

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Consolidated Financial Statements

31 December 2024

(Expressed in Thousands of Trinidad and Tobago Dollars)

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

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NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of NATIONAL FLOUR MILLS LIMITED and its Subsidiary, (the Group) which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the year then ended, and material 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 IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

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

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



Ian Mitchell
Chief Executive Officer
24 March 2025



Michael Valentine
Chief Financial Officer
24 March 2025



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 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

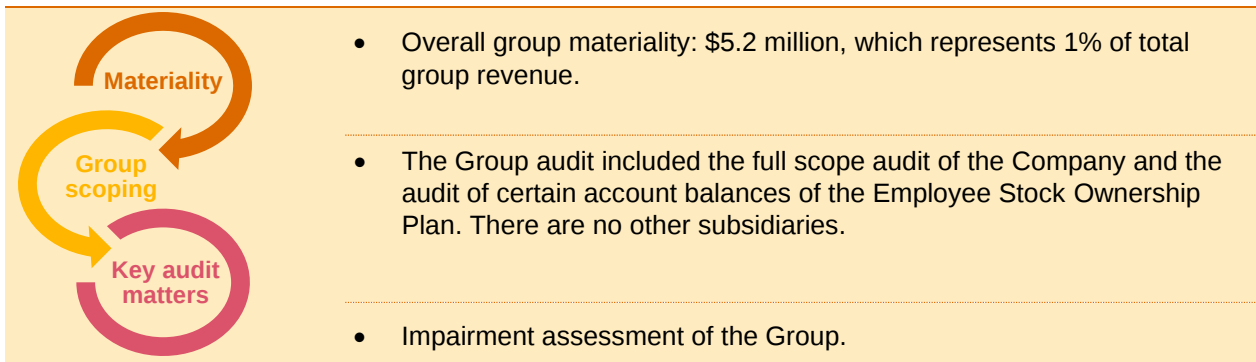
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Our audit approach (continued)

Audit scope

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

How we tailored our group audit scope

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

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

Materiality

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

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

Overall Group materiality	\$5.2 million
How we determined it	1% of total group revenue
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is the most stable benchmark against which the performance of the Group is measured by users and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$260,000, 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.

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Group Refer to notes 2(c), 2(n), 3(b) and 33 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 2024 was \$330m. The market capitalisation of the Group was \$204m 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 Group. No impairment loss is recognised if the recoverable amount exceeds the carrying value of the net assets. In performing the impairment assessment, management determined the recoverable amount using discounted cash flows to estimate the value-in-use, being the present value of future expected cash flows. This involves subjective judgements in relation to forecasting future cash flows and is sensitive to the following key assumptions: • Average annual revenue growth rate; • Terminal growth rate; • Pre-tax discount rate; • EBIDTA as a % of sales; and • Gross profit margin. During the year, management continued to develop a number of planned strategies and initiatives, aimed at increasing revenue and achieving operational efficiencies which are reflected in the key assumptions. We focused our attention in particular on management's forecasts for revenue growth over the next 5 years, as well as its plans for operational efficiencies, in light of the inherent subjectivity in forecasting the impact of the implementation of the planned strategies and initiatives on future financial performance.	We considered the method used by management to perform the impairment assessment for the entity and assessed whether it is appropriate based on the requirements of IAS 36. With the assistance of our internal valuation experts, the following procedures, amongst others, were performed: • obtained management's discounted cash flow (DCF) model including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the recoverable amount of the business; • agreed and tested the mathematical accuracy, including verifying spreadsheet formulae, of the DCF model; • agreed the 31 December 2024 base year financial information to the current year results; • evaluated the disclosures made within the consolidated financial statements; and • assessed management's key assumptions as follows: Average annual revenue growth rate – Assessed management's historic ability to accurately budget and meet budget expectations by comparing past results with historical budgeted projections. Evaluated management's assumptions for the next 5 years, whilst considering any contrary evidence, including assessing management's planned strategies and the reasonableness of management's forecasted revenue. Assessed the economic outlook for Trinidad and Tobago, as well as the projected growth, to determine whether management's growth rates were reasonable in the circumstances existing at the statement of financial position date. Terminal growth rate – Assessed the reasonableness of management's terminal growth rate which included evaluating the maturity of the business, past results and management's future plans. Pre-tax discount rate – Assessed certain key inputs within the pre-tax discount rate calculation, including the cost of equity and the cost of debt. Developed a point estimate using available market inputs to determine the reasonableness of management's estimate. EBITDA as a % of sales & gross profit margin – Assessed management's plans for achieving operational efficiencies in conjunction with our assessment of revenue growth rates outlined above.

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of the Group (continued)</i> As the recoverable amount derived from the value-in-use calculation was higher than the total carrying amount of the net assets, management ultimately determined no impairment provision was required. We focused on this area because of the significant level of judgement required in arriving at the key assumptions used in management's impairment assessment.	Reviewed the global outlook on commodity prices supporting the future price per unit assumptions over raw materials to determine whether they were reasonable in the circumstances existing at the reporting date. Performed further sensitivity analysis by considering the impact of changes in management's average annual revenue growth rate, terminal growth rate, pre-tax discount rate, EBITDA as a % of sales, and gross profit margin.

Other information

Management is responsible for the other information. The other information comprises the 2024 Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the 2024 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



Port of Spain
Trinidad, West Indies
24 March 2025

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Consolidated Statement of Financial Position

(Expressed thousands of Trinidad and Tobago Dollars unless otherwise stated)

		As at 31 December	
		2024	2023
		\$	\$
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5	204,907	168,754
Intangible assets	6	915	1,069
Right-of-use asset	7	3,371	4,317
Investments at fair value through OCI	8	4,641	866
Retirement benefit asset	9	20,162	12,567
Deferred taxation assets	27	<u>15,081</u>	<u>13,384</u>
		<u>249,077</u>	<u>200,957</u>
<i>Current assets</i>			
Accounts receivable and prepayments	11	92,152	90,824
Amount due from the Government of the Republic of Trinidad and Tobago (GORTT)	12	2,094	--
Inventories	13	84,667	131,071
Taxation recoverable		4,264	4,266
Restricted deposit	14	1,604	1,598
Cash and cash equivalents	15	<u>37,245</u>	<u>18,305</u>
		<u>222,026</u>	<u>246,064</u>
Total assets		<u>471,103</u>	<u>447,021</u>
Liabilities and equity			
<i>Non-current liabilities</i>			
Deferred tax liabilities	27	46,570	37,873
Medical and life assurance plan	10	39,632	37,452
Lease liabilities	17	<u>4,908</u>	<u>4,044</u>
		<u>91,110</u>	<u>79,369</u>
<i>Current liabilities</i>			
Amount due to the Government of the Republic of Trinidad and Tobago (GORTT)	12	62	285
Borrowings	16	--	25,000
Lease liabilities	17	1,031	2,378
Accounts payable and accruals	18	45,110	41,140
Taxation payable		<u>4,287</u>	<u>8,901</u>
		<u>50,490</u>	<u>77,704</u>
Total liabilities		<u>141,600</u>	<u>157,073</u>
<i>Shareholders' equity</i>			
Stated capital	19	120,200	120,200
Treasury shares	20	(3,319)	(4,189)
Retained earnings		214,490	175,805
Other reserves		<u>(1,868)</u>	<u>(1,868)</u>
Total equity		<u>329,503</u>	<u>289,948</u>
Total liabilities and equity		<u>471,103</u>	<u>447,021</u>

The notes on pages 12 to 65 are an integral part of these consolidated financial statements.

