National Flour Mills Limited

Administrative Report

FOR THE FISCAL YEAR ENDED 31ST DECEMBER 2016

Submitted to the Ministry of Trade and Industry

Contents

National Flour Mills Limited stands at the forefront of Trinidad and Tobago's flour milling and feed milling industries.

VISION STATEMENT

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

MISSION STATEMENT

We will feed the region by:

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

STRATEGIC OBJECTIVES

- Product expansion to compete effectively and become a dominant player in the Market.
- Corporate restructuring to effectively align organizational resources and capabilities with the execution of value creating activities.
- Processing facilities focused on product quality and reliable output.
- Organization –wide commitment and adherence to International Food Safety and Quality Management Standards.
- To be a people-focused organization that encourages ongoing training and development, accountability and fosters collaboration.

The Company is in the process of finalizing a Request for Proposal for the initiation of a tender process for a Facilitator to coordinate a strategic planning exercise for the period 2018-2022.

ORGANIZATIONAL STRUCTURE

Organizational Profile

National Flour Mills Limited (NFM) has established itself as a leader in the food manufacturing sector in Trinidad and Tobago. This leadership status has been achieved through the blending of the traditional values and skills of the industry, with the investment in technology and training needed to create and sustain a large, modern and efficient organization.

NFM's products are supplied through a variety of channels to bakers, food manufacturers, retailers and farmers throughout the local and regional markets. By providing precisely the right product/service mix to each customer, NFM has been able to achieve a substantial share of the market.

The Company commenced trading activities in 1966 as Trinidad Flour Mills Limited and was engaged in the milling of wheat for the production of flour and wheat middling, the main by-product of the flour milling operations which is used as a raw material input for the production of livestock feeds.

National Flour Mills Limited was incorporated on September 30, 1972. Subsequent to its incorporation, the majority of the issued share capital was held by the Government of Trinidad and Tobago and minority shareholdings were held by two foreign investors – Inter Continental Grain Company and Maple Leaf Limited of Canada.

In 1980, the government acquired the shareholding of the two (2) foreign investors and NFM became a wholly owned State Enterprise. The Government's shareholding was subsequently divested to the public on the Stock Exchange in three (3) tranches. The public now owns 49% of the Company's shares. In 1999 the Government transferred its 51% shareholding to National Enterprises Limited, which itself is a publicly listed company.

The principal developments in NFM since 1980 have been as follows:

- In 1983, NFM acquired Trinidad Grain Terminal Limited and began the sale of bulk corn and soyabean meal to feed manufacturers.

- In 1984, NFM took over the management of the operations of National Feed Mill Limited and in 1987 this company became a wholly owned subsidiary of NFM. National Feed Mill Limited was engaged in the manufacture and sale of livestock, poultry and specialty feeds.

- In 1985, NFM leased the local rice milling operation at Carlsen Field from the Ministry of Agriculture. In 1990, ownership of the Rice Mill was transferred to NFM and in 1995, the land at Carlsen Field was granted to NFM.

- In 1987, NFM commissioned an integrated Soyabean Complex, which produced soybean meal and crude, refined and hydrogenated soyabean oils together with bottled oil.

- In 1992, the Company increased its on-site storage capacity by an additional 25,000 metric tonnes with the construction of additional concrete silos.

- In 1994, NFM commissioned a ship unloading/loading facility resulting in substantial cost savings in the handling of grain imports.

- In 1999, after a corporate reorganization, National Feed Mill became the Feed, Poultry and Livestock Division of NFM. This division operates a new state of the art Feed Mill which began commercial operations of its 30 metric tons per hour Plant in May 1999.

- In 2002, NFM acquired the drymix operations of Nabisco Royale Inc. The entire Lion Brand and Royal Brand product portfolio were acquired.

- In 2003, the distribution rights for the SAF Brand of instant yeast was acquired.

- In 2006, NFM ceased operation at its Edible Oil Complex following an explosion at this facility. This plant has been de-commissioned and various pieces of the equipment sold.

- In 2006, NFM commissioned its new state of the art 400MT capacity Flour Mill which replaced two flour mills that were over thirty five (35) years old.

- In 2007, NFM began a Food Importation and Distribution Initiative Programme which was aimed at bringing cheaper foods to the nation, in light of escalating inflation. The goods imported for distribution included Meats, cereal, sardines and milk. However, in 2008, the then Board took a decision to cease this programme and by the end of 2008 all food imported under this programme had been distributed.

- From 2008 to present NFM has refocused its efforts on redefining its business strategy focused on its core competences to capitalize on market opportunities.

Today, NFM produces Food and Feed products in its three manufacturing facilities and supplies Bulk corn, soya bean meal and wheat middlings to local and export customers.

Food – The Company mills flour in its state of the art factory and also manufactures complementary dry-mix food products.

Flour - Included in our wide range of flour products, one will find All Purpose, High Gluten, Bakers', Whole Wheat, Self-Rising and Breading Flour. Our well-known consumer flour brands include Ibis®, Hibiscus®, Lotus®, and good N' natural®. NFM's commercial flour brand is National. NFM also supplies flour in bulk to commercial customers and it is the only Flour Mill with this loading capability in Trinidad.

Cereals – NFM produces several healthy high fibre cereals including bran, wheat germ and hot wheat cereal, all under the good N' natural® brand.

Cooking & Baking Products – To complement our flour products NFM also manufactures Lion Brand® Baking Powder, Pholourie Mix and Split Peas Powder, as well as the Lotus® brand of Custard Powder and Icing Sugar.

Traded Items – The Company also imports and/or distributes complementary products such as White Rice, Par Boiled Rice, Soya Bean Oil under the Lotus® brand; SAF Yeast; good N natural Coconut Milk and Ginger Tea.

Feed – NFM manufactures National® brand feeds for a wide range of poultry and livestock animals and is a leader in pet food manufacture both under its brand Command Performance® as well as through third party manufacturing arrangements to leading retail chains. NFM is a regional leader in the manufacture of extruded feeds including floating tilapia feed, rabbit feed and dog and puppy food.

