profit for the Year	Total Assets
2012	$446,263,000	$31,370,000	$11,948,000	$360,522,000
2013	$457,897,000	$36,200,000	$18,365,000	$367,719,000
2014	$470,316000	$29,484,000	$19,172,000	$401,730,000
2015	$481,214,000	$45,693,000	$34,038,000	$429,017,000
2016	$470,509,000	$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**

	Share Price	Dividend Payment	Earnings Per Share
2012	¢ 60	8 ¢	10 ¢
2013	¢ 95	5 ¢	15 ¢
2014	$1.15	6 ¢	16 ¢
2015	$2.70	8 ¢	28 ¢
2016	$2.52	10 ¢	29 ¢
2017	$1.91	10 ¢	28 ¢
2018	$1.65	7 ¢	17 ¢
2019	$1.35	Nil	5 ¢
2020	$2.20	6 ¢	20 ¢
2021	**$1.95**	**Nil**	**1 ¢**

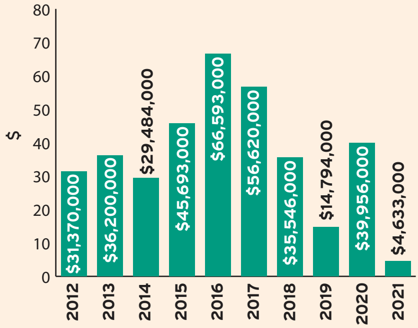
Net Profit for the Year



Total Assets



Operating Profit



Directors' Report

The Directors are pleased to present their report to the Shareholders for the year ended 31 December 2021.

Principal Activities

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

Financial Performance	$'000
Turnover	441,652
Profit Before Taxation	2,514
Taxation	(1,137)
Profit for the Year	1,377
Other Comprehensive Income	
Net of tax	9,766
Total Comprehensive Income for the year	11,143
Retained Earnings brought forward	153,451
Retained Earnings carried forward	163,142

Dividends

Based on the level of profitability achieved for the year, the payment of a dividend is not being recommended.

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%
National Insurance Board	8,476,410	7.05%
MASA Investments Limited	6,621,680	5.51%
Colonial Life Insurance Company (Trinidad) Limited	4,521,379	3.76%
RBC Trust (Trinidad and Tobago) Limited - T1154	2,236,475	1.86%
Brimont Limited	1,794,200	1.49%
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	1,008,811	0.84%

By Order of the Board

Sati Jagmohan
Corporate Secretary

Registered Office
27-29 Wrightson Road
Port of Spain

Corporate Report

A Stakeholder Approach

In our efforts to continually create value for our customers, NFM has adopted a stakeholder approach to doing business. Our stakeholders have been identified as those persons who have an interest in the Company or who are to some extent dependent on the success of the Company, such as our employees, customers, suppliers and by no means least, our shareholders.

The stakeholder perspective offers the view that fostering better relationships with employees, the community, suppliers and customers will support the creation of improved shareholder value through the creation of assets leading to the achievement of a competitive advantage. However, the question has been asked—can firms optimally satisfy the expectations of society and create wealth for their shareholders at the same time? At NFM, the answer is yes.

Our shareholders have invested in the Company and expect to get a reasonable rate of return on their investment. However, that return on investment is dependent on the efforts of all our other stakeholders. We believe that by meeting the needs of all these other stakeholders, we will be able to provide our shareholders with an appropriate rate of return.

ESG Initiatives at NFM

The importance of Environmental, Social and Governance (ESG) initiatives to the sustained profitability of businesses is being recognised globally. ESG initiatives usually form part of any Company's corporate strategy and developmental plans and represent an ethical thermometer for the business. At NFM, we understand the importance of ESG initiatives in being able to objectively assess the impact of these initiatives on the Company's financial and operational performance and we are now at the preliminary stages of establishing a formal ESG framework.

(a) Environmental Initiatives

Like any other manufacturing company, NFM must continually seek to reduce its carbon footprint. As a signatory to the Paris Agreement, Trinidad and Tobago has agreed to reduce its level of emissions by 2030. Trinidad and Tobago was also actively involved in the discussions at the 26th Conference of the Parties on Climate Change in 2021. Flour is our flagship product, and the ability to produce flour has been severely compromised by climate change. We therefore need to do our part in preventing environmental disruptions.

In 2021, as a Continuous Improvement Project, the output level on the Sig 2kg line increased by 285% from 455 bales in June per 8-hour shift to 1,300 bales per 8-hour shift. This increase in output significantly reduced the production cost and the level of energy utilisation per bale. During the course of 2022, we will be establishing baseline data to assess the impact of our operations on the environment. Another Continuous Initiative Project in 2021 was the optimisation of the ordering process, which led to a reduction in the goods returned in the sum of $52,000 from June to October 2021, reducing the level of waste in the organisation.

In 2021, we also commenced a process of greening NFM. Natural vegetation contributes to the environment by producing oxygen through a process of photosynthesis and in so doing, improves air quality. Trees also assist in controlling temperatures by moderating the effects of the sun and are a valuable component of the local ecosystem. By mid-2022, this process will be completed.




Greening NFM initiative commenced in 2021 with its staff members and Chairman planting Chaconia and other local trees at the NFM Head Office Wrightson Road

(b) Social Initiatives at NFM

The pursuit of CSR initiatives by firms contribute to the enhancement of a firm's intangible assets such as goodwill and brand and ultimately its balance sheet. Corporate governance and corporate social responsibility have been described as two interlinked concepts with roots in the business practices of companies. Both concepts revolve around transparency, sustainability and good corporate citizenship.

NFM has always been and will always be an important corporate citizen. Our operations revolve around the production of food and feed products and inevitably, we are called upon by individuals and organisations in all spheres of life and sectors to contribute and assist those in need. While we will always be philanthropic, we also recognise the need to create value from our social initiatives.

In the area of food safety, efforts to bring about culture change took the form of improved communications, training and general awareness of the importance of promoting safe food practices. Efforts were also expended on strengthening our Sanitation Programme, Good Manufacturing Practices Bi-Monthly meetings and Food Safety Thursdays department sessions.

(c) Governance at NFM

In our efforts to promote good governance practices at NFM, we continue to work in alignment with the Trinidad and Tobago Corporate Governance Code. We are mindful that the sphere of governance is evolving particularly with the new ISO standard on governance as well as the new accounting requirements for reporting of ESG initiatives.

Role & Responsibilities of the Board

In accordance with the Companies Act, the Board is responsible for managing the affairs of the Company inclusive of approving the strategic direction of the Company. During the course of 2021, a significant amount of effort was dedicated to exploring the feasibility of a new investment initiative, which would have allowed us to diversity our revenue streams. However, despite our best efforts, we were not able to secure that opportunity. While we were disappointed, we were also happy for the time to focus on organic growth.

In addition, in anticipation of the coronavirus becoming endemic in the medium-term, a new Strategic Plan was developed to guide the Company over the next five years.