On 24 March 2025, the Board of Directors of NATIONAL FLOUR MILLS LIMITED authorised these consolidated financial statements for issue.

  Director

 Director

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Consolidated Statement of Comprehensive Income

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

		Year ended 31 December	
	Notes	2024 \$	2023 \$
Revenue	22	523,405	577,333
Cost of sales	23	<u>(362,231)</u>	<u>(425,283)</u>
Gross profit	31	161,174	152,050
Selling and distribution expenses	23	(49,431)	(47,456)
Administration expenses	23	(53,819)	(52,117)
Other operating income	24	<u>6,427</u>	<u>6,843</u>
Operating profit		64,351	59,320
Finance cost	25	<u>(1,452)</u>	<u>(5,063)</u>
Profit before income tax		62,899	54,257
Income tax expense	27	<u>(18,717)</u>	<u>(18,805)</u>
Profit for the year		44,182	35,452
Other comprehensive income/(loss):			
Items that would not be reclassified to profit or loss			
Re-measurement of retirement benefit asset	9	5,231	(2,816)
Re-measurement of medical and life assurance plan	10	(1,179)	254
Changes to deferred taxes related to remeasurements	27	(1,215)	769
Gain on investment at fair value through OCI	8	3,775	142
Loss/(gain) on revaluation of treasury shares		<u>870</u>	<u>(870)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>7,482</u>	<u>(2,521)</u>
Total comprehensive income for the year		<u>51,664</u>	<u>32,931</u>
Earnings per share	29		
Basic earnings per share (in cents)		37.42	30.03
Diluted earnings per share (in cents)		36.95	29.63

The notes on pages 12 to 65 are an integral part of these consolidated financial statements.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

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 2023						
Balance at January 1, 2023		120,200	(3,319)	(1,868)	145,776	260,789
Profit for the year		--	--	--	35,452	35,452
Gain on revaluation of treasury shares		--	(870)	--	--	(870)
Gain on investment at fair value through OCI	8	--	--	--	142	142
Re-measurement of retirement benefit asset and medical and life assurance plan, net of tax		--	--	--	(1,794)	(1,794)
Other movements		--	--	--	(165)	(165)
Transactions with owners of the Group Dividends declared and paid	31	--	--	--	(3,606)	(3,606)
Balance as at 31 December 2023		<u>120,200</u>	<u>(4,189)</u>	<u>(1,868)</u>	<u>175,805</u>	<u>289,948</u>
Year ended 31 December 2024						
Balance at January 1, 2024		120,200	(4,189)	(1,868)	175,805	289,948
Profit for the year		--	--	--	44,182	44,182
Loss on revaluation of treasury shares		--	870	--	--	870
Gain on investment at fair value through OCI	8	--	--	--	3,775	3,775
Re-measurement of retirement benefit asset and medical and life assurance plan, net of tax		--	--	--	2,837	2,837
Other movements		--	--	--	(89)	(89)
Transactions with owners of the Group Dividends declared and paid	30	--	--	--	(12,020)	(12,020)
Balance as at 31 December 2024		<u>120,200</u>	<u>(3,319)</u>	<u>(1,868)</u>	<u>214,490</u>	<u>329,503</u>

The notes on pages 12 to 65 are an integral part of these consolidated financial statements

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Consolidated Statement of Cash Flows

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

	Notes	Year ended 31 December	
		2024	2023
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		62,899	54,257
Adjustments for:			
Depreciation	5	15,557	15,102
Amortisation	6,7	1,450	1,527
Interest and bank charges	25	181	4,027
Lease interest expense	25	250	319
Interest income	24	(50)	(171)
Dividend income	24	(159)	(192)
Gain or loss on foreign exchange	26	1,021	717
Loss/(gain) on revaluation of treasury shares		870	(870)
Retirement benefit expense	9	5,347	5,449
Medical plan expense	10	3,307	3,184
Retirement benefit asset contributions paid	9	(7,711)	(7,434)
Medical and life assurance plan contributions paid	10	(2,306)	(1,232)
Provision for doubtful accounts		(1,401)	(686)
Loss on investment at fair value through OCI		--	(142)
		79,255	73,855
Changes in working capital:			
Decrease in inventories		46,404	42,482
Increase in accounts receivable and prepayments		(7,592)	(11,233)
(Increase)/decrease in amounts due to/from GORTT		(2,317)	1,155
Decrease in current amounts due to related parties		--	(58)
Decrease in taxes refunded (VAT)		7,665	4,147
Increase/(decrease) in accounts payable and accruals		3,970	(47,628)
Cash provided by operations		127,385	62,720
Interest paid		(1,291)	(4,921)
Taxes paid		(17,548)	(11,055)
Net cash generated from operating activities		108,546	46,744

The notes on pages 12 to 65 are an integral part of these consolidated financial statements.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Consolidated Statement of Cash Flows (continued)

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

	Notes	Year ended 31 December 2024 \$	2023 \$
Net cash generated from operating activities		<u>108,546</u>	<u>46,744</u>
Cash flows from investing activities			
Increase in restricted deposits		(6)	(14)
Proceeds from disposal of assets	5	18	--
Sale of investments		4	14
Acquisition of property, plant and equipment	5	(51,728)	(27,298)
Interest received on investments		50	171
Redemption of VAT Bonds		--	5,460
Dividend income		159	192
Purchase of intangible assets	6	<u>(350)</u>	<u>(3)</u>
Net cash used in investing activities		<u>(51,853)</u>	<u>(21,478)</u>
Cash flows from financing activities			
Borrowings repaid		(25,000)	(50,757)
Dividends paid		(12,020)	(3,606)
Principal repayments in finance lease	17	<u>(733)</u>	<u>(1,121)</u>
Net cash used in financing activities		<u>(37,753)</u>	<u>(55,484)</u>
Net increase/(decrease) in cash and cash equivalents		18,940	(30,218)
Cash and cash equivalents at start of year		<u>18,305</u>	<u>48,523</u>
Cash and cash equivalents at end of year		<u>37,245</u>	<u>18,305</u>
Cash and cash equivalents represented by			
Cash and cash equivalents	15	<u>37,245</u>	<u>18,305</u>

The notes on pages 12 to 65 are an integral part of these consolidated financial statements

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements

31 December 2024

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

1 Incorporation and principal activities

NATIONAL FLOUR MILLS LIMITED ("the Company" or "NFM") is incorporated in the Republic of Trinidad and Tobago and was continued under the provisions of the Companies Act, 1995 on April 14, 1998.

The Company's principal activities are the production and distribution of food products and animal and poultry feeds. The Subsidiary is an Employee Stock Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Group. The Company and its subsidiary, the Employee Stock Ownership Plan, together referred to as the "Group". National Enterprises Limited (NEL), is majority owned by the Government of the Republic of Trinidad and Tobago (GORTT), owning 51% of the issued share capital, and hence NFM's ultimate parent is therefore the GORTT. The Group's registered office is 27-29 Wrightson Road, Port of Spain.