Pet Food – NFM Manufactures Command Performance® Dog and Puppy food, third party manufacturing of pet food.

Livestock Feed – NFM's wide range of National® poultry and livestock feed as well as fish and horse feeds include:

- All purpose
- Poultry (broiler, layer, pullet, chick)
- Dairy
- Ruminant
- Pig (starter, grower, gestation, lactation)
- Duck
- Rabbit
- Horse (broodmare and racehorse)
- Fish (Floating Tilapia)

Bulk sales of corn and soya bean meal - NFM also imports and resells corn and soyabean meal in bulk at competitive prices and can supply both local and export customers on an FOB or CIF per kg basis.

Corporate Structure

The approved Corporate Structure is headed by a Board of Directors. The Board is supported by a Corporate Secretary. The Chief Executive Officer who is accountable to the Board of Directors, leads an Executive Management Team. The Corporate Structure in 2016 comprising the following positions:

- Board of Directors
    - ✓ Nigel Romano – Chairman
    - ✓ Joseph Neville Jacob
    - ✓ Sonja Voisin
    - ✓ Aliyah Jaggassar
    - ✓ Karen Shaw
    - ✓ Shane Correia
    - ✓ Ross Alexander
    - ✓ Sharaz Ahamad

- Kelvin Mahabir - Chief Executive Officer
    - ✓ *Cheryl Edwards - General Manager, Operations*
    - ✓ *Cheryl Lee Kong - General Manager, Sales and Marketing*
    - ✓ *Robert Subryan - General Manager, Finance*
    - ✓ *Pamela Niamath - General Manager, Business Support Services*
    - ✓ *Harrinarine Dipnarine - Assistant General Manager, Operations*

In addition, the Company has a Senior Leadership Team comprising the following Managers:

- Anson King – Manager, Management Accounting
- Vaneeta Ticklal – Manager, Financial Accounting
- Harrinarine Dipnarine – Assist. General Manager, Operations
- Adrian Cabralis – Manager, Flour Milling & Packaging
- Yvette Eastman – Manager, Feed Milling & Packaging
- Yvette Maynard – Manager, Human Resources
- Karen Nieves – Manager, Quality & HSE
- Anthony Jones – Internal Auditor
- Krisenlal Roopchan – Manager, Sales (Food)
- Terrence Massoom – Manager, Sales (Feed)
- Gail Nobbee – Manager, Product Development
- Sheldon Subero – Manager, Corporate Security
- Shurland Sawh – Manager, Sales & Operational Planning

SERVICES/PRODUCTS PROVIDED AND SPECIAL PROJECTS EMBARKED UPON

A. Products

The products offered by National Flour Mills Limited are as follows:

Products	Brands
All Purpose Flour	Lotus Ibis Hibiscus
Self-Rising Flour	Lion
Bakers Flour	Lotus National Bakers
High Gluten Flour	National Bakers
Cake Flour	Lotus
Whole Wheat Flour	Lotus Good N' Natural
Cookies	Palm
Cracker	Palm
Baking Powder	Lion
Pholourie Mix	Lion
Split peas Powder	Lion
Roti and Doubles Flour	Lion
Icing Sugar	Lotus
Coconut Milk Powder	good N' Natural
Ginger Tea (sweetened and unsweetened)	good N' Natural
Soya Bean Oil	Lotus

White & Parboiled Rice	Lotus
Wheat Bran	good N' Natural
Wheat Germ	good N' Natural
Wheat Cereal	good N' Natural
Yeast	Saf Instant

B. Services

In addition to products, NFM also provides technical support and after-sales service to key accounts in the Commercial Segment in the Company's Food Markets and to Farmers.

C. Special Projects Embarked Upon

The Company continued to undertake capital works in anticipation of attaining SQF Certification Level 3, promote employee well-being and to ensure that the Company could meet current and future market demands. During the course of 2016, specific projects undertaken were:

- Designed a new Distribution Centre at Carlsen Field
- Constructed Pre-Fabricated Warehouses at Sea Lots
- Upgraded Email, Internet and PBX Systems
- Relocated Hayssen Packer from Carlsen Field to Wrightson Road
- Upgraded the Perimeter Fence at Wrightson Road
- Implemented a Continuous Improvement Best Practice
- Refurbished the Northern Wall at Wrightson Road
- Upgraded the Network Infrastructure

Delegated Levels of Authority

The authorization to sign contracts on behalf of the Company is as follows:

Value of Contract	**Authorized Signatory**
Up to $25,000.00	All Managers
>$26,000.00 to $50,000.00	General Manager
>$50,000.00 to $100,000.00	Chief Executive Officer

>$100,000.00 to $300,000.00	Chief Executive Officer and a General Manager
>$300,000.00	Chief Executive Officer and the Corporate Secretary or a Board Director

The authorization to sign cheques was as follows:

CATEGORY A – TT$1,000,000 and over

The following: -

- Director (1)
- Chief Executive Officer

CATEGORY B – Over TT$100,000 to TT$999,999.99

The Chief Executive Officer and one of the following: -

- General Manager – Operations
- General Manager – Sales & Marketing
- General Manager – Finance
- General Manager – Business Support Services

CATEGORY C – Up to TT$99,999.99

Any two of the following, one of which must be a General Manager. However, a General Manager and Manager of the same Department cannot sign a cheque: -

- Chief Executive Officer
- General Manager – Operations
- General Manager – Sales & Marketing
- General Manager - Finance
- General Manager, Business Support Services
- Manager - Financial Accounting
- Manager – Management Accounting
- Manager – Quality and HSE Services
- Manager – Sales (Food)

Legislative and Regulatory Framework

As a corporate entity, NFM is governed by its Bye Laws and the Companies Act 1995. The Company is also subject to the guidance provided by the State Enterprises Performance Monitoring Manual and other corporate governance guidelines as well as policies and procedures approved by the Board of Directors.

As a Listed Company, NFM complies with the requirements of the Trinidad and Tobago Stock Exchange and the Trinidad and Tobago Securities and Exchange Commission.