Listed below is an account of board meetings held and the attendance by Directors:

Attendance at Board Meetings

	Nigel Romano	Sonja Voisin	Aliyah Hamel-Smith	Karen Shaw	Joanne Salazar	Ross Alexander	Shane Correia
BM 456	✓	✓	✓	✓	✓	✓	✓
BM 457	✓	✓	✓	✓	✓	✓	✓
BM 458	✓	✓	✓	✓	✓	✓	✓
BM 459	✓	✓	✓	✓	✓	✓	✓
BM 460	✓	✓	x	✓	✓	✓	x
BM 461	✓	✓	✓	✓	✓	✓	x
EBM 1 of 2021	✓	✓	✓	✓	✓	✓	✓
EBM 2 of 2021	✓	✓	✓	✓	✓	✓	✓
EBM 3 of 2021	✓	✓	✓	✓	✓	✓	✓
EBM 4 of 2021	✓	✓	✓	✓	✓	✓	✓
EBM 5 of 2021	✓	✓	✓	✓	✓	✓	✓
EBM 6 of 2021	✓	x	✓	x	✓	✓	✓

* Director Annalean Inniss was appointed as a Director in October 2021.

Our Board Committees, which function under delegated authority from the Board, are as follows:

(a) Sales & Marketing Committee

Mr. Shane Correia	-	Chairman
Ms. Karen Shaw	-	Director
Mr. Ian Mitchell	-	Chief Executive Officer
Mr. Nigel De Bique	-	Head, Sales & Marketing

(b) Board Tenders Committee

Ms. Joanne Salazar	-	Chairman
Mrs. Aliyah Hamel-Smith	-	Director
Mr. Ian Mitchell	-	Chief Executive Officer
Mr. Emmet Daisy	-	Head, Procurement & Raw Materials

(c) Human Resources Committee

Ms. Karen Shaw	-	Chairman
Mr. Shane Correia	-	Director
Ms. Annalean Inniss	-	Director
Mr. Ian Mitchell	-	Chief Executive Officer
Ms. Georgia Donaldson	-	Chief People Officer

(d) Audit Committee

Mr. Ross Alexander	-	Chairman
Ms. Sonja Voisin	-	Director
Mrs. Joanne Salazar	-	Director
Mrs. Aliyah Hamel-Smith	-	Director

The Corporate Secretary provides support and guidance to all Board Committees and to the Board.

Diversity at NFM

We continue to demonstrate our commitment to diversity. At the level of the Board, five of the eight Directors are female and they have added to the richness and depth of discussions in the Boardroom. At the level of Management, the flour milling and feed milling operations are both led by women. Women also lead the way in Quality and Food Safety, Internal Audit, HSSE, Marketing, New Product Development and Export Sales.

As part of the International Women's Day celebration, we salute the invaluable contributions made by the women at NFM. NFM values diversity in the workforce. In whichever sphere they are present, the contributions of women are highly valued and unique. NFM joined the chorus calling for the creation of a society, especially workplaces where women can maximise the use of their talents, receive the recognition due and feel safe to be their best selves.

Corporate Report (continued)

Communication with Shareholders

Although constrained by the limitations associated with the pandemic, we continue to endeavour to communicate on a timely basis with all of our shareholders. We make every effort to comply with our regulatory requirements with respect to audited accounts and material changes as well as deal with the concerns of shareholders as they visit our Registered Office throughout the year. In addition, at each General Meeting, shareholders are given an opportunity to voice their concerns and to provide the Directors with feedback on the performance of the Company.

Despite our best efforts, in 2021, we were unable to hold an in-person Annual General Meeting. However, we will seek to ensure that we have in-person meetings going forward since we value those on-on-one interactions with all of our shareholders.

The Internal Auditor

An Internal Audit team, headed by an Internal Auditor, is responsible for monitoring the effectiveness of the Company's internal control systems and the risk management framework. As the global attention on ESG increases, the Internal Audit Team will also be responsible for assessing the adequacy of the Company's ESG initiatives.

The External Auditor

The External Auditor is appointed at each Annual Meeting of Shareholders. Audit fees are approved by the Board based on the recommendation of the Audit Committee. PricewaterhouseCoopers (PwC) was re-elected at the last AGM and is being recommended for another year.

Risk Management

As the Company continually assesses its strategies to ensure its sustained profitability in the context of global, regional and local changes, the risks associated with the proposed strategies must also be assessed. As a manufacturing entity in a Small Island Developing State, we recognise that we are extremely vulnerable to exogenous changes affecting our ability to effectively manufacture food and feed products. Some of the more significant changes include climate change and supply chain disruptions. NFM is also vulnerable to breakdowns in our plant and machinery as well as changing customer needs.

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, (the Group) which comprise the consolidated statement of financial position as at 31 December 2021, 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.

Director	Director
March 23, 2022	March 23, 2022

pwc

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 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- 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, which include significant accounting policies 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.

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, 100902, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Independent Auditor's Report (continued)

Our audit approach

Overview

- Overall group materiality: $4.42 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 Share Ownership Plan. There are no other subsidiaries.

- Impairment assessment of the Group

*All dollar values stated in this opinion are in Trinidad and Tobago dollars.

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 Share 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.

Independent Auditor's Report (continued)

Overall Group materiality	$4.42 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 most commonly 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 $220,826, 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 31 December 2021 was $278m. The market capitalisation of the Group was $234m 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 growth rates and discount rates applied to the future cash flows with the key assumptions being: • Revenue growth rate; • Terminal growth rate; • Pre-tax discount rate; • EBITDA as a % of sales; and • Gross profit margin.	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 specialists, we tested management's assumptions used in their impairment testing model, including the future cash flow projections, discount rate and growth rates applied. 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 31 December 2021 base year financial information to the current year results;

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
During the year, management developed a number of planned strategies, reflected in the key assumptions, which will continue to be implemented in the future. These initiatives include: • Price increases to offset increased raw material costs; • Improved product availability utilising existing plant capacity; • Initiatives into new export markets; • Advertising and promotion efforts, being increased marketing spend; and • The onboarding of key management. 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 assets, management ultimately determined no impairment provision was required.	• assessed management's key assumptions as follows: **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** - Compared gross profit margins to historical results and assessed management's plans for achieving operational efficiencies and evaluated the projected gross profit margins in conjunction with our assessment of revenue growth rates outlined above. **Gross profit margin** - 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 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, we found the assumptions to be materially consistent and in line with our expectations and no impairment provision was identified.

Independent Auditor's Report (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report 2021 (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 Annual Report 2021, 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 International Financial Reporting 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.

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.