2 Material accounting policies

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

a. *Basis of preparation*

(i) *Compliance with IFRS*

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

(ii) *Historic cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets (including derivative instruments),
- defined benefit pension plans – plan assets 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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

2 Material accounting policies (continued)

a. *Basis of preparation (continued)*

(iii) Principles of consolidation

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

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

b. *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024. The amendments listed below did not have any material impact on the disclosures or on the amounts reported in these financial statements.

- *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

2 Material accounting policies (continued)

b. *New and amended standards adopted by the Group (continued)*

The following are new standards and interpretations that have been published that are not mandatory for 31 December 2024 reporting period and have not yet been early adopted the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

The Group has not applied the following new and revised IFRS Accounting Standards issued but are not yet effective:

- | | |
|----------------------------------|--|
| • IFRS 9 and IFRS 7 (amendments) | Amendments to the Classification and Measurement of Financial Instruments ¹ |
| • IFRS 18 | Presentation and Disclosure in Financial Statements ² |

¹ Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

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.

The instability in global grain markets created by the uncertain timing of resolution of the Russian Ukraine conflict, the impact of global warming and climate change, the geopolitical uncertainty created in the middle east by the Israel and Hamas conflict that has expanded to include the United States, and the uncertainty about potential tariffs by the incoming new US government all impact grain prices and supply adversely and are considered by management. Management's strategy is to maintain full silos to ensure sufficient raw materials to maintain production. One shipment of wheat, corn, and soya was delivered in January 2025, and another shipment has been entered by management for delivery in April 2025, to maintain cover for six months of production.

The disruptions in the global financial markets, and energy prices also affected wheat prices. Wheat prices in 2024 were the lowest in over three years and early indicators are that continued downward pressure on prices is expected in the short term, but things can change very quickly.

Management expects that with its plans to grow revenue by increasing sales volume, adjusting selling prices of its products to match operating costs in combination with cost reduction initiatives that it will continue generating sufficient cashflows from revenue to weather this event. The Group is considered by management to be in a strong position to achieve its targets. The Group is a long-established, dominant market player, fundamental to the food supply in the nation, having a recent history of year on year improving profitability. There are no plans to cease operations nor is the Group being forced to do so.

d. *Foreign currency translation*

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.

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 consolidated statement of comprehensive income.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

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

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

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

f. *Intangible assets*

Software

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

- 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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material 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
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g. Leases

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

g. Leases (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. There have been no changes to the incremental borrowing rates as compared to 2023.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group which have recent third-party financing, and
- makes adjustment 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 initial measurement of lease liability
- any lease payment made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration cost.

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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

g. Leases (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 the consolidated statement of financial position on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

h. Investments and other financial assets

(i) Classification

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

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

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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Recognition and de-recognition

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

h. Investment and other financial assets (continued)

(iii) Measurement

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

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

Debt instruments

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

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

Equity instruments

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

(iv) Impairment

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

i. *Offsetting financial assets and financial liabilities*

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

j. *Inventories*

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

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

k. *Cash and cash equivalents*

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

l. *Borrowings*

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

Borrowings are removed from the consolidated 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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

m. Trade and other payables

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

n. Impairment of non-financial assets

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

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

o. Provisions

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

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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

p. *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 assets 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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

q. Employee benefits

(i) Retirement plan

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

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In Trinidad and Tobago, as there is no deep market in such bonds, hence, the market rates on government bonds are used. The pension plan report was provided on 27 January 2025 by the external actuarial valuator, Bacon Woodrow & de Souza Limited (BWdS).

On an annual basis, NFM engages BWdS to conduct a review of the Pension Plan. Their calculations of the Plan's liabilities are based on the detailed actuarial calculations carried out using the data provided for the statutory funding valuation of the Plan as at 31 December 2023. Those results were rolled forward to 31 December 2024, rather than having a full valuation carried out as at that date. IAS 19 envisages that this approach may be taken and allows it.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated 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 consolidated 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 BWdS performs a full actuarial valuation every three years (the valuation was done as at 31 December 2023 and the report was made available on 18 September 2024). Any surpluses or deficits may be recognised by an adjustment of future contribution rates.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

q. Employees benefits (continued)

(ii) Medical and life assurance plan

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

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

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

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

(iii) Short term employee benefits

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

(iv) Employee Stock Ownership Plan (ESOP)

The Group operates an Employee Stock Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the Group and its parent company NEL 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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

q. *Employees benefits (continued)*

(iv) *Employee Stock 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

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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

r. *Revenue recognition*

The Group 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 Group 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 Group also offers bulk discounts to customers and the revenue is recorded net of the discount. Delivery occurs when the products have been shipped or transported to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables if material) and a right to the returned goods (included in other current assets if material) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a product 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.

s. *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.

t. *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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

2 Material accounting policies (continued)

u. *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).

v. *Other reserves*

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

w. *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

x. *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.

y. *Segment reporting*

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

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Sensitivity analysis for the key assumptions is 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 (n).

For the purposes of the impairment test, the cash-generating unit was determined to be at the Company level. i.e. The carrying amounts of all relevant assets and liabilities included on the statement of financial position in accordance with IAS 36.

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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

4 Financial risk management

a) *Financial risk factors*

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

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

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

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

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

i. *Credit risk*

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

(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)

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

ii. Trade receivables for sale of inventory

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

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

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

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

4 Financial risk management (continued)

a) Financial risk factors (continued)

ii. Trade receivables for sale inventory (continued)

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2024 and 48 months before 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

At 31 December 2024

	Current	30 to 60 days	61 to 90 days	Over 90 days	Total
Expected loss rate	2%	1%	2%	26%	
Gross carrying amount	25,505	12,708	4,435	17,676	60,324
Loss allowance	455	168	92	5,004	5,719

At 31 December 2023

	Current	30 to 60 days	61 to 90 days	Over 90 days	Total
Expected loss rate	2%	1%	2%	41%	
Gross carrying amount	31,822	14,086	3,126	9,436	58,470
Loss allowance	603	179	71	3,840	4,693

The above analysis includes all customers except the Group's two largest customers and receivables from the Government. A separate analysis was completed on them and they were assessed as having a low risk of default, since all receivable balances relating to 2023 and 2024 are considered recoverable. The impairment charge in relation to these customers are \$343 (2023: \$69).