Reporting Functions

On a monthly basis, Unit Managers are required to submit reports to their respective General Managers. General Managers are then required to submit comprehensive reports for their functional areas to the Chief Executive Officer to facilitate the preparation of his Report to the Board of Directors.

The Chairman of the Board reports to the Minister of Finance and the Minister of Trade and Industry in accordance with the directives outlined in the State Enterprises Performance Monitoring Manual.

NFM, as a listed company, also reports to the Trinidad and Tobago Stock Exchange and the Trinidad and Tobago Securities and Exchange Commission.

POLICIES AND DEVELOPMENT INITIATIVES

Short, Medium and Long Term Plans

In the short-term, the Company was guided by its annual Corporate Plan which follows the same philosophy as the five-year Strategic Plan 2014/2018 but adjusted for changing market and environmental conditions. In addition, in the short, medium and long-term, the Company continues to be guided by approved policies and procedures and guidelines from the majority shareholder. In keeping with the Board's continued thrust to provide the foundation for the creation of a culture of accountability, Consultancy support was engaged for the development of an Accounting Policies and Procedures Manual.

Specific planned/targeted activities outlined in the 2014/2018 Strategic Plan include:

- Implement Integrated Business Processing facilitated by an Enterprise Resource Planning (ERP) System to enable seamless integration of the core activities of the business from strategy development and business planning to manufacturing, and marketing and sales;
- Enhance plant and facilities capacity and capability focused on product quality and reliable output that meet customer needs;
- Achieve Safe Quality Food (SQF) Level 3 Certification;
- Implement Human Resource Information System;
- Implement Production Planning and Forecasting;
- Design, Develop and Implement Supplier Risk Management Framework; and
- Implement Maintenance and Facilities Initiatives

The focus going forward would be on increasing revenue through export sales. At present, NFM controls approximately 62 percent of the market for flour. By 2018, NFM intends to control 70 percent of the market through the development of offerings targeted to meet and exceed the changing needs of consumers. The Company has recognized the growth potential for the Food Service Consumer segment and will continue to focus on developing ready to eat products in the local market initially. Additionally, increased emphasis will be placed on exporting flour and flour related products to regional markets such as Guyana, Antigua and Jamaica.

In the area of flour and flour related products, in 2015, the following new product was launched:

- Roti/Doubles Flour 45kg.

Also, Mauripan 2 in 1 Instant Dry Yeast 500 g was added to the range of traded items and the formulation for Bulk Cracker Flour was improved.

On the Feed side of the business, increased emphasis was placed on growing the market share for Command Performance dog food in both the local and export markets. Command Performance dog food is marketed as a premium product and is currently generating a significant amount of revenue for the Company. In 2016, the Company launched the Perromax brand dog food in the export market. This brand is a lower cost version of the Command Performance dog food and targets a different market segment.

Extruded feeds has been identified as a growth pole for NFM and in 2016, a tender process was initiated for an Integrated Feed Mill and Storage Facility. Unfortunately, due to technical issues as well as shortage of foreign exchange, this project had to be shelved until 2019. In the interim, funds have been allocated to the upgrade of the existing feed mill to facilitate the increased production of extruded feed.

Given that the company imports most of its raw materials, the need to source foreign exchange is critical to the ability of the Company to remain a viable concern. The export thrust will alleviate this problem to some extent provided that adequate margins are obtained. We have applied for registration of our trademarks for both Command Performance and Perromax throughout the Caribbean. In addition, we are in the process of identifying distributors and satisfying all other legal requirements in specific islands line Cuba and the Dominican Republic.

The thrust into certain international markets is to some extent dependent on our ability to attain SQF Level 3 Certification. In turn, certification is dependent on our ability to execute the infrastructural works required to provide the requisite environmental, safety and security conditions.

In addition, the Company embarked on a Continuous Improvement drive to reduce cost and improve efficiency. In this regard, significant savings have been attained from the reduction in returned goods and from reduced demurrage. The Continuous Improvement Initiatives also contributed to the process of culture change within the organization and in 2017, efforts will be made to continue this process.

Performance Objectives and Accomplishments. Remedial Plans if any, as it concerns Performance Gaps

The Budget is used to validate the achievement of performance targets in terms of actual versus budgeted. To measure the impact of these initiatives and identify gaps for training and development and other remedial or disciplinary procedures, the Performance Management system was expanded from the pilot in 2014 and implemented throughout the organization.

In 2016, there was a decrease in revenue from $481M to $470M as the Company experienced the effects of a depressed economy. The effects were more strongly felt in the Feed side of the business and in particular, in the pelleted feeds

With respect to the initiatives outlined in the Strategic Plan, the following initiatives were actioned in 2016:

- The upgrade of the CSB Enterprise Resource Planning System upgrade. However, the integration of the Production department into the system was deferred to 2017.
- Significant infrastructural works were undertaken to facilitate the attainment of SQF Level 3 Certification.
- The Consultant continued to work with the Company to ensure that all the requirements for SQF Level 3 Certification were satisfied. These efforts will continue in 2017.
- The HRIS System was substantially implemented in 2016. Full implementation will be achieved in 2017.

FINANCIAL OPERATIONS

Budget Formulation

In alignment with the Company's strategic objectives, Budgets (both capital and recurrent) are produced on an annual basis. A revenue target is determined and proposed expenditure is correlated to the revenue target. The actual expenditure including the payment of dividends is based on cash flows. NFM's biggest item of expenditure is related to the purchase of grains, the price of which is beyond the control of the Company. On the other end of the spectrum, the Company is obligated to maintain a ceiling on the price of flour to customers. This scenario prompted the Company in 2015 to seek the approval of the Trinidad and Tobago Securities and Exchange Commission to engage in a simple hedging strategy to manage expenditure.

In addition, NFM produces monthly financial statements which are submitted to the Board of Directors at their monthly Board Meetings. The monthly statements generally include a Balance Sheet, Profit and Loss Statement and Cash Flow Statement and are used to ensure that the Company can meet its liabilities as they become due.

In accordance with the requirements of the regulatory bodies, financial statements are published after every quarter and audited annual statements are also published by the 31st of March every year.