Independent Auditor's Report (continued)

- 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 partner on the audit resulting in this independent auditor's report is Wendell Ramoutar.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
25 March 2022

Consolidated Statement of Financial Position

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

	Notes	As at 31 December 2021 $	2020 $
Assets			
Non-current Assets			
Property, plant and equipment	5	159,036	165,065
Intangible assets	6	3,219	3,968
Right-of-use assets	7	6,264	7,266
VAT bonds	8	5,460	5,460
Investments at fair value through OCI	9	697	672
Retirement benefit asset	10	43,118	19,179
Deferred taxation assets	28	9,704	7,483
		227,498	209,093
Current Assets			
Accounts receivable and prepayments	12	79,568	60,851
Amount due from the Government of the Republic of Trinidad and Tobago (GORTT)	13	19,726	18,530
Inventories	14	100,537	50,748
Taxation recoverable		8,880	4,481
Restricted deposit	15	1,584	1,584
Cash and cash equivalents	16	50,581	92,795
		260,876	228,989
Total Assets		488,374	438,082
Liabilities and equity			
Non-current Liabilities			
Deferred tax liabilities	28	48,378	44,601
Medical and life insurance plan	11	30,837	23,543
Lease liabilities	18	5,850	6,739
		85,065	74,883
Current Liabilities			
Amount due to the Government of the Republic of Trinidad and Tobago (GORTT)	13	18,928	18,097
Borrowings	17	-	44,932
Lease liabilities	18	2,425	1,200
Accounts payable and accruals	19	103,485	30,222
		124,838	94,451
Total liabilities		209,903	169,334
Shareholders' equity			
Stated capital	20	120,200	120,200
Treasury shares	21	(3,003)	4,815
Retained earnings		163,142	153,451
Other reserves		(1,868)	88
Total equity		278,471	268,748
Total liabilities and equity		488,374	438,082

The notes on pages 42 to 90 are an integral part of these consolidated financial statements.

On 23 March 2022, the Board of Directors of National Flour Mills Limited 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 31 December 2021 $	2020 $
Revenue	23	441,652	417,906
Cost of sales	24	(362,854)	(304,452)
Gross profit	32	78,798	113,454
Selling and distribution expenses	24	(37,514)	(38,726)
Administration expenses	24	(43,230)	(43,880)
Other operating income	25	6,579	9,108
Operating profit		4,633	39,956
Finance cost	26	(2,119)	(4,184)
Profit before income tax		2,514	35,772
Income tax expense	28	(1,137)	(12,316)
Profit for the year		1,377	23,456
Other comprehensive income/(loss):			
Items that would not be reclassified to profit or loss			
Re-measurement of retirement benefit asset	10	22,753	(5,144)
Re-measurement of medical and life insurance plan	11	(6,260)	(1,002)
Changes to deferred taxes related to remeasurements	28	(4,947)	1,844
Gain/(loss) on investment at fair value through OCI	9	25	(567)
Gain on revaluation of treasury shares	21	-	1,805
Reversal of gain on revaluation of treasury shares		(1,805)	-
		9,766	(3,064)
Total comprehensive income for the year		11,143	20,392
Earnings per share	30		
Basic earnings per share (in cents)		1.17	19.88
Diluted earnings per share (in cents)		1.15	19.62

The notes on pages 42 to 90 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 31 December 2020						
Balance at 1 January 2020		120,200	(3,125)	(1,322)	138,165	253,918
Profit for the year		-	-	-	23,456	23,456
Reversal of gain on revaluation of treasury shares		-	(1,805)	-	-	(1,805)
Loss on investment at fair value through OCI		-	-	1,238	-	1,238
Re-measurement of retirement benefit asset and medical and life insurance plan, net of tax		-	-	-	(4,302)	(4,302)
Other movements		-	68	(4)	(262)	(198)
Transactions with owners of the Group:						
Dividends declared	31	-	-	-	(3,606)	(3,606)
Transfer of treasury shares	21	-	47	-	-	47
Balance at 31 December 2020		120,200	(4,815)	(88)	153,451	268,748
Year ended 31 December 2021						
Opening balance at 1 January 2021		120,200	(4,815)	(88)	153,451	268,748
Profit for the year		-	-	-	1,377	1,377
Reversal of gain on revaluation of treasury shares		-	1,805	(1,805)	-	-
Gain on investment at fair value through OCI		-	-	25	-	25
Re-measurement of retirement benefit asset and medical and life insurance plan, net of tax		-	-	-	11,546	11,546
Other movements		-	-	-	374	374
Transactions with owners of the Group:						
Dividends declared	31	-	-	-	(3,606)	(3,606)
Transfer of treasury shares	21	-	7	-	-	7
Balance at 31 December 2021		120,200	(3,003)	(1,868)	163,142	278,471

The notes on pages 42 to 90 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 31 December 2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,514	35,772
Adjustments for:			
Depreciation	5	14,582	15,486
Amortisation	6, 7	2,681	2,747
Interest and finance costs	26	1,686	3,438
Lease interest expense	26	407	455
Interest income	25	(34)	(122)
Dividend income	25	(24)	(222)
Gain or loss on foreign exchange	26	26	413
Retirement benefit expense	10	5,205	4,820
Medical plan expense	11	2,168	1,916
Retirement benefit asset contributions paid	10	(6,391)	(5,965)
Medical and life insurance plan contributions paid	11	(1,134)	(1,208)
Discounting of receivables		-	357
(Decrease)/increase in provision for doubtful accounts		(746)	3,991
		20,940	61,878
Changes in working capital:			
(Increase)/decrease in inventories		(49,789)	14,548
(Increase)/decrease in accounts receivable and prepayments		(18,007)	3,847
(Increase)/decrease in amounts due to/from GORTT		(365)	520
Increase in accounts payable and accruals		73,601	182
Cash provided by operations		26,380	80,975
Interest paid		(1,943)	(4,461)
Taxes paid		(8,216)	(9,743)
Net cash generated from operating activities		16,221	66,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted deposits		-	14,958
Disposal of assets	5	96	83
Sale of investments		6	57
Acquisition of property, plant and equipment	5	(8,649)	(6,920)
Interest received on loans		34	122
Dividend income		24	222
Purchase of intangible assets	6	(930)	-
Net cash (used in)/generated from investing activities		(9,419)	8,522
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings drawn		-	68,715
Borrowings repaid		(44,932)	(88,428)
Dividends paid		(3,606)	(5,700)
Lease interest paid		(407)	(455)
Principal repayments on finance lease		(71)	(208)
Net cash used in financing activities		(49,016)	(26,076)
Net (decrease)/increase in cash and cash equivalents		(42,214)	49,217
CASH AND CASH EQUIVALENTS AT START OF YEAR		92,795	43,578
CASH AND CASH EQUIVALENTS AT END OF YEAR		50,581	92,795
Cash and cash equivalents represented by			
Cash and cash equivalents	16	50,581	92,795

The notes on pages 42 to 90 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2021 • (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 14 April 1998.

The Company's principal activities are the production and distribution of food products and animal and poultry feeds. The subsidiary is an Employee Share 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 Enterprises Limited owning 51% of the issued share capital, which is majority owned by the Government of the Republic of Trinidad and Tobago (GORTT). NFM's ultimate parent is therefore the GORTT. The Group's registered office is 27-29 Wrightson Road, Port of Spain.

2. Significant Accounting Policies

The 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) Statement of compliance

These consolidated financial statements 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.