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

4 Financial risk management (continued)

a) Financial risk factors (continued)

ii. Trade receivables for sale inventory (continued)

	2024 \$	2023 \$
Trade receivables (except Group's two largest customers)	60,337	58,778
Trade receivables (Group's two largest customers)	7,552	12,293
Less expected credit loss	<u>(6,062)</u>	<u>(4,762)</u>
Balance at end of the year	<u>61,827</u>	<u>66,309</u>
Loss allowance (except Group's two largest customers (Note 12))	5,719	4,693
Loss allowance (Group's two largest customers) (Note 12)	<u>343</u>	<u>69</u>
	<u>6,062</u>	<u>4,762</u>

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

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

	2024 \$	2023 \$
Opening loss allowance as at January 1	4,762	2,876
Decrease in loss allowance recognised in profit or loss	(101)	(686)
Increase in specific provision	<u>1,401</u>	<u>2,572</u>
Closing loss allowance as at 31 December	<u>6,062</u>	<u>4,762</u>
	\$	\$
Expected Credit Loss Allowance	1,200	1,200
Specific Provision	<u>4,862</u>	<u>3,562</u>
Closing loss allowance as at 31 December	<u>6,062</u>	<u>4,762</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

4 Financial risk management (continued)

a) Financial risk factors (continued)

ii. Liquidity risk

The Group's policy throughout the year has been to maintain short 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.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total cash flows \$	Carrying amount \$
At 31 December 2024						
Accounts payables & accruals	43,589	--	--	--	43,589	43,589
Lease liabilities	1,031	1,239	417	3,510	6,197	5,939
Amounts due to GORTT	62	--	--	--	62	62
	<u>44,682</u>	<u>1,239</u>	<u>417</u>	<u>3,510</u>	<u>49,848</u>	<u>49,590</u>

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total cash flows \$	Carrying amount \$
At 31 December 2023						
Accounts payables & accruals	39,747	--	--	--	39,747	39,747
Borrowings	26,488	--	--	--	26,488	25,000
Lease liabilities	2,378	1,239	417	3,510	7,544	6,422
Amounts due to GORTT	285	--	--	--	285	285
	<u>68,898</u>	<u>1,239</u>	<u>417</u>	<u>3,510</u>	<u>74,064</u>	<u>71,454</u>

Financial liabilities

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

4 Financial risk management (continued)

a) Financial risk factors (continued)

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 USD 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	
	2024	2023
	\$	\$
Cash	178	178
Accounts receivables	918	903
Accounts payables	<u>(449)</u>	<u>(498)</u>
	<u>647</u>	<u>583</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

(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)

b) Interest rate risk

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

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

Sensitivity analysis

In relation to cash flow interest rate risk, the Group's main interest rate arises from short-term borrowings with fixed rates, which does not expose the Group to cash flow interest rate risk. The Directors consider that a 1% movement in interest rates represents reasonable possible changes, for which the impact on profit after income tax would be \$0 (due to no short-term borrowings) (2023: \$175).

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 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.

The Group has minimal equity investments that are publicly traded and one investment that is not publicly traded.

Some of the Group's equity investments are publicly traded on the Trinidad and Tobago Stock Exchange and Toronto Stock Exchange in Canada.

These investments are not strategic or significant to the Group and therefore any price risk is considered to be insignificant.

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

4 Financial risk management (continued)

a) Financial risk factors (continued)

c) Price risk (continued)

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 2024	Impact on other comprehensive income 2023	Impact on other components of equity 2024	Impact on other components of equity 2023
Trinidad and Tobago Stock Exchange increase by 10% in 2024 (2023 :10%)	58	87	58	87
Trinidad and Tobago Stock Exchange decrease by 5% in 2024 (2023: 5%)	(29)	(43)	(29)	(43)

d) Fair value estimation

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

All the Group's financial assets and liabilities, except for Investments at fair value through OCI are carried at amortised cost. Investments at fair value through OCI 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 32 (Net debt reconciliation).

NATIONAL FLOUR MILLS LIMITED its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

5 Property, plant and equipment

	Buildings \$	Plant machinery and equipment \$	Office furniture and equipment \$	Motor vehicles \$	Work In Progress \$	Total \$
Year ended 31 December 2024						
Opening net book amount	106,372	37,718	6,868	324	17,472	168,754
Asset reclassification	899	(789)	(110)	--	--	--
Additions	2,682	7,921	3,323	--	37,802	51,728
Disposals	--	--	(8)	(10)	--	(18)
Transfers	6,894	23,632	--	--	(30,526)	--
Depreciation	(5,150)	(7,835)	(2,377)	(195)	--	(15,557)
Net book amount	<u>111,697</u>	<u>60,647</u>	<u>7,696</u>	<u>119</u>	<u>24,748</u>	<u>204,907</u>
At 31 December 2024						
Cost	196,089	151,348	17,930	2,487	24,748	392,602
Accumulated depreciation	(84,392)	(90,701)	(10,234)	(2,368)	--	(187,695)
Net book amount	<u>111,697</u>	<u>60,647</u>	<u>7,696</u>	<u>119</u>	<u>24,748</u>	<u>204,907</u>
Year ended 31 December 2023						
Opening net book amount	102,542	41,041	6,943	575	5,457	156,558
Additions	3,647	3,430	1,938	--	18,283	27,298
Transfers	6,268	--	--	--	(6,268)	--
Depreciation	(6,085)	(6,753)	(2,013)	(251)	--	(15,102)
Net book amount	<u>106,372</u>	<u>37,718</u>	<u>6,868</u>	<u>324</u>	<u>17,472</u>	<u>168,754</u>
At 31 December 2023						
Cost	187,006	130,777	18,308	2,526	17,472	356,089
Accumulated depreciation	(80,634)	(93,059)	(11,440)	(2,202)	--	(187,335)
Net book amount	<u>106,372</u>	<u>37,718</u>	<u>6,868</u>	<u>324</u>	<u>17,472</u>	<u>168,754</u>
At 1 January 2023						
Cost	177,092	127,345	16,370	2,526	5,457	328,790
Accumulated depreciation	(74,550)	(86,304)	(9,427)	(1,951)	--	(172,232)
Net book value	<u>102,542</u>	<u>41,041</u>	<u>6,943</u>	<u>575</u>	<u>5,457</u>	<u>156,558</u>

**Write off – Asset Under Construction – In 2023, a management decision to discontinue the Carlsen Field Dry Mix Facility and New Warehouse resulted in the write-off of these assets under construction.

NATIONAL FLOUR MILLS LIMITED its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

(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 \$90 million comprising of a fixed charge over land and buildings situated at Wrightson Road, Port of Spain and a floating charge over all assets ranking pari-passu with debentures in favour of Citibank Limited and First Citizen's Bank Limited supported by:

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

ii. Depreciation of \$12,624 (2023: \$12,320) was recognised in cost of sales with \$2,933 (2023: \$2,782) recognised in expenses.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

6 Intangible assets

	Software \$
Year Ended 31 December 2024	
Opening net book amount	1,069
Additions	350
Amortisation	<u>(504)</u>
Closing net book amount	<u>915</u>
At 31 December 2024	
Cost	8,577
Accumulated amortisation	<u>(7,662)</u>
Net book amount	<u>915</u>
Year Ended 31 December 2023	
Opening net book amount	1,652
Additions	3
Amortisation	<u>(586)</u>
Closing net book amount	<u>1,069</u>
At 31 December 2023	
Cost	8,639
Accumulated amortisation	<u>(7,570)</u>
Net book amount	<u>1,069</u>
At January 1, 2023	
Cost	8,636
Accumulated amortisation	<u>(6,984)</u>
Net book amount	<u>1,652</u>

Included in software are costs expended on integration of the Group'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 consolidated statement of comprehensive income.