Expenditure v Income

Statement of Comprehensive Income

	Audited 2016	**Audited 2015**
	31st December 2016 $'000	**31 Dec. 2015 $'000**
Turnover	470,509	481,214
Cost of Sales	(330,518)	(365,463)
Gross Profit	**139,991**	**115,751**
Selling and Distribution Expenses	(35,625)	(38,676)
Administrative Expense	(43,682)	(41,058)
Other Operating Income	5,909	9,676
Operating Profit	**66,593**	**45,693**
Financial Expense	(10,962)	(2,574)
Profit Before Taxation	55,631	43,119
Taxation	(20,946)	(9,081)
Profit for the Period	**34,685**	**34,038**

Debt Policy

In support of the Company's strategic objectives, NFM's Debt Policy provides guidelines for the use of debt to ensure adequate funding for the execution of the Company's Annual Corporate Plan as well as providing prudent sources of funding as and when required.

The Debt Policy covers all forms of debt including short-term and long-term debt. The objectives of the Debt Policy are to insure that (i) the feasibility of acquiring additional debt is based on good business sense and (ii) competitive interests and other costs are obtained.

Investment Policy

NFM's Investment Policy defines the parameters within which surplus funds are to be managed so that the process is transparent and in keeping with Management's fiduciary duty to the Company.

The policy governs all activities relating to the investment of all funds with the exception of funds held by Trustees or other statutory bodies.

The objectives of the Policy are to:

- Maximize investment earnings; and
- Ensure that sufficient liquidity is maintained to meet operating requirements.

At present, short-term investments are not being made due to the fact that a decision was made to utilize surplus funds to reorganize working commitments to reduce finance costs

Internal Audit Functions

In 2016, the Internal Audit Unit was staffed by two persons – an Internal Auditor and an Audit Senior. The work of the Internal Audit Unit continues to be guided by an Internal Audit Charter and the Internal Auditor reports functionally to the Chairman of the Audit Committee and the Chairman of the Board and administratively to the Chief Executive Officer.

The Audit Committee was established by the Board in accordance with the Company's Bye Laws and the Companies Act, 1995. The composition of the Committee changed in 2016 with the change in the Board of Directors. Under the previous Board, five (5) directors had been appointed to the Audit Committee. Currently, the Committee comprises the following Directors:

- Aliyah Jaggassar
- Joseph Jacob

- Karen Shaw
- Ross Alexander

HUMAN RESOURCE DEVELOPMENT PLAN

Organizational Establishment

ESTABLISHMENT BY HIERARCHY - DECEMBER 2016	
	No. of Emp.
NON-UNIONISED POSITION	
CEO/Divisional Managers	5
Departmental Managers	13
Technical/Professional (Officers)	33
Supervisors	25
Para-professional	36
Merchandisers	14
UNIONISED POSITION	
Monthly	
Technical	62
Clerical	16
Hourly	155
TOTAL ESTABLISHMENT	**359**

Categories of Employees

The categories of employees engaged by NFM are permanent employees, contract employees and temporary employees.

Career Path Systems

As far as is reasonably possible, NFM seeks to satisfy the growth and development needs of its employees. Significant emphasis is placed on the training and development needs of employees and with the exception of specialized areas, internal recruitment is the first option for filling new positions.

This process will be aided by the Performance Management System when fully implemented since this would provide an accepted method for identifying and treating with areas for improvement.

Performance Assessment/Management Strategies

A Performance Management System was implemented. This system is used as a basis for training and other interventions

Promotion/Selection

National Flour Mills Limited is an equal opportunity employer and has a responsibility to procure the best available and most suitable candidate for the positions that are advertised.

Whenever vacancies arise, the Company will give first consideration to existing personnel within the Company before recruiting from outside the Company. All unionized positions must be advertised internally.

Deserving employees shall not be denied the opportunity to fill a vacant position in accordance with NFM’s procedures.

When two (2) or more candidates in the Company’s opinion have equal skill, competence, efficiency and merit, there will be an extended selection process. However, if these candidates are internal, then the candidate with seniority will be given preference in filling the vacancy.

Employee Support Services

An Employee Assistance Programme is in place.

PROCUREMENT PROCEDURES

National Flour Mills Limited, is committed to ensuring an equitable, transparent and accountable process in the purchasing of goods and the provision of works and services and in the disposal of its assets. The Company aims to implement a system of strategic procurement to ensure that its method of service provision, including the carrying out of works, purchasing goods and disposal of assets are cost effective and represent the best value for money.

The Company shall implement strategies to analyze costs, trends, price forecasts and gather market intelligence, which shall be administered by the Procurement & Logistics Department, for the purpose of identifying potential partnerships and alliances, market capability, performance measures, stakeholders, international organizational requirements, preliminary costs and risk management as well as building capabilities and adopting strategies to control cost.

Open Tender

Open Tendering is a process where invitations are issued through advertisements or other forms of public notice. The Company shall use Open Tendering in the following instances:

(1) When the Company's list of approved Vendors does not cater or adequately cater for particular types of Goods, Works and/or Services.
(2) Where it is competitively more advantageous.
(3) Where the terms and conditions of Company borrowings so require.

a. Open Tendering should also be considered where:

- There is a reasonable possibility that there may be other parties who are able to provide the good, work or service and who are unknown to the Company at the time of tendering.
- The in-house estimate is of a substantial sum so that it is considered the most transparent and equitable approach to be used.
- The nature of the good to be provided, the work or service to be undertaken is such that it is the most equitable option.
- The work, good or service is considered high risk.
- The work, good or service is considered complex.
- The nature of the contracting arrangement to be entered into favors this option.
- The principles of accountability, equality, transparency, value for money and so forth may best be achieved.

Selective Tendering:

Selective Tendering is a process where Tenders are invited from the Company's list of approved Vendors and/or where justified, Vendors specifically approved by the Registration Committee responsible for the pre-qualification of Vendors. In choosing a Selective Tendering process, the Company shall:

(1) Set a minimum of three (3) and a maximum of ten (10) invitees so as to allow adequate competition in the procurement process. The invitees selected shall be among the top-ranked Vendors registered to provide the particular Goods, Works and/or Services.