(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

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

(ii) Principles of consolidation (continued)

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 Company

COVID-19-related Rent Concessions – Amendments to IFRS 16 – As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022. If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: • When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are

2. Significant Accounting Policies (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New and amended standards adopted by the Company (continued)

considered economically equivalent, will not result in an immediate gain or loss in the income statement. The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

With reference to the above standards, amendments and interpretations which are effective there were no material impact to the Company. There were no other new standards or amendments effective for the first time that had a material impact on the Company.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

i. Reference to Conceptual Framework – Amendments to IFRS 3 (effective for accounting periods beginning on or after 1 January 2022)

ii. Amendment to IAS 16 Property, plant and equipment (effective for accounting periods beginning on or after 1 January 2022)

iii. Onerous Contracts - Cost of fulfilling contracts – Amendment to IAS 37 (effective for accounting periods beginning on or after 1 January 2022)

iv. Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for accounting periods beginning on or after 1 January 2023)

v. IFRS 17 Insurance Contracts New standard on accounting for insurance contracts, replacing IFRS 4 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023)

vi. Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)

vii. Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective 1 January 2023)

viii. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023)

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(b) Changes in accounting policies and disclosures (continued)

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

ix. Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023)

x. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2023)

(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.

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 (refer to note 37).

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 costs 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 with currently no bank borrowings. There are no plans to cease operations nor is the Group being forced to do so.

(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.

(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 income statement.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(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	2.5 - 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:

- 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.

2. Significant Accounting Policies (continued)

(f) Intangible assets (continued)

Software (continued)

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
- variable lease payment 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.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(g) Leases (continued)

Lessee accounting (continued)

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

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.

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 do not 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.

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.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(g) Leases (continued)

Lessee accounting (continued)

(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 income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(h) Investments

All financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(i) Financial instruments

(i) Classification

The Group classifies its financial assets in the following categories:

1) those to be measured at amortised cost, and
2) those to be measured at fair value through other comprehensive income (OCI)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in OCI. This is because the investments in the equity instruments held are not held for trading.

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group classifies its debt invtesments at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(i) Financial instruments (continued)

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date, 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.

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 investments

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.

(iv) Impairment

Impairment testing of financial assets under IFRS 9 is described in note 4 (a) (i).

For financial assets, 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 4 (a) (i) for further details.

(k) 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

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(k) Offsetting financial assets and financial liabilities (continued)

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.

(l) 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. Otherwise inventories related to raw materials, finished goods and packaging are valued using the first-in first-out method.

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.

(m) 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.

(n) 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 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.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are

2. Significant Accounting Policies (continued)

(o) Trade and other payables (continued)

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.

(p) 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.

(q) 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.

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 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.

2. Significant Accounting Policies (continued)

(r) 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.

(s) Employee benefits

(i) Retirement benefit plan

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

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

2. Significant Accounting Policies (continued)

(s) Employee benefits (continued)

(i) Retirement benefit plan (continued)

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 Group's net obligation in respect of the defined benefit plan (the Plan) is calculated by estimating the amount of future benefit and that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the Plan assets. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds of the Plan or reductions in future contributions to the Plan (after considering any minimum funding requirements).

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.

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

(ii) Medical and life insurance plan

The Group operates a medical and life insurance 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.

2. Significant Accounting Policies (continued)

(s) Employee benefits (continued)

(ii) Medical and life insurance plan (continued)

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, the market rates on government bonds are used. A medical life insurance report was provided on the 25 January 2022 by the external actuarial valuator, Beacon Woodrow & de Souza Limited.

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 Share Ownership Plan (ESOP)

The Group operates an Employee Share 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.

2. Significant Accounting Policies (continued)

(s) Employee benefits (continued)

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

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

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

(t) 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 customer 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

Notes to the Consolidated Financial Statements (continued)

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2. Significant Accounting Policies (continued)

(t) Revenue recognition (continued)

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 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.

(u) 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.

(iii) Sub-lease income

The Group has a sub-lease agreement with Trinidad and Tobago Electricity Commission (T&TEC) for five (5) years from 2013 to 2018 for an annual amount of $700 of which 25% is payable to Port Authority of Trinidad and Tobago (PATT). This income is recognised as other income in profit or loss. This sub lease expired in 2018 and is currently in the process of being renewed.

(v) 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.

2. Significant Accounting Policies (continued)

(w) 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).

(x) Other Reserves

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

(y) 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.

(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.

(z) 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.

(aa) 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. Operating segments have been identified as Food, Animal Feed and Other.

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.

Estimates

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

The present values of the pension and medical 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 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.

Notes to the Consolidated Financial Statements (continued)

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3. Critical accounting estimates and judgements (continued)

(c) Depreciation

Buildings are depreciated over 40 years on a straight line basis. These buildings are located on leasehold premises and the rate 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 Government receivables against Government payables subject to verification of a balance by a certain Ministry. Management is satisfied that the balances are accurate and no material adjustments will arise from the verification process. 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 Audit Department. 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, amounts due from GORTT, VAT Bonds, restricted deposits and credit exposures relating to outstanding receivable balances.

Notes to the Consolidated Financial Statements (continued)

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4. Financial risk management (continued)

a. Financial risk factors (continued)

(i) Credit risk (continued)

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.

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 has financial assets that are subject to the expected credit loss model including trade and government receivables :

(i) Trade receivables for sales of inventory

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

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. 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

Notes to the Consolidated Financial Statements (continued)

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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)

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 48 months before 31 December 2021 or 31 December 2020 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 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.

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

General pool of trade and other receivables

	Current	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
As at 31 December 2021					
Expected loss rate	1%	2%	5%	3%	
Gross carrying amount	42,133	10,490	1,725	20,428	74,776
Loss allowance	576	205	86	640	1,507
As at 31 December 2020					
Expected loss rate	2%	2%	6%	10%	
Gross carrying amount	24,249	9,249	2,408	5,766	41,672
Loss allowance	474	216	139	559	1,388

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 no risk of default, since all receivable balances relating to 2020 and 2021 are considered recoverable with no impairment. These Receivables amounted to $8,170 (2020: $7,905).

Included in receivables are amounts due from the Government of the Republic of Trinidad and Tobago ('GORTT') for goods and services provided to them. Some of the balances are from 2014. No provisions have been made for these balances as these amounts are expected to be settled within twelve months and the impact of any discounting for the time value of money is considered immaterial. Refer to Note 3 and 13.

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

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

4. Financial risk management (continued)

a. Financial risk factors (continued)

(i) Credit risk (continued)

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

General pool of trade and other receivables (continued)

	2021 $	2020 $
Allowance as at 1 January	15,051	11,060
Bad debt written off against the provision	-	-
Increase in loss allowance recognised in profit or loss	107	183
Bad debts collected	36	-
Decrease in specific provision	(853)	-
Specific receivables deemed as uncollectible	-	3,808
Closing loss allowance as at 31 December	14,341	15,051

(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.