Amortisation of \$504 (2023: \$586) was recognised in expenses.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

7 Right-of-use assets

	2024 \$	2023 \$
Opening net book amount	4,317	5,258
Depreciation charge	(946)	(941)
Closing net book amount	<u>3,371</u>	<u>4,317</u>
Cost	8,880	8,969
Accumulated depreciation	<u>(5,509)</u>	<u>(4,652)</u>
	<u>3,371</u>	<u>4,317</u>

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

8 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

As at 31 December 2024

	Level 1 \$	Level 3 \$	Total \$
<i>Financial assets</i>			
Investments listed on Stock exchanges	1,304	--	1,304
National Enterprises Limited, Sagicor Financial Company Ltd			
Trinidad and Tobago Stock Exchange Shares	--	3,337	3,337

Recurring fair value measurements

As at 31 December 2023

	Level 1 \$	Level 3 \$	Total \$
<i>Financial assets</i>			
Investments listed on Trinidad and Tobago Stock Exchange- National Enterprises Limited	866	--	866

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

8 Investments at Fair Value through OCI (continued)

i. Fair value hierarchy (continued)

	2024 \$	2023 \$
Listed Securities		
Opening balance January 1	866	724
Appreciation in value of shares	3,779	156
Sale of shares	(4)	(14)
Closing balance 31 December	<u>4,641</u>	<u>866</u>
Appreciation in value of shares	3,779	156
Sale of shares	(4)	(14)
Gain on investment at fair value through OCI	<u>3,775</u>	<u>142</u>

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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The listed security represents investment in NEL shares. Refer Note 20.

9 Retirement benefit asset

Present value of defined benefit obligation	(223,022)	(225,741)
Fair value of the assets in the Plan	<u>243,184</u>	<u>238,308</u>
Recognised asset for the Plan	<u>20,162</u>	<u>12,567</u>

a. Change in defined benefit obligation

Defined benefit obligation at start of year	(225,741)	(220,516)
Benefits paid	11,600	12,203
Current service cost	(5,865)	(5,998)
Interest cost	(13,202)	(12,870)
Members' contribution	(3,119)	(2,929)
Re-measurements:		
- Experience adjustments	6,665	4,369
- Actuarial loss from changes in financial assumptions	<u>6,640</u>	<u>--</u>
Defined benefit obligation at end of year	<u>(223,022)</u>	<u>(225,741)</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

9	Retirement benefit asset (continued)	2024 \$	2023 \$
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b. *The defined benefit obligation was allocated among the Plan's members as follows:*

- Active members	55%	58%
- Deferred members	9%	10%
- Pensioners	36%	32%

The weighted average duration of the defined benefit obligation was 12.8 years (2023: 12.9 years).

- 90% (2023: 98%) of the benefits for active members were vested.
- 23% (2023: 18%) of the defined benefit obligation for active members was conditional on future salary increases.

c. *Change in plan assets*

Plan assets at start of year	238,308	233,914
Interest income	14,260	13,964
Return on plan assets, excluding interest income	(8,074)	(7,185)
Group's contributions	7,711	7,434
Members' contributions	3,119	2,929
Benefits paid	(11,600)	(12,203)
Administrative expenses	(540)	(545)
Plan assets at end of year	<u>243,184</u>	<u>238,308</u>
Actual return on Plan assets	<u>6,186</u>	<u>6,779</u>

d. *Asset allocation*

Locally listed equities	61,408	70,554
Foreign equities	46,477	37,271
TT\$ denominated bonds	106,187	99,502
Non TT\$ denominated bonds (mainly US\$)	12,988	14,953
Mutual funds	4,920	3,597
Cash and cash equivalents	7,444	7,900
Other (immediate annuity policies)	<u>3,760</u>	<u>4,531</u>
	<u>243,184</u>	<u>238,308</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued) 31 December 2024

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

9	Retirement benefit asset (continued)	2024 \$	2023 \$
e.	<i>Expense recognised in profit or loss</i>		
	Current service cost	5,865	5,998
	Net interest on defined benefit obligation	(1,058)	(1,094)
	Administrative expenses	<u>540</u>	<u>545</u>
	Total amount recognised	<u>5,347</u>	<u>5,449</u>
f.	<i>Re-measurements recognised in other comprehensive income</i>		
	Experience gain/(loss)	<u>5,231</u>	<u>(2,816)</u>
g.	<i>Reconciliation of opening and closing consolidated statement of financial position entries:</i>		
	Opening defined benefit asset	12,567	13,398
	Net pension cost	(5,347)	(5,449)
	Re-measurements recognised in other comprehensive income	5,231	(2,816)
	Group contributions paid	<u>7,711</u>	<u>7,434</u>
	Closing defined benefit asset	<u>20,162</u>	<u>12,567</u>
h.	The Group meets the balance of the cost of funding the defined benefit Pension Plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay around \$7.1 million to the Pension Plan during 2025. (2024: \$6.7 million)		
i.	<i>Summary of principal assumptions</i>		
	Discount rate at 31 December	6.25%	6.00%
	Salary increases	4.00%	4.00%
	Future pension increases	0.00%	0.00%
	The assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:		
		2024	2023
	<i>Life expectancy at age 60 for current pensioners</i>		
	Male	22.0	21.9
	Female	26.2	26.1
	<i>Life expectancy at age 60 for current members age 40 (in years)</i>		
	Male	22.8	22.8
	Female	27.1	27.1

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

9 Retirement benefit asset (continued)

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 2024		
Discount rate	(24,238)	29,932
Future salary increases	9,519	(8,372)
	1% pa higher \$' 000	1% pa lower \$' 000
31 December 2023		
Discount rate	(24,715)	30,458
Future salary increases	9,345	(8,223)

An increase of one year in the assumed life expectancy would increase the defined benefit obligation at 31 December 2024 by \$3.47 million (2023: \$3.427 million). These sensitivities were calculated by re- calculating the defined benefit obligations using the revised assumptions as adjusted for the sensitivities.

The most recent actuarial assessment of the Pension Plan was at 31 December 2023. Refer to significant accounting policy Note 2 (q).

10 Medical and life assurance plan

	2024 \$	2023 \$
Recognised liability for the medical and life assurance plan	39,632	37,452

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

10 Medical and life assurance plan (continued)

a) *Change in obligation*

	2024 \$	2023 \$
Obligation at start of year	(37,452)	(35,754)
Benefits paid	2,306	1,232
Current service cost	(1,129)	(1,076)
Interest cost	(2,178)	(2,108)
Re-measurements:		
Experience adjustment	(2,609)	254
Actuarial loss from changes in financial assumptions	1,430	--
	<u>(39,632)</u>	<u>(37,452)</u>

b) *The medical and life assurance obligation was allocated between the Plan's members as follows:*

Active members	41%	41%
Pensioners	59%	59%

The weighted average duration of the medical and life assurance obligation was 14.8 years (2023: 15.5 years).

0% of the benefits for active members were vested. (2023: 0%)

c) *The amount recognised in the profit for the year for medical and life assurance benefits obligations is as follows:*

	\$	\$
Current service cost	1,129	1,076
Interest on defined obligations	<u>2,178</u>	<u>2,108</u>
Net benefit cost	<u>3,307</u>	<u>3,184</u>

d) *Re-measurement recognised in other comprehensive income:*

Experience (loss)/gain	<u>(1,179)</u>	<u>254</u>
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NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

10 Medical and life assurance plan

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

	2024	2023
	\$	\$
Opening medical and life assurance obligations	37,452	35,754
Net benefit cost	3,307	3,184
Re-measurements recognised in other comprehensive Income	1,179	(254)
Benefits paid by the Group	<u>(2,306)</u>	<u>(1,232)</u>
Closing defined benefit obligations	<u><u>39,632</u></u>	<u><u>37,452</u></u>

f) The Group expects to pay \$1.5 million in benefits in 2025. (2024: \$1.3 million)

g) *Summary of principal assumptions:*

Discount rate at 31 December	6.25%	6.00%
Future medical cost increase	5.00%	5.00%
Future salary increases	4.00%	4.00%

h) *Sensitivity*

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

	1% pa higher	1% pa lower
	\$' 000	\$' 000
31 December 2024		
Discount rate	(4,975)	6,263
Medical cost increases	5,504	(4,427)
31 December 2023		
Discount rate	(4,972)	6,342
Medical cost increases	5,358	(4,244)

An increase of one year in the assumed life expectancies would increase the medical and life assurance obligation as at 31 December 2024, by \$981 (2023: \$581).