(2) Continually evaluate Vendors on their performance, inclusive of responsiveness to tender invitations and overall compliance with contract terms and conditions.

Sole Tender

The Company may without inviting Tenders make merit awards or contract directly for purchases of Goods or secure the performance of Works and/or Services under the following circumstances:

(a) Where the materials are non-changeable spares or replacement parts for materials already in use.

(b) When the Works and/or Services are to be carried out on a site where the employment of another Vendor may hinder the progress of work already being performed by an existing Vendor, taking due account of cost effectiveness of the approach adopted.

(c) Where only one Vendor/Consultant is capable or available or identified as having the qualifications or special proficiency, experience and skill of exceptional worth, expertise and/or equipment to supply the required Goods, Works and/or Services or is the agent of the agent/representative for Goods, Works and/or Services.

(d) Where the Goods, Works and/or Services are required due to an Emergency situation.

(e) When significant cost savings can be achieved by using a Consultant who is familiar with the Company having worked on a similar project.

Prior approval shall be required for all merit awards in accordance with the relevant Financial Authority to Award Contracts.

A detailed description of the Goods to be purchased or Works and/or Services to be performed must be presented along with a certification of at least one of the merit circumstances listed above.

The Executing Unit shall prepare a Company Estimate, as well as relevant documentation, which may include the scope of work, specifications, form of bid, conditions of contract or form of agreement and any other necessary information.

PUBLIC AND COMMUNITY RELATIONS

The Company makes contributions in the form of donations, sponsorship and scholarships to local community groups.

In-kind donations do not involve a direct cash contribution but instead might include providing promotional items such as T shirts, Aprons and other related items. Such donations would be made on the basis that there would be no expectation of increasing the material gain other than that related to the corporate recognition, credibility and reputation of NFM.

Scholarships – From time to time, NFM may award scholarships to recognize academic excellence.

Sponsorships relate to opportunities that will in most cases offer a long-term association with a particular entity, event or programme. In most cases, sponsorships will allow NFM to develop a working relationship with the other party and to proactively participate to ensure maximum branding on investment is achieved.

Preference is given to groups and organizations that:

- Are non-profit and can demonstrate community support and involvement.
- Are working for the benefit of a wide variety of stakeholders, in particular the youth of the community.
- Can demonstrate how the money or in-kind donation will be spent and the expected outcome of the event.
- Agrees to acknowledge the Company’s contribution through the placement of various promotional banners, brochures, posters and the corporation’s logo in promotional material.
- Commit to providing the Company’s logo on promotional materials.
- Commit to providing the Company with a letter following the holding of the event that summarizes the outcomes and benefits.

Significant donations given in 2015 included:

- A donation of $20,000.00 to the Blind Welfare Association;
- A donation of $20,000.00 to the Mastana Bahar programme;
- A donation of $15,000.00 to the Nalis NASA Project;
- A donation of $10,000.00 to the Caribbean Health Foundation;
- A donation of $10,000.00 to the National Action Cultural Committee.

National Flour Mills Limited

Financial Statements

31 December 2016

(Presented in Thousands of Trinidad and Tobago Dollars)

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National Flour Mills Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying summary financial statements of National Flour Mills Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal controls that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal controls 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 summary financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

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

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

Director	Director
24 March 2017	24 March 2017

pwc

Independent Auditor's Report

To the shareholders of National Flour Mills Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of National Flour Mills Limited (the Company) as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

National Flour Mills Limited's financial statements comprise:
- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

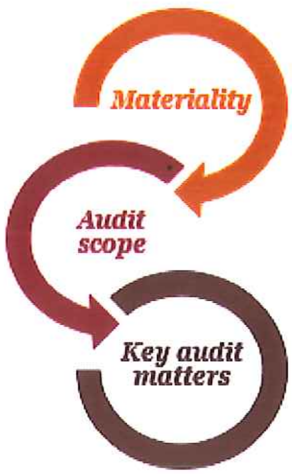
BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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

Independent Auditor's Report (Continued)

Our audit approach

Overview



- Overall materiality: TT$2.8 million, which represents 5% of profit before tax.

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

- Valuation of the net retirement benefit asset and the medical and life insurance liability.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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 financial statements as a whole.

Independent Auditor's Report (Continued)

Materiality (continued)

Overall materiality	TT$2.8 million
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% 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 TT$140,000 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

Key audit matters (continued)

Key audit matter	*How our audit addressed the Key audit matter*
Valuation* of the net retirement benefit asset and the medical and life insurance obligation** ***See notes 3 (j), 3 (k), 4, 10 and 11 to the financial statements for management's disclosures of related accounting policies, judgements and estimates. The Company sponsors a defined benefit pension plan and a medical and life insurance plan. As at December 31, 2016, the Company had a: - net retirement benefit asset of TT$20M, which represents 4% of total assets, comprised of plan assets valued at TT$180M (of which TT$86M is not based on observable market data), and a defined benefit obligation of TT$160M. - medical and life insurance plan liability of TT$17M which represented 6% of total liabilities. We focused on the valuation of the defined benefit obligation and the medical and life insurance plan liability as they require significant levels of judgement and technical expertise in determining appropriate assumptions. A number of the key assumptions can have a material impact on the calculation of the liability including; - discount rates - salary increases and; - medical inflation rates Management utilises an independent external actuary to perform certain calculations with respect to the estimated obligations. The pension assets consist of financial investments held at fair value, which is based on a range of inputs. While many of the inputs required can be obtained from readily available market prices and rates, certain securities are based on modelled prices as observable market data is limited. In these instances, management is required to make significant judgements due to the complexity in the valuation model estimates resulting in high estimation uncertainty which therefore led us to focus our attention on this area.	We tested the key assumptions, including the discount rates and salary increase assumptions for the pension obligation and medical and life insurance liability by performing the following: 1. Discount rates - the rates used by management were compared to the yield of a Government of Trinidad & Tobago bond of a similar period and found to be reasonable. 2. Salary increases – salary increases were compared to historical increases, taking into account the current economic climate. The salary increases were found to be reasonable. Medical inflation rates are actuarial assumptions determined by the independent actuary based on their experience with this as well as other similar plans. The assumptions used in the calculation were considered to be reasonable based on our procedures performed: 1. We assessed the independence and competence of the actuary used by management to calculate the pension obligation and medical and life insurance liability confirming that they are qualified and that there was no affiliation to the Company. 2. We reviewed the methodology used by management's independent expert and noted that it was consistent with prior periods and in compliance with the relevant reporting standard. 3. We also tested the census data used in the actuarial calculation by comparing it to personnel files. There were no differences identified based on our procedures performed. We performed testing of the pension plan assets, focusing on the valuation of those assets. For more judgemental valuations, which may depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by management and these were considered reasonable and consistent with our procedures performed. Specifically, we assessed the significant inputs relating to yield, prices and valuation inputs against external sources and compared to similar transactions in the marketplace. In some cases, these resulted in a different valuation to that calculated by management. In our view, the differences were within a reasonable range of outcomes, in the context of the inherent valuation uncertainties disclosed in the financial statements. There were no material exceptions noted in our testing of the valuation of the pension assets, the defined benefit obligation and the medical and life insurance plan liability.