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 2021						
Accounts payable	103,485	-	-	-	103,485	103,485
Lease liabilities	2,425	2,705	417	2,799	8,346	8,274
Amounts due to GORTT	18,928	-	-	-	18,928	18,928
	124,838	2,705	417	2,799	130,759	130,687
At 31 December 2020						
Accounts payable	28,806	-	-	-	28,806	30,222
Lease liabilities	1,408	2,830	1,831	2,921	8,990	7,939
Borrowings	45,956	-	-	-	45,956	44,932
Amounts due to GORTT	18,097	-	-	-	18,097	18,097
	94,267	2,830	1,831	2,921	101,849	101,190

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

4. Financial risk management (continued)

a. Financial risk factors (continued)

(ii) Liquidity risk (continued)

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

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	
	2021 $	2020 $
Cash	250	533
Accounts receivable	53	49
Accounts payable	(611)	(43)
Borrowings	-	(407)
	(308)	132

(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.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

4. Financial risk management (continued)

a. Financial risk factors (continued)

(iii) Market risk (continued)

Sensitivity analysis

In relation to cash flow interest rate risk, the Directors consider that a 1% movement in interest rates represents reasonable possible changes. The impact on profit after income tax would be $0 as we have no loans at 31 December 2021 (2020: $46).

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.

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 2021 $	Impact on other comprehensive income 2020 $	Impact on other components of equity 2021 $	Impact on other components of equity 2020 $
Trinidad and Tobago Stock Exchange increase by 10% in 2021 (2020: 10%)	72	57	72	48
Trinidad and Tobago Stock Exchange decrease by 5% in 2021 (2020: 5%)	(36)	48	(36)	(24)

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

4. Financial risk management (continued)

a. Financial risk factors (continued)

(iii) Market risk (continued)

(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 are carried at amortised cost. Investments are carried at 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 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)

Notes to the Consolidated Financial Statements (continued)

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5. Property, Plant and Equipment

	Buildings $	Plant machinery and equipment $	Office furniture and equipment $	Motor vehicles $	Work in progress $	Total $
Year Ended 31 December 2021						
Opening net value	107,857	47,137	7,949	685	1,437	165,065
Additions	648	2,924	1,648	744	2,685	8,649
Disposals	-	-	-	-	(96)	(96)
WIP Commissioned	317	1,328	-	-	(1,645)	-
Depreciation	(5,354)	(6,787)	(1,981)	(460)	-	(14,582)
Closing net book value	103,468	44,602	7,616	969	2,381	159,036
At 31 December 2021						
Cost	171,566	123,851	15,185	2,526	2,381	315,509
Accumulated depreciation	(68,098)	(79,249)	(7,569)	(1,557)	-	(156,473)
Net book value	103,468	44,602	7,616	969	2,381	159,036
Year Ended 31 December 2020						
Opening net book value	110,689	51,074	9,074	1,003	1,874	173,714
Additions	473	3,044	1,102	156	2,145	6,920
Disposals	-	-	-	-	(83)	(83)
WIP Commissioned	1,812	609	78	-	(2,499)	-
Depreciation	(5,117)	(7,590)	(2,305)	(474)	-	(15,486)
Closing net book value	107,857	47,137	7,949	685	1,437	165,065
At 31 December 2020						
Cost	170,601	120,031	13,537	1,782	1,437	307,388
Accumulated depreciation	(62,744)	(72,894)	(5,588)	(1,097)	-	(142,323)
Net book value	107,857	47,137	7,949	685	1,437	165,065
At 1 January 2020						
Cost	178,915	320,063	20,252	8,242	1,874	529,346
Accumulated depreciation	(68,226)	(268,989)	(11,178)	(7,239)	-	(355,632)
Net book value	110,689	51,074	9,074	1,003	1,874	173,714

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

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 TT$90 million comprising of a fixed charge over leasehold 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 and amortisation of $11,700 (2020: $12,276) was recogised in cost of sales with $4,562 (2020: $5,015) recognised in expenses.

6. Intangible assets

	Software $
Year Ended 31 December 2021	
Opening net book value	3,968
Additions	930
Depreciation	(1,679)
Closing net book value	3,219
At 31 December 2021	
Cost	8,390
Accumulated depreciation	(5,171)
Net book value	3,219
Year Ended 31 December 2020	
Opening net book value	5,773
Depreciation	(1,805)
Closing net book value	3,968
At 31 December 2020	
Cost	7,460
Accumulated depreciation	(3,492)
Net book value	3,968
At 1 January 2020	
Cost	8,593
Accumulated depreciation	(2,820)
Net book value	5,773

Notes to the Consolidated Financial Statements (continued)

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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.

7. Right-of-use assets

	2021 $	2020 $
Opening net book value	7,266	6,920
Additions	-	1,288
Depreciation charge	(1,002)	(942)
Closing net book value	6,264	7,266
Cost	8,969	8,935
Accumulated depreciation	(2,705)	(1,669)
Net book value	6,264	7,266

The Group leases mainly comprise land and plant & equipment. 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 mature on 15 May 2023. They are secured by a Trust Deed dated 15 May 2020 between the Republic of Trinidad and Tobago and the Trinidad and Tobago Unit Trust Corporation as trustee for the bondholders.

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.

Recurring fair value measurements at 31 December 2021

	Level 1 $	Total $
Financial assets		
Investments listed on Trinidad and Tobago		
Stock Exchange- NEL Shares	697	697

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

9. Investments at Fair Value through OCI (continued)

(i) Fair value hierarchy (continued)

	Level 1 $	Total $
Recurring fair value measurements at 31 December 2020		
Financial assets		
Investments listed on Trinidad and Tobago Stock Exchange- NEL Shares	672	672

	Listed Securities	
	2021 $	2020 $
Opening balance 1 January	672	1,248
Appreciation/ (depreciation) in value of shares refer note 21	25	(566)
Sale of shares	-	(10)
Closing balance 31 December	697	672

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

	2021 $	2020 $
Present value of defined benefit obligation	(203,155)	(199,542)
Fair value of the assets in the Plan	246,273	218,721
Recognised asset for the Plan	43,118	19,179
a. *Change in defined benefit obligation*		
Defined benefit obligation at start of year	(199,542)	(191,644)
Benefits paid	7,978	7,725
Current service cost	(6,016)	(5,823)
Interest cost	(11,259)	(10,331)
Members' contribution	(2,355)	(2,199)
Re-measurements:		
- Experience adjustments	1,705	(3,584)
- Actuarial gain from changes in financial assumptions	6,334	6,314
Defined benefit obligation at end of year	(203,155)	(199,542)

Notes to the Consolidated Financial Statements (continued)

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10. Retirement Benefit Asset (continued)

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

	2021	2020
- Active members	58%	58%
- Deferred members	10%	13%
- Pensioners	32%	29%

The weighted average duration of the defined benefit obligation was 13.1 years (2020: 13.7 years).

- 98% (2020: 98%) of the benefits for active members were vested.
- 18% (2020: 17%) of the defined benefit obligation for active members was conditional on future salary increases.