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

10 Medical and life assurance plan

h) *Sensitivity (continued)*

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

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

(i) *Asset volatility*

The Retirement Benefit Plan and the Medical Plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. The Retirement Benefit 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 Retirement Benefit Plan's liabilities, although this will be partially offset by an increase in the value of the Retirement Benefit Plan's bond holdings.

(iii) *Inflation risks*

Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The majority of the Retirement Benefit 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 Retirement Benefit 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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

11 Accounts receivables 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.

	2024 \$	2023 \$
Trade receivables	67,889	71,071
Less expected credit loss	<u>(6,062)</u>	<u>(4,762)</u>
	<u>61,827</u>	<u>66,309</u>
Prepayments	17,544	13,868
Other receivables	<u>12,781</u>	<u>10,647</u>
	<u>92,152</u>	<u>90,824</u>

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 \$12,520 (2023: \$10,381).

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

2024

	Performing	Past due but not impaired	Impaired	ECL Note (4a)	Total
Current	25,505	--	783	(783)	25,505
30 to 60 days	--	12,708	168	(168)	12,708
61 to 90 days	--	4,435	92	(92)	4,435
Over 90 days	--	17,676	4,676	(4,676)	17,676
	<u>25,505</u>	<u>34,819</u>	<u>5,719</u>	<u>(5,719)</u>	<u>60,324</u>

*excludes two largest customers

2023

	Performing	Past due but not impaired	Impaired	ECL Note (4a)	Total
Current	31,822	--	603	(603)	31,822
30 to 60 days	--	14,085	179	(179)	14,085
61 to 90 days	--	3,126	71	(71)	3,126
Over 90 days	--	9,437	3,840	(3,840)	9,437
	<u>31,822</u>	<u>26,648</u>	<u>4,693</u>	<u>(4,693)</u>	<u>58,470</u>

*excludes two largest customers

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

12 Amounts due to/from the Government of the Republic of Trinidad and Tobago

Amounts due from the Government of the Republic of Trinidad and Tobago

	2024 \$	2023 \$
Management fees for the rice milling operations	(1,200)	--
Paddy purchases and drying charges	<u>3,294</u>	<u>--</u>
	<u>2,094</u>	<u>--</u>

Amounts due to the Government of the Republic of Trinidad and Tobago

Sale and consumption of rice paddy	<u>62</u>	<u>285</u>
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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 is \$2,094 (2023: \$0) however, amounts payable to the GORTT amounted to \$62 (2023: \$285).

No provisions have been made for these balances.

13 Inventories

Raw materials	51,399	97,108
Packaging materials	8,688	9,937
Finished goods and work in progress	11,259	11,344
Spares	<u>13,321</u>	<u>12,682</u>
	<u>84,667</u>	<u>131,071</u>

Inventories are stated after a provision for impairment of \$1,913 (2023: \$1,002).

The cost of inventories recognised as an expense and included in cost of sales is \$260,844 (2023: \$320,011) (Note 24).

14 Restricted deposit

Restricted deposits comprise of \$1,604 (2023: \$1,598) with a financial institution and is used to secure the Group's lease facility. The funds are held in a deposit and earn interest of 0.35% (2023: 0.35%).

15 Cash and cash equivalent

Cash at bank and in hand	36,964	18,031
Short-term bank deposits	<u>281</u>	<u>274</u>
	<u>37,245</u>	<u>18,305</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

16 Borrowings

	2024 \$	2023 \$
Total borrowings	--	25,000
Current portion	--	(25,000)
Non-current portions	--	--

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

	2024 TT\$	2023 US\$	2023 TT\$
RBC Royal Bank (Trinidad and Tobago) Limited	--	--	25,000
Total borrowings	--	--	25,000

Loan Details	Year	Tenor (months)	Interest rate	Maturity date
RBC Royal Bank (Trinidad and Tobago) Limited (extended)	2023	12	4.25%	15 May 2024

The RBC loan was liquidated in full by the Group on 5 March 2024.
Interest for the period 1 January 2024 to 5 March 2024 amounts to \$130.

The Group has an undrawn Commercial loan agreement facility with Republic Bank Limited for the assignment of a debenture dated 13 November 1972 stamped to cover \$90 million comprising a fixed charge over land and buildings situated at Wrightson Road, Port of Spain (refer to Note 5 (i)).

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

17 Lease liabilities

	2024 \$	2023 \$
Balance at 1 January	6,422	7,217
Interest expense	250	326
Principal repayments	<u>(733)</u>	<u>(1,121)</u>
Balance at 31 December	5,939	6,422
Current portion	<u>(1,031)</u>	<u>(2,378)</u>
Non-current portion	<u>4,908</u>	<u>4,044</u>

Amounts recognised in the consolidated statement of comprehensive income

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

Amortization charge	946	941
Interest expense (included in finance cost)	250	319
Expense relating to short term leases	284	284
Expense relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	120	120

The total cash outflow for leases in 2024 was \$1,387 (2023: \$1,844).

Lessor

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

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

18 Accounts payable and accruals

Trade payables	13,789	13,636
Payroll related liabilities	11,595	10,091
Accrued expenses	15,103	14,241
Vacation accrual	<u>4,623</u>	<u>3,172</u>
	<u>45,110</u>	<u>41,140</u>

Included within payroll related liabilities is the amount payable to employees of \$1,512 (2023: \$1,200) under the Employee Share Ownership Plan (Note 20).

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

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

19 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

	2024 \$	2023 \$
<i>Authorised</i>		
Unlimited number of ordinary shares of no par value		
<i>Issued and fully paid</i>	<u>120,200</u>	<u>120,200</u>
120,200,000 ordinary shares of no par value		

20 Treasury shares

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

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

Treasury shares are shares in NATIONAL FLOUR MILLS LIMITED that are held by the NATIONAL FLOUR MILLS LIMITED Employee Share Trust for the purpose of issuing shares under the NATIONAL FLOUR MILLS LIMITED Employee Stock Ownership Plan. The number of Company shares held by the plan as at 31 December 2024 was 2,133,049 (2023: 2,159,294) with a market value of \$3,319 (2023: \$4,189). During the year, the loss on treasury shares amounted to \$870 (2023: \$870). The number of unallocated treasury shares held is 760,500 (2023: 684,648).