Other information

Management is responsible for the other information. The other information comprises the information presented in the National Flour Mills Limited's complete Annual Report (but does not include the 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 financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the complete 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 financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Independent Auditor's Report (Continued)

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Haseeb Mohammed.

PricewaterhouseCoopers

28 March 2017
Port of Spain
Trinidad
West Indies

National Flour Mills Limited

Statement of Financial Position

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

	Notes	As at 31 December 2016 $	2015 $
Assets			
Non-current assets			
Property, plant and equipment	12	164,549	166,518
Trademarks	13	--	533
Retirement benefit asset	10	20,277	9,059
Deferred taxation	16	5,050	11,867
Restricted deposit	7	6,200	6,200
		196,076	194,177
Current assets			
Accounts receivable and prepayments	8	70,714	75,739
Amount due from the Government of the Republic of Trinidad and Tobago	23	14,901	15,139
Inventories	9	72,051	78,940
Restricted deposit	7	54,728	--
Cash and cash equivalents	6	94,374	65,022
		306,768	234,840
Total assets		502,844	429,017
Liabilities and equity			
Non-current liabilities			
Deferred taxation	16	43,564	34,384
Medical and life insurance plan	11	16,833	17,194
Lease liability	26	932	932
Borrowings	15	24,452	--
		85,781	52,510
Current liabilities			
Accounts payable and accruals	14	47,013	62,120
Current tax payable		4,655	--
Amount due to the Government of the Republic of Trinidad and Tobago (GORTT)	23	11,622	9,623
Current portion of finance lease liability	26	603	1,347
Borrowings	15	125,254	107,613
		189,147	180,703
Total liabilities		274,928	233,213
Shareholders' equity			
Stated capital	17	120,200	120,200
Other equity		(2,633)	--
Retained earnings		110,349	75,604
		227,916	195,804
Total liabilities and equity		502,844	429,017

The notes on pages 12 to 41 are an integral part of these financial statements.

On 24 March 2017, the Board of Directors of National Flour Mills Limited authorised these financial statements for issue.

_______________ Director _______________ Director

National Flour Mills Limited

Statement of Comprehensive Income
(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

	Notes	Year ended 31 December 2016 $	2015 $
Revenue		470,509	481,214
Cost of sales	19	(330,518)	(365,463)
Gross profit		139,991	115,751
Expenses			
Selling and distribution expenses	19	(35,625)	(38,676)
Administration expenses	19	(43,682)	(41,058)
Other operating income	24	5,909	9,676
Operating profit		66,593	45,693
Finance cost	18	(10,962)	(2,574)
Profit before taxation		55,631	43,119
Taxation charge	16	(20,946)	(9,081)
Profit for the year		34,685	34,038
Other comprehensive income			
Items that would not be reclassified to profit or loss			
Re-measurement of retirement benefit asset	10	12,387	(3,368)
Re-measurement of medical and life insurance plan	11	1,437	950
Deferred taxation		(4,147)	605
Other comprehensive income/(loss), net of tax		9,677	(1,813)
Total comprehensive income for the year		44,362	32,225
Earnings per share			
Basic earnings per share	20	29¢	28¢

The notes on pages 12 to 41 are an integral part of these financial statements.

National Flour Mills Limited

Statement of Changes in Equity

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

	Stated capital $	Other equity $	Retained earnings $	Total $
Year ended 31 December 2015				
Balance as at 1 January 2015	120,200	--	50,591	170,791
Total comprehensive income:				
Profit for the year	--	--	34,038	34,038
Actuarial loss for the retirement benefit asset and medical and life insurance plan	--	--	(1,813)	(1,813)
Transactions with owners of the Company:				
Dividends paid	--	--	(7,212)	(7,212)
Balance as at 31 December 2015	120,200	--	75,604	195,804
Year ended 31 December 2016				
Balance as at 1 January 2016	120,200	--	75,604	195,804
Total comprehensive income:				
Profit for the year	–	–	34,685	34,685
Actuarial gain for the retirement benefit asset and medical and life insurance plan	--	--	9,677	9,677
Treasury Shares	--	(2,633)	--	(2,633)
Transactions with owners of the Company:				
Dividends declared	--	--	(9,617)	(9,617)
Balance as at 31 December 2016	120,200	(2,633)	110,349	227,916

The notes on pages 12 to 41 are an integral part of these financial statements.