	2021 $	2020 $
c. *Change in plan assets*		
Plan assets at start of year	218,721	214,822
Interest income	12,594	11,814
Return on plan assets, excluding interest income	14,714	(7,874)
Company's contributions	6,391	5,965
Members' contributions	2,355	2,199
Benefits paid	(7,978)	(7,725)
Administrative expenses	(524)	(480)
Plan assets at end of year	246,273	218,721
Actual return on Plan assets	27,308	3,940
d. *Asset allocation*		
Locally listed equities	88,624	66,420
Foreign equities	32,231	23,122
TT$ denominated bonds	87,253	88,242
Non TT$ denominated bonds (mainly US$)	16,998	20,352
Mutual funds	6,181	2,291
Cash and cash equivalents	8,958	11,775
Other (immediate annuity policies)	6,028	6,519
	246,273	218,721
e. *Expense recognised in profit or loss*		
Current service cost	6,016	5,823
Net interest on defined benefit obligation	(1,335)	(1,483)
Administrative expenses	524	480
Total amount recognised	5,205	4,820
f. *Re-measurements recognised in other comprehensive income*		
Experience gain/(loss)	22,753	(5,144)

Notes to the Consolidated Financial Statements (continued)

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10. Retirement Benefit Asset (continued)

g. Reconciliation of opening and closing statement of financial position entries:

	2021 $	2020 $
Opening defined benefit asset	19,179	23,178
Net pension cost	(5,205)	(4,820)
Re-measurements recognised in other comprehensive income	22,753	(5,144)
Company contributions paid	6,391	5,965
Closing defined benefit asset	43,118	19,179

h. The Company expects to contribute $0 million to its defined benefit pension plan in 2022.

i. Summary of principal assumptions

	2021	2020
Discount rate at 31 December	6.00%	5.75%
Salary increases	3.25%	3.25%
Future pension increases	0.00%	0.00%

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:

	2021	2020
Life expectancy at age 60 for current pensioners (in years)		
- Male	21.8	21.7
- Female	26.1	26
Life expectancy at age 60 for current members age 40 (in years)		
- Male	22.7	22.6
- Female	27	26.9

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 2021		
Discount rate	(22,760)	28,095
Future salary increases	8,631	(7,588)
31 December 2020		
Discount rate	(23,354)	28,883
Future salary increases	8,007	(7,065)

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

10. Retirement Benefit Asset (continued)

j. Sensitivity (continued)

An increase of one year in the assumed life expectancy would increase the defined benefit obligation at 31 December, 2021 by $3.421 million (2020: $3,421 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 31 December 2020.

11. Medical and life insurance plan

	2021 $	2020 $
Recognised liability for the Medical and Life Insurance Plan	30,837	23,543
a. Change in the obligations		
Obligation at start of year	(23,543)	(21,833)
Benefits paid	1,134	1,208
Current service cost	(847)	(748)
Interest cost	(1,321)	(1,168)
Re-measurements:		
-Experience adjustments	(7,295)	(1,886)
-Actuarial loss from changes in financial assumptions	1,035	884
Obligation at end of year	(30,837)	(23,543)
b. The defined benefit obligation was allocated between the Plan's members as follows:		
Active members	40%	42%
Pensioners	60%	58%

The weighted average duration of the defined benefit obligation was 14 years (2020: 14.6 years).

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

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

	2021 $	2020 $
Current service cost	847	748
Interest on defined benefit obligations	1,321	1,168
Net benefit cost	2,168	1,916

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

11. Medical and life insurance plan (continued)

	2021 $	2020 $
d. *Re-measurements recognised in other comprehensive income*		
Experience loss	(6,260)	(1,002)

e. *Reconciliation of opening and closing statement of financial position entries:*

	2021 $	2020 $
Opening defined benefit obligations	23,543	21,833
Net benefit cost	2,168	1,916
Re-measurements recognised in other comprehensive income	6,260	1,002
Benefits paid by the Company	(1,134)	(1,208)
Closing defined benefit obligations	30,837	23,543

f. *The Group expects to pay $1.1 million in benefits in 2022.*

g *Summary of principal assumptions*

	2021	2020
Discount rate at 31 December	6.00%	5.75%
Future medical cost increases	4.50%	4.50%
Future salary increases	3.25%	3.25%

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 2021		
Discount rate	(3,752)	4,721
Medical cost increases	3,920	(3,147)
31 December 2020		
Discount rate	(3,190)	4,055
Medical cost increases	3,188	(2,535)

An increase of one year in the assumed life expectancies would increase the defined benefit obligation as at 31 December 2021, by $0.416 million (2020: $0.352 million).

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

11. Medical and life insurance plan (continued)

h. Sensitivity (continued)

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) 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 under perform 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.

(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.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

12. Accounts receivable and prepayments (continued)

	2021 $	2020 $
Trade receivables	69,780	61,351
Less expected credit loss	(14,341)	(15,051)
	55,439	46,300
Prepayments	7,583	4,726
Other receivables	16,546	9,825
	79,568	60,851

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 $4,561 (2020: $6,382).

The movement in the provision for impaired trade receivables consists of increases for additional provisions offset by receivables written off and unused provisions released to the profit or loss account. The provision is utilised when there is no expectation of recovering additional cash.

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

	Performing $	Non-Performing $	ECL (Note 4a) $	Total $
2021				
Current	40,026	-	576	40,602
Over 45 days	2,858	-	205	3,063
Over 60 days	1,631	-	86	1,717
Over 90 days	10,924	12,834	640	24,398
	55,439	12,834	1,507	69,780
2020				
Current	37,270	-	474	37,744
Over 45 days	2,135	-	216	2,351
Over 60 days	2,269	-	139	2,408
Over 90 days	4,637	13,652	559	18,848
	46,311	13,652	1,388	61,351

The credit quality of customers is assessed at the Company 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 Groups policy that overdue accounts are reviewed monthly at sales and marketing management meetings to mitigate exposure to credit risk and provided for where appropriate.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

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. Amounts due from the GORTT amounted to $19,726 (2020: $18,530) and amounts payable to the GORTT amounted to $18,928 (2020: $18,097).

During the year the Ministry of Finance agreed to a setting off of Government receivables and payables balances subject to verification of the amounts owed to the Group. No provisions have been made for the receivables.

14. Inventories

	2021 $	2020 $
Raw materials	73,152	26,945
Packaging materials	5,990	3,731
Finished goods and work in progress	11,232	10,220
Spares	10,163	9,852
	100,537	50,748

Inventories are stated after a provision for impairment of $1,320 (2020: $1,704). The amount recognised as an expense in the year in respect of the write down of inventories is $13,327 (2020: $22,217).

The cost of inventories recognised as an expense and included in cost of sales is $270,251 (2020: $217,665) (Note 24).

15. Restricted deposit

Restricted deposits comprise of $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 0.15%

16. Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank and in hand	50,316	92,534
Short-term bank deposits	265	261
	50,581	92,795

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

17. Borrowings

	2021 $	2020 $
Total borrowings	-	44,932
Current portion	-	(44,932)
Non-current portion	-	-

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

	US$	US$
Export Import Bank of Trinidad and Tobago Limited	-	5,982

	TT$	TT$
TTD equivalent of USD denominated loans	-	40,675
TTD denominated loan - Republic Bank Limited	-	4,257
Total borrowings	-	44,932

All loans were repaid in 2021.

18. Lease liabilities

	2021 $	2020 $
Balance at January 1	7,939	6,859
New leases	-	1,288
Prepayment	407	-
Principal repayments	(71)	(208)
Balance at December 31	8,275	7,939
Current portion	(2,425)	(1,200)
Non-current portion	5,850	6,739

(ii) Amounts recognised in the statement of comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	2021 $	2020 $
Amortisation charge	1,002	942
Interest expense (included in finance cost)	407	455
Expense relating to short-term leases (included in cost of sales and administrative expenses)	284	331
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 2021 was $882 (2020: $1,113).