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 207,744 (2023: 208,681) with a fair value of \$579 (2023: \$866). The fair value was derived from the Trinidad and Tobago Stock Exchange at the consolidated statement of financial position date.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

21 Financial instruments by category

Financial assets

	2024	2023
	\$	\$
Accounts receivable and prepayments	92,449	90,824
Amounts due from Government of the Republic of Trinidad and Tobago	2,094	--
Cash and cash equivalents	37,245	18,305
Investments at fair value through OCI	4,641	866
Restricted deposit	<u>1,604</u>	<u>1,598</u>
	<u>138,033</u>	<u>111,593</u>

Financial liabilities

Accounts payable and accruals	45,110	41,140
Lease liability	5,939	6,422
Amounts due to the Government of the Republic of Trinidad and Tobago	62	285
Borrowings	<u>--</u>	<u>25,000</u>
	<u>51,111</u>	<u>72,847</u>

22 Revenue from contracts with customers

The Group 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 2024				
Segment revenue	368,645	126,336	29,143	524,124
Less: Intersegment revenue	--	--	(719)	(719)
Revenue from external customers	<u>368,645</u>	<u>126,336</u>	<u>28,424</u>	<u>523,405</u>
<i>Timing of revenue recognition</i>				
At a point in time	<u>368,645</u>	<u>126,336</u>	<u>28,424</u>	<u>523,405</u>
Revenue from external customers	<u>368,645</u>	<u>126,336</u>	<u>28,424</u>	<u>523,405</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

22 Revenue from contracts with customers (continued)

	Food \$	Feed \$	Other \$	Total \$
Year ended 31 December 2023				
Segment revenue	399,685	147,897	30,531	578,113
Less: Intersegment revenue	--	--	(780)	(780)
Revenue from external customers	399,685	147,897	29,751	577,333
<i>Timing of revenue recognition</i>				
At a point in time	399,685	147,897	29,751	577,333
Revenue from external customers	399,685	147,897	29,751	577,333

23 Expenses by nature

	2024 \$	2023 \$
Direct material	260,844	320,011
Salaries and wages	106,275	110,050
ESOP Allocation to employees	196	108
Rents, rates and taxes	2,473	2,475
Transportation, security, electricity, communication and handling charges	20,866	20,313
Repairs and maintenance	11,548	11,038
Depreciation and amortisation (Notes 5,6,7)	17,007	16,629
Insurance	9,443	10,101
Professional and legal fees	5,101	5,016
Provision for doubtful accounts	1,288	1,886
Advertising and promotion	6,096	2,838
Other	24,344	24,391
Total cost of sales, selling and distribution and administrative expenses	465,481	524,856
<i>Amounts as per consolidated statement of comprehensive income:</i>		
Cost of sales	362,231	425,283
Selling and distribution expenses	49,431	47,456
Administration expenses	53,819	52,117
	465,481	524,856

Audit fees for the year ended 31 December 2024 totaled \$850 (2023: \$765). Other fees paid to the auditor (and related network firms) for non-assurance services totaled \$33 (2023: \$31).

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

24 Other operating income

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

	2024 \$	2023 \$
Management fee	4,800	4,800
Rental income - sublease	700	700
Dividend income	159	192
Other amounts	718	980
Interest income	50	171
	<u>6,427</u>	<u>6,843</u>

25 Finance cost

Interest and bank charges	181	4,027
Lease interest	250	319
Foreign exchange gains (Note 26)	<u>1,021</u>	<u>717</u>
	<u>1,452</u>	<u>5,063</u>

26 Foreign exchange gains

The aggregate net foreign exchange gains recognised in profit or loss were:

Exchange gains on foreign currency borrowings included in finance cost (Note 25)	<u>(1,021)</u>	<u>(717)</u>
Total net foreign exchange gains recognised in profit before tax for the period	<u>(1,021)</u>	<u>(717)</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

27 Current and deferred taxation

	2024 \$	2023 \$
<i>Taxation expense</i>		
Deferred tax change/(credit)	5,785	(1,297)
Current tax charge	13,193	18,518
Prior year (over)/under provision	<u>(261)</u>	<u>1,584</u>
	<u>18,717</u>	<u>18,805</u>

The Group's effective tax rate of 17% (2023: 35%) differs from the statutory tax rate of 30% as follows:

Profit before taxation	<u>62,899</u>	<u>54,257</u>
Tax calculated at 30%	18,870	16,277
Tax impact of expenses not deductible for tax purposes	4,675	1,072
Tax impact of income not subject to tax	(4,016)	(416)
Prior year (over)/under provision	(261)	1,584
Other differences	<u>(551)</u>	<u>288</u>
	<u>18,717</u>	<u>18,805</u>

Deferred taxation

Deferred income tax asset	15,081	13,384
Deferred income tax liabilities	<u>(46,570)</u>	<u>(37,873)</u>
Net deferred income tax liability	<u>(31,489)</u>	<u>(24,489)</u>

Deferred Tax Asset Schedule

	Medical Plan \$	IFRS 16 \$	Inventory Provision \$	Total \$
Year ended 31 December 2023				
At 1 January 2023	10,727	1,191	122	12,040
Credit to:				
- profit or loss	586	655	179	1,420
- other comprehensive loss	<u>(76)</u>	<u>--</u>	<u>--</u>	<u>(76)</u>
At 31 December 2023	<u>11,237</u>	<u>1,846</u>	<u>301</u>	<u>13,384</u>
Year ended 31 December 2024				
At 1 January 2024	11,237	1,846	301	13,384
Credit to:				
- profit or loss	300	770	273	1,343
- other comprehensive income	<u>354</u>	<u>--</u>	<u>--</u>	<u>354</u>
At 31 December 2024	<u>11,891</u>	<u>2,616</u>	<u>574</u>	<u>15,081</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

27 Current and deferred taxation (continued)

Deferred Tax Liability Schedule

	IFRS 9 General Provision \$	Retirement Benefit Asset \$	Property Plant and Equipment \$	Total \$
Year ended 31 December 2023				
At 1 January 2023	(439)	(4,019)	(34,137)	(38,595)
(Charge)/credit to:				
- profit or loss	(54)	(596)	527	(123)
- other comprehensive loss	--	845	--	845
At 31 December 2023	<u>(493)</u>	<u>(3,770)</u>	<u>(33,610)</u>	<u>(37,873)</u>
Year ended 31 December 2024				
At 1 January 2024	(493)	(3,770)	(33,610)	(37,873)
(Charge)/credit to:				
- profit or loss	177	(709)	(6,596)	(7,128)
- other comprehensive income	--	(1,569)	--	(1,569)
At 31 December 2024	<u>(316)</u>	<u>(6,048)</u>	<u>(40,206)</u>	<u>(46,570)</u>

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

28 Related party transactions

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

	2024	2023
	\$	\$
<i>Key management compensation</i>		
All managers and executive salaries	13,218	13,058
Post-employment benefits	887	1,047
Director's fees	684	606
<i>Sales and purchases of goods and services</i>		
Sales from the rendering of services to related parties	4,855	4,957
Purchases of goods from related parties	2,662	755

Amounts due to / from the Government of the Republic of Trinidad and Tobago (GORTT)

Refer to Note 13.

29 Earnings per share

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of \$44,182 (2023: \$35,452) by the weighted average number of ordinary shares outstanding of 120,200,000 (2023: 120,200,000) less treasury shares of 2,133,049 (2023: 2,159,294) (Note 20).

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of \$44,182 (2023: \$35,452) by the weighted average number of ordinary shares outstanding of 120,200,000 (2023: 120,200,000) less unallocated treasury shares of 631,285 (2023: 558,095).