National Flour Mills Limited

Statement of Cash Flows

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

	Year ended 31 December 2016 $	2015 $
Cash flows from operating activities		
Profit before taxation	55,631	43,119
Adjustments for:		
Depreciation (note 12)	12,929	11,030
Loss on disposal	--	110
Interest expense (note 18)	6,258	4,800
Retirement benefit and medical plan expense (note 10 and 11)	2,245	(758)
Amortisation of trademarks (note 13)	533	1,232
Other non-cash movements	901	517
Increase in provision for doubtful accounts	2,517	5,507
Operating profit before working capital changes	81,014	65,557
Changes in working capital:		
Decrease/ (increase) in accounts receivable and prepayments	5,025	(15,663)
Decrease in inventories	6,889	9,046
(Decrease)/increase in accounts payable and accruals	(15,107)	18,249
Increase in amounts due to/(from) GORTT	2,237	456
Cash generated from operating activities	80,058	77,645
Interest paid	(8,552)	(4,110)
Taxes paid	(5,389)	(979)
Net cash generated from operating activities	66,117	72,556
Cash flows from investing activities		
Restricted deposit (note 7)	(54,728)	(6,200)
Purchase of property, plant and equipment (note 12)	(10,960)	(19,416)
Net cash used in investing activities	(65,688)	(25,616)
Cash flows from financing activities		
Net repayment of borrowings/repayments	38,930	(18,867)
Dividends paid	(8,164)	(4,760)
Payments for treasury share purchases by trust	(1,100)	--
Finance lease liability repaid	(743)	(1,213)
Net cash generated from/used in financing activities	28,923	(24,840)
Net increase in cash and cash equivalents	29,352	22,100
Cash and cash equivalents at the beginning of the year	65,022	42,922
Cash and cash equivalents at the end of the year	94,374	65,022

The notes on pages 12 to 41 are an integral part of these financial statements.

1 **Incorporation and principal activities**

National Flour Mills Limited ("the Company") is incorporated in the Republic of Trinidad and Tobago, and was continued under the provisions of the Companies Act, 1995 on 14 April 1998.

Its principal activities are the production and distribution of food products and animal and poultry feeds. The Company's major shareholder is National Enterprise Limited owning 51% of the issued share capital. The Company's registered office is 27-29 Wrightson Road, Port of Spain.

2 **Basis of preparation**

a. *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRSIC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis.

The preparation of the 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 Company'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 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 financial statements are disclosed in Note 4.

b. *Going concern*

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

c. *Functional and presentation currency*

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

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a. *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 Company 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.

	Years
Buildings	up to 40 years
Plant and machinery including capital spares	5 – 10 years
Office 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.

b. *Leases*

Leases of property, plant and equipment under which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments, at the date of inception of the lease. The corresponding rental obligations, net of finance charges, are shown as finance lease liability, on the statement of financial position. Each lease payment is allocated between the liability 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.

Depreciation on assets held under finance leases is charged to profit or loss over the shorter of the lease term and their estimated useful lives.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals paid under operating leases are charged to appropriate expense headings in the profit or loss on a straight-line basis over the period of the lease.

3 **Summary of significant accounting policies (continued)**

c. *Trademarks*

Trademarks are stated at cost less accumulated amortisation. Amortisation is recognised on a straight-line basis over the estimated useful lives of the trademarks of up to a maximum of 14 years.

d. *Financial instruments*

Classification

The Company classifies its financial assets in the following categories:

- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period.

Reclassification

The Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the available-for-sale category if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company 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 Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive loss are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3 **Summary of significant accounting policies (continued)**

d. *Financial instruments (continued)*

Available-for-sale financial assets are subsequently carried at fair value.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Interest on available-for-sale securities, and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss.

The Company did not hold any investments in available-for-sale securities as at the current or prior year end.

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.

Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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).

e. *Cash and cash equivalents*

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

f. *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. Otherwise inventories are valued using the first-in first-out method.

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

3 **Summary of significant accounting policies (continued)**

g. *Accounts receivable*

Accounts receivable are classified as loans and receivables and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment, and the amount of the loss is recognised in profit or loss. The provision is utilised when the accounts receivable is uncollectible.

h. *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 the tax relates to items recognised directly in equity or in other comprehensive loss.

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

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

i. *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 Company assesses whether there is any indication that assets may be impaired. Where an indicator of impairment exists, the Company makes an estimate of recoverable amount.

3 **Summary of significant accounting policies (continued)**

i. *Impairment of non-financial assets (continued)*

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.

j. *Retirement benefit plan*

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

The liability or asset recognised in the 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. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurement of the net defined benefit asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in other comprehensive loss.

Net interest expense (income) or the net defined benefit liability (asset) is determined using the discount rate. Net interest expense and other expenses related to the retirement benefit plan are recognised in profit or loss.

The actuary performs a full actuarial valuation every three years and any surpluses or deficits may be recognised by an adjustment of future contribution rates.

k. *Medical and life insurance plan*

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

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

3 **Summary of significant accounting policies (continued)**

k. *Medical and life insurance plan (continued)*

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

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.

l. *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position within accounts payable and accruals. See note 29 for details on the employee share ownership plan.

m. *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 cost.

n. *Provisions*

Provisions are recognised when the Company 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 consideration 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 carry.ing amount is the present value of those cash flows.

o. *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

3 **Summary of significant accounting policies (continued)**

p. *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 the profit or loss in the year in which they are incurred. No amounts were capitalised to property, plant and equipment in the current year (2015: nil).

q. *Earnings per share*

Earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

r. *Dividends*

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

s. *Segment reporting*

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

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

t. *Offsetting financial assets and financial liabilities*

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

u. *Employee Share Ownership Plan (ESOP)*

The company operates an Employee Share Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the company based on a set formula. All permanent employees of the company are eligible to participate in the Plan that is directed by a Management Committee comprising management of the company 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 company contributions and cash advances by the company to the ESOP. The cost of the shares so acquired have been recognised in Other Equity as Treasury Shares.

3 **Summary of significant accounting policies (continued)**

v. *New standards and interpretations not yet adopted*

The Company has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2016.

- Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Other standards, amendments and interpretations which are effective for the financial year beginning 1 January 2016 are not material to the Company.

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to early adopt these standards.

- IFRS 15 – Revenues from Contracts with Customers - The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Mandatory adoption is expected for fiscal year beginning 1 January 2018.

- IFRS 9 – Financial Instruments - IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. Mandatory adoption is expected for fiscal year beginning 1 January 2018.

- IFRS 16 – Leases - IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. Mandatory adoption is expected for fiscal year beginning 1 January 2019.