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

18. Lease liabilities (continued)

Lessor

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

	2021 $	2020 $
Rental income from operating leases	700	700
Direct operating expenses from property that generated rental income	236	236

19. Accounts payable and accruals

	2021 $	2020 $
Trade payables	81,604	12,708
Payroll related liabilities	5,871	4,110
Accrued expenses	12,728	10,733
Vacation accrual	3,282	2,671
	103,485	30,222

Included within payroll related liabilities is the amount payable to employees of $917 (2020: $519) 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.

	2021 $	2020 $
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 Share 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

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

21. Treasury shares (continued)

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 Share Ownership Plan. The number of Company shares held by the plan as at 31 December 2021 was 2,236,475 (2020: 2,239,521) with a fair value of $4,249 (2020: $4,815). During the year, the loss on treasury shares amounted to $559.

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 214,481 (2020: 214,647) with a fair value of $695 (2020: $672). 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

	2021 $	2020 $
Financial assets		
VAT bond	5,460	5,460
Accounts receivable	79,568	60,851
Amounts due from the GORTT	19,726	18,530
Cash and cash equivalents	50,581	92,795
Investments at fair value through OCI	697	672
Restricted deposit	1,584	1,584
	157,616	179,892
Financial liabilities		
Accounts payable and accruals	103,485	30,222
Lease liability	8,275	7,939
Amounts due to the GORTT	18,928	18,097
Borrowings	-	44,932
	130,688	101,190

Notes to the Consolidated Financial Statements (continued)

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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 31 December 2020				
Segment revenue	299,315	102,336	16,503	418,154
Less: Intersegment revenue	-	-	(248)	(248)
Revenue from external customers	299,315	102,336	16,255	417,906
Timing of revenue recognition				
At a point in time	299,315	102,336	16,255	417,906
Revenue from external customers	299,315	102,336	16,255	417,906
Year ended 31 December 2021				
Segment revenue	296,016	134,402	11,472	441,890
Less: Intersegment revenue	-	-	(238)	(238)
Revenue from external customers	296,016	134,402	11,234	441,652
Timing of revenue recognition				
At a point in time	296,016	134,402	11,234	441,652
Revenue from external customers	296,016	134,402	11,234	441,652

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

24. Expenses by nature

	2021 $	2020 $
Direct materials	270,251	217,665
Salaries and wages	96,875	86,520
ESOP Allocation to employees	89	674
Rents, rates and taxes	2,078	2,521
Transportation, security, electricity, communication and handling charges	21,703	19,633
Repairs and maintenance	7,105	7,276
Depreciation and amortisation	17,264	18,233
Insurance	6,101	5,115
Professional and legal fees	3,187	5,109
Provision for doubtful accounts	(710)	3,991
Advertising and promotion	2,225	1,673
Other	17,430	18,648
Total cost of sales, selling and distribution and administrative expenses	443,598	387,058

Notes to the Consolidated Financial Statements (continued)

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25. Other operating income

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

	2021 $	2020 $
Management fee	4,800	4,800
Rental income - sublease	700	700
Dividend income	24	222
Other amounts	1,021	3,386
Interest income	34	-
	6,579	9,108

26. Finance cost

	2021	2020
Interest and bank charges	1,686	3,438
Lease interest	407	455
Foreign exchange loss (Note 27)	26	413
	2,119	4,306

27. Foreign exchange gains/(losses)

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

	2021 $	2020 $
Exchange loss on foreign currency borrowings included in finance cost (Note 26)	(26)	(413)
Total net foreign exchange gains/(losses) recognised in profit before tax for the period	(26)	(413)

28. Current and deferred taxation

	2021	2020
Current taxation expense		
Deferred tax credit	(3,391)	(1,590)
Current tax charge	4,528	13,906
	1,137	12,316
The Group's effective tax rate of 45% (2020: 34%) differs from the statutory tax rate of 30% as follows:		
Profit before taxation	2,514	35,772
Tax calculated at 30%	754	10,732
Tax impact of expenses not deductible for tax purposes	222	920
Tax impact of income not subject to tax	(34)	(58)
Other differences	195	722
	1,137	12,316

Notes to the Consolidated Financial Statements (continued)

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28. Current and deferred taxation (continued)

	2021 $	2020 $
Deferred taxation		
Deferred income tax asset	9,704	7,483
Deferred income tax liabilities	(48,378)	(44,601)
Net deferred income tax liability	(38,674)	(37,118)

	IFRS 9 Provision $	Retirement Benefit Asset $	Medical Plan $	Property Plant and Equipment & Intangible Assets $	IFRS 16 $	Total $
Year Ended 31 December 2021						
At 1 January 2021	419	(5,754)	7,064	(38,847)	-	(37,118)
(Charge)/credit to:						
- profit or loss	33	(356)	309	2,802	603	3,391
- other comprehensive loss	-	(6,826)	1,879	-	-	(4,947)
At 31 December 2021	452	(12,936)	9,252	(36,045)	603	(38,674)
Year Ended 31 December 2020						
At 1 January 2020	365	(6,953)	6,551	(40,533)	18	(40,552)
(Charge)/credit to:						
- profit or loss	54	(344)	212	1,686	(18)	1,590
- other comprehensive loss	-	1,543	301	-	-	1,844
At 31 December 2020	419	(5,754)	7,064	(38,847)	-	(37,118)

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.

Notes to the Consolidated Financial Statements (continued)

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29. Related party transactions

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

	2021 $	2020 $
Key management compensation		
All managers and executive salaries and key compensation	11,427	10,632
Post-employment benefits	781	728
Director's fees	529	539
	12,737	11,899

In 2020 the GORTT provided a guarantee over one of the Group's borrowing facilities for up to US$15M.

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

	2021 $	2020 $
Sales from the rendering of services to related parties	4,849	4,915
Purchases of goods from related parties	831	776

During the year the Ministry of Finance has agreed to a set off of Government receivables and payables.

No provisions have been made for these balances.

30. Earnings per share

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of $1,377 (2020: $23,456) by the weighted average number of ordinary shares outstanding of 120,200,000 (2020: 120,200,000) less treasury shares of 2,236,475 (2020: 2,240,000).

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of $1,377 (2020: $23,456) by the weighted average number of ordinary shares outstanding of 120,200,000 (2020: 120,200,000) less unallocated treasury shares of 663,800 (2020: 624,000).

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. Dividends in respect of the year ended 31 December 2021

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

31. Dividends (continued)

of 3 cents per share or $3,606 was declared in the 2021 financial year (2020: 3 cents per share or $3,606).

Dividends payable as at year end amounted to $0 (2020: $0).

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 distributing flour, flour by-products and rice.
- Animal feed includes manufacturing and distribution of feed products for animals.
- Other operations include the purchase and sale of imported dry goods and grain.

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 Chief Operating Decision Maker (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 Chief Operating Decision Maker (CODM).