30 Dividends

Dividends to the shareholders of the Group are recognised in the year that they are approved by the Directors.

Final dividend for the year ended 31 December 2022 of 0.03 cents per fully paid share was declared on June 30, 2023 and paid on July 27, 2023.

Final dividend for the year ended 31 December 2023 of 0.10 cents per fully paid share was declared on September 26, 2024 and paid on October 23, 2024.

Dividends in respect of the year ended 31 December 2024 has not been declared.

Dividends proposed as at year end amounted to \$0 (2023: \$12,020)

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

31 Operating segments

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

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

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

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

	Food		Animal feed		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	368,645	399,685	126,336	147,897	28,424	29,751	523,405	577,333
Gross profit	113,519	105,264	38,903	38,951	8,752	7,835	161,174	152,050
Depreciation and amortisation	15,460	15,003	1,501	1,509	46	117	17,007	16,629
Net finance cost	1,234	4,303	131	456	87	304	1,452	5,063
Other operating income	1,296	1,438	5,032	5,338	99	67	6,427	6,843
Profit before tax	44,302	37,562	15,183	13,899	3,414	2,796	62,899	54,257
Property, plant and equipment	182,149	156,151	21,794	11,954	964	649	204,907	168,754
Intangible assets	915	1,069	--	--	--	--	915	1,069
Borrowings	--	--	--	--	--	--	--	25,000
Accounts payable and accruals	--	--	--	--	--	--	45,110	41,140

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

31 Operating segments (continued)

Entity wide disclosures

Revenues from external customers are derived from the sale of products by individual business segment. The breakdown of revenue by business:

Revenue	2024	2023
	\$	\$
Flour	349,790	379,917
Feed mill	126,336	147,897
Parboiled rice	10,359	7,900
Dry mixes	18,855	19,768
Trading	10,703	12,118
Oil	<u>7,362</u>	<u>9,733</u>
	<u>523,405</u>	<u>577,333</u>

Revenue from external customers

Export sales	34,081	34,595
Local sales	<u>489,324</u>	<u>542,738</u>
	<u>523,405</u>	<u>577,333</u>

Major customers

The Group has one third party customer whose revenue exceeds 10% of total sales. In 2024 sales with this customer was 11.17% of total sales (2023: 12%).

32 Net debt reconciliation

Net debt		
Cash and cash equivalents	37,245	18,305
Lease liabilities	(5,939)	(6,422)
Borrowings payable within one year	--	(25,000)
	<u>31,306</u>	<u>(13,117)</u>
Cash and cash equivalents	37,245	18,305
Borrowings and lease liabilities	<u>(5,939)</u>	<u>(31,422)</u>
Net debt	<u>31,306</u>	<u>(13,117)</u>
Total equity	<u>329,503</u>	<u>289,948</u>
Gearing	9.5%	0%

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

32 Net debt reconciliation (continued)

	Cash \$	Finance lease \$	Borrowings due within one year \$	Total \$
Net debt as at January 1 2024	18,305	(6,422)	(25,000)	(13,117)
Cash flows	18,940	--	--	18,940
Interest expense	--	(250)	--	(250)
Principal repayments	--	733	--	733
Borrowings repaid	--	--	25,000	25,000
Net debt as at 31 December 2024	37,245	(5,939)	--	31,306
Net debt as at January 1 2023	48,523	(7,217)	--	41,306
Cash flows	(30,218)	--	--	(30,218)
Interest expense	--	(326)	--	(326)
Principal repayments	--	1,121	--	1,121
Borrowings proceeds	--	--	(25,000)	(25,000)
Net debt as at 31 December 2023	18,305	(6,422)	(25,000)	(13,117)

Other changes in finance leases of \$250 (2023: \$326) relates to the interest cost on the lease obligation.

33 Impairment test for carrying value of net assets

For the year ended 31 December 2024, the carrying value of the Group's net assets was \$329,503 (2023: \$289,948) while the market capitalisation was \$204,340 (2023: \$233,188). This was a trigger for an impairment test to be carried out. The impairment test performed by management was at the entity level where the impairment trigger existed.

Based on Management's assessment, no impairment is necessary for 2024 (2023: nil)

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

33 Impairment test for carrying value of net assets (continued)

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

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

	2024	2023
Average annual revenue growth rate	7.21%	6.02%
Terminal growth rate	0.50%	0.50%
Pre-tax discount rate	15.19%	15.28%
EBITDA as a % of sales	16.97%	11.12%
Gross profit margin	31.18%	24.48%

Assumption

Approach used to determine values

Average annual revenue growth rate

Average annual revenue growth rate over the five-year forecast period was based on past performance and management's expectations of market development.

Terminal growth rate

This is the growth rate used to extrapolate cash flows beyond the budget period. The rate was based on management's expectation of the Group's long-term growth rate.

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.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

33 Impairment test for carrying value of net assets (continued)

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

2024

Rate changes

	From %	To %
Average annual revenue growth rate	7.21	5.29
Terminal growth rate	0.50	(31.23)
Discount rate	15.19	28.83
EBITDA rate	16.97	9.19
Gross profit margin	31.18	24.72

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

2023

Rate changes

	From %	To %
Average annual revenue growth rate	6.02	4.86
Terminal growth rate	0.50	(22.29)
Discount rate	15.28	23.69
EBITDA rate	11.12	7.00
Gross profit margin	24.48	20.95

34 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities amounted to \$22,111 (2023: \$21,361).

35 Legal 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.

There are matters relating to industrial relations between the Group and the recognized Collective Bargaining representatives Union which at this time an evaluation of the probability of a favourable outcome or an estimate of the potential loss or gain cannot be made, as these matters are still in its early administrative stages. Upon further progress of these matters, should the Group be unsuccessful in these claims it could result in additional obligations.

The Group has contingent liabilities in the amount of \$0.8m (2023: \$0.4m) in relation to legal claims.

NATIONAL FLOUR MILLS LIMITED and its Subsidiary

Notes to the Consolidated Financial Statements (continued)

31 December 2024

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

35 Legal liabilities (continued)

b) Custom 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	04-Mar-25
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	1,500	04-Mar-25
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	10	23-Mar-25
TTD	The Ministry of National Security	11	28-Sep-25
TTD	The Comptroller of Customs	10	07-Feb-26
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	500	08-Feb-25

c) Restricted deposits

The cash and cash equivalents disclosed above and in the statement of cash flows include \$1,581,000 which are held by Scotiabank Limited in relation to cheques drawn by the Group. This deposit is subject to restrictions and are therefore not available for general use by the Group.

d) Property Taxes

The Property Tax Act of 2009 (PTA) was enacted into law by the Government of the Republic of Trinidad and Tobago (GORTT), effective from 01 January, 2010. There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on 30 September, 2017. At present date, there have been no further changes to the legislation or extension of the waivers previously granted by the GORTT. The PTA is now effective January 1, 2024 as property valuations are being made by the statutory authority and assessments being sent to taxpayers. While a present obligation exists, taxpayers are unable to reliably estimate the liability as the basis for fair value at this time has not been clarified and hence no liability has been recognised in these consolidated financial statements.

e) Board of Inland Revenue Audit

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 the 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.

36 Subsequent events

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