	Food		Animal feed		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$
Segment revenue	296,016	299,315	134,402	102,336	11,234	16,255	441,652	417,906
Gross profit	55,947	80,552	18,912	27,229	3,939	5,673	78,798	113,454
Depreciation and amortisation	16,228	17,139	863	912	173	182	17,264	18,233
Net finance cost	1,772	3,556	188	377	125	251	2,085	4,184
Other operating income	6,317	8,745	132	182	131	182	6,580	9,109
Profit before tax	1,785	25,398	629	8,943	100	1,431	2,514	35,772

Notes to the Consolidated Financial Statements (continued)

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32. Operating segments (continued)

	Food		Animal feed		Other		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Property, plant and equipment	149,494	155,161	7,952	8,253	1,590	1,651	159,036	165,065
Intangible assets	3,026	3,730	161	198	32	40	3,219	3,968
Borrowings	-	-	-	-	-	-	-	44,932
Accounts payable and accruals	-	-	-	-	-	-	103,485	30,222

Entity wide disclosures

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

The breakdown of revenue by business:

	2021 $	2020 $
Revenue		
Flour	260,787	261,007
Feed mill	134,402	102,336
Parboiled rice	5,354	6,173
Corn	-	6,315
Dry mixes	21,171	23,458
Trading	8,704	8,677
Oil	11,234	6,510
Other	-	(770)
Soya	-	4,200
	441,652	417,906
Revenue from external customers		
Export sales	39,791	26,696
Local sales	401,861	391,210
	441,652	417,906

Major customers

The Group has one third party customer whose revenue exceeds 10% of total sales. In 2021 sales with this customer was 13% of total sales (2020: 13%).

33. Net debt reconciliation

The Group's cash and cash equivalents exceeded lease liabilities and borrowings as at the current and prior year ends.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

33. Net debt reconciliation (continued)

	2021 $	2020 $
Net debt		
Cash and cash equivalents	50,581	92,795
Lease liabilities	(8,275)	(7,939)
Borrowings payable within one year	-	(44,932)
	42,306	39,924
Cash and cash equivalents	50,581	92,795
Gross debt - fixed interest rates	(8,275)	(52,871)
	42,306	39,924
Gearing	Nil	Nil

	Cash $	Finance leases $	Borrowings due within one year $	Total $
Net debt as at 1 January 2020	43,578	(6,859)	(64,645)	(27,926)
Cash flows	49,217	(1,080)	19,713	67,850
Net debt as at 31 December 2020	92,795	(7,939)	(44,932)	39,924
Net debt as at 1 January 2021	92,795	(7,939)	(44,932)	39,924
Cash flows:	(42,214)	-	-	(42,214)
Prepayment	-	(407)	-	(407)
Principal repayments	-	71	44,932	45,003
Net debt as at 31 December 2021	50,581	(8,275)	-	42,306

(i) Other changes in finance leases of $406 relates to the interest cost on the lease obligation.

34. Impairment test for carrying value of net assets

For the year ended 31 December 2021, the carrying value of the Group's net assets was $278,471 while the market capitalisation was $234,390. This was a trigger for an impairment test to be carried out. The impairment assessment performed by management was at the entity level since this is the level that the impairment trigger existed.

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

34. Impairment test for carrying value of net assets (continued)

The recoverable amount of this business unit is determined based on a value-in-use calculation. This calculation uses 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 stated below.

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

	2021	2020
Revenue	3.2%	1.0%
Terminal growth rate	1.4%	1.0%
Pre-tax discount rate	10.4%	16.1%
EBITDA as a % of sales	7.9%	9.0%
Gross margin %	20.0%	23.0%

Assumption	Approach used to determining values
Revenue	Average annual 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.

Holding all other factors constant, if each of the principal assumptions changed the headroom would change as follows:

	Rate changes		Movement in headroom	
	From	To	From	To
	%	%	$	$
2021				
Revenue growth rate	3.2	(3.0)	177,383	(381)
Terminal growth rate	1.4	(12.0)	177,383	(3)
Discount rate	10.4	26.0	177,383	(68)
EBITDA rate	7.9	1.0	177,383	(31)
Gross profit margin	20.0	17.0	177,383	(26)
2020				
Revenue growth rate	1.2	0.7	98,861	(276)
Terminal growth rate	1.0	(8)	98,861	(25)
Discount rate	16.1	19.3	98,861	(303)
EBITDA rate	8.2	(13.4)	98,861	(109)

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

34. Impairment test for carrying value of net assets (continued)

The recoverable amount of this CGU would equal its carrying amount if any of the following key assumptions were to change as follows:

	2021		2020	
	Rate changes		Rate changes	
	From	To	From	To
	%	%	%	%
Revenue growth rate	3.2	(3.0)	1	0.7
Terminal growth rate	1.4	(12.0)	1	(7.8)
Pre-tax discount rate	10.4	26.0	16.1	19.3
EBITDA as a% of sales	7.9	1.0	8.2	(13.4)
Gross profit margin	20.0	17.0	-	-

35. Commitments

Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not recognised as liabilities.

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 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-22
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	1,500	4-Mar-22
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	10	7-Feb-23
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	50	10-Feb-22
TTD	The Ministry of National Security	11	28-Sep-22
TTD	The Comptroller of Customs	10	23-Mar-22

Notes to the Consolidated Financial Statements (continued)

31 December 2021 • (Presented in thousands of Trinidad and Tobago Dollars unless otherwise stated)

36. Contingent liabilities (continued)

c. *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 1 January 2010. There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on 30 September 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 has not yet been enforced primarily due to non-completion of property valuations by the statutory authority and assessments not 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

In January 2022 Russia began mobilising military forces around Ukraine's borders. Escalation continued and on 24 February 2022, Russia launched a full-scale invasion on three fronts: on the north from Belarus, on the east from Russia and on the south from Crimea. Currently, more than a dozen cities across Ukraine have been attacked by air strikes and ground offensives. Russia's invasion of Ukraine has and may continue to have a substantial impact on grain prices and supplies since both countries are major global suppliers of grain. Capital markets are reacting to the economic effects of this situation, which include a material increase in commodity prices, which could add to already high inflationary pressures, challenging efforts by the global central banks to curb inflation. The extent and duration of the impact of Russia's invasion of Ukraine, including the resulting sanctions levied against Russia, on global and local economies, financial markets are uncertain and ever evolving and has the potential to adversely affect the Company's business, results of operations or financial condition.

Management has considered the adverse impact of the crisis on supply and cost of raw material. Management has no reason to expect any significant issues in supply of raw materials. As of the date of management's approval of the consolidated financial statements the Group has already received two of its planned shipment purchases of grain for the year with another expected to arrive mid-year. The Group maintains stock levels sufficient to cover six months of production. With respect to the impact on the cost of grain, the Company expects that with the recent increase in price of its flour products and future price adjustments to match changes in raw material costs, it will be able to continue generating sufficient cashflows from revenue to weather this event.

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 Forty-Ninth Annual Meeting of the Shareholders of the Company will be held in the virtually and in-person in the Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain on Friday 1st July 2021 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
19 April 2022	Sati Jagmohan Secretary	

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