The Company has not yet assessed how the financial statements would be affected by the new standards listed above.

There are no other standards, amendments or interpretations effective for the financial period after 31 December 2016 which could have a material impact on the Company's financial statements.

4 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 area involving significant estimates or judgements relates to the estimation of defined benefit pension obligation/asset and the Medical and life insurance plan obligation. Application of certain Company's accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below.

Estimates

Valuation of retirement benefit asset and medical and life insurance plan

The present value of the pension obligations depends 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 pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company 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 Company considers the interest rates of high quality bonds that are denominated in the currency in which the benefits will be paid, and that have the terms to maturity approximating the terms of the related pension liability.

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

5 **Financial risk management**

a. *Financial risk factors*

The Company'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 Company 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 Company'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 financial statements.

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

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

(i) *Credit risk*

Credit risk arises from cash and cash equivalents, amounts due from GORTT and credit exposures relating to outstanding receivable balances.

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

The Company is exposed to credit risk, which is the potential for loss due to a debtor's failure to pay amounts when due. The Company 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 Company trades with third parties who are subject to credit verification procedures, which take into account their financial position and past experience. Individual risk limits are set based on internal analysis.

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

(ii) *Liquidity risk*

The Company's policy throughout the year has been to maintain a mix of short and medium term borrowings. Short-term flexibility is achieved by bank overdraft and revolving grain facilities. In addition it is the Company's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Company's liquidity. The tables below analyse the Company's financial liabilities which will be settled based on its relevant maturity groupings using the remaining period at the 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 statement of financial position date.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

5 Financial risk management (continued)

a. *Financial risk factors (continued)*

(ii) *Liquidity risk (continued)*

Contractual Maturities of financial liabilities	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total Cash flow $	Carrying Value $
At 31 December 2015					
Accounts Payables	61,040	--	--	61,040	61,468
Borrowings	107,613	--	--	107,613	107,613
Amounts due to GORTT	9,623	--	--	9,623	9,623
Finance Lease	1481	2,703	--	4,184	2,279
	179,757	2703	--	182,460	180,983
At 31 December 2016					
Liabilities					
Accounts Payables	45,722	--	--	45,722	47,013
Borrowings	130,038	1,589	29,220	160,847	149,706
Amounts due to GORTT	11,622	--	--	11,622	11,622
Finance Lease	1,480	805	--	2,285	1,535
	188,862	2,394	29,220	220,476	209,876

Accounts payable in the tables above exclude statutory liabilities which do not meet the definition of financial liabilities under IFRS 7, while borrowing include interest payments.

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

(iii) *Market risk*

(a) *Currency risk*

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

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

	Impact on profit or loss 2016 $	2015 $
Cash	7	28
Accounts receivable	60	20
Accounts payable	(186)	(366)
Borrowings	(1,253)	(1,075)
	(1,372)	(1,393)

5 **Financial risk management (continued)**

a. *Financial risk factors (continued)*

(iii) *Market risk (continued)*

(b) *Interest rate risk*

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

Cash flow interest rate risk is the risk that the Company'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 Directors consider that a 1% movement in interest rates represents reasonable possible changes. The impact on profit after taxation would be $884K (2015: $1,072K).

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

(c) *Price risk*

The Company is exposed to price fluctuations in the commodity market from its main raw material being grain. To manage this risk the Company uses forward contracts to manage price risk exposure. The Company does not use hedge accounting as the purchases are for own use as defined under IAS 39. There were no outstanding forward contracts at year end.

b. *Fair value estimation*

The fair value of Company 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 of the Company's financial assets and liabilities are carried at amortised cost.

c. *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company'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 Company 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.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

6 Cash and cash equivalent

Cash and cash equivalents

	2016 $	2015 $
Cash in hand and at bank	94,123	64,773
Short-term deposits	251	249
Cash and cash equivalents	94,374	65,022

7 Restricted deposit

At 31 December 2016, the Company held a deposit of $60,928 (2015: $6,200), $6,200 is with a financial institution and is used to secure the Company's lease facility. The funds are held in a deposit, and earns interest of 0.15%.

An additional $54,728 earns no interest and is held to secure overdue unpaid balances on a foreign denominated working capital facility and these mature within 12 months of the statement of financial position date.

8 Accounts receivable and prepayments

	2016 $	2015 $
Trade receivables	89,625	91,561
Less provision for doubtful amounts	(31,342)	(28,825)
	58,283	62,736
Prepayments	990	3,140
Other receivables	11,441	9,863
	70,714	75,739

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 $7,341 (2015: $6,281) and amounts receivable from National Flour Mills Cooperative of $2,133 (2015: $2,204).

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

	2016	2015
Opening provision	28,825	23,318
Increase in the provision (net of recoveries)	2,517	5,507
Closing provision	31,342	28,825

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

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

8 Accounts receivable and prepayments (continued)

	2016			2015		
	Fully performing $	Past due but not impaired $	Impaired and provided for $	Fully performing $	Past due but not impaired $	Impaired and provided for $
Current	44,922	--	--	52,290	--	--
Over 45 days	--	5,297	--	--	9,834	--
Over 60 days	--	8,064	--	--	612	--
Over 90 days	--	--	31,342	--	--	28,825
Provision			(31,342)			(28,825)
	44,922	13,361	--	52,290	10,446	--

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

Past due but not impaired

This relates to a number of independent customers for whom there is no recent history of default. The aging analysis is shown above.

The Company does not hold any significant collateral as security (2015: nil).

9 Inventories

	2016 $	2015 $
Raw materials	57,341	66,905
Packaging materials	4,066	3,800
Finished goods and work in progress	10,644	8,235
	72,051	78,940

Inventories are stated after a provision for impairment of nil (2015: $718). The amount recognised as an expense in the year in respect of the write down of inventories is $178 (2015: nil). The amount recognised as a credit in the year in respect of reversals of write downs of inventories is $718 (2015: nil).

The cost of inventories recognised as an expense and included in cost of sales is $253,504 (2015: $283,844) (Note 19).

10 Retirement benefit asset

	2016	2015
Present value of defined benefit obligation	(160,059)	(162,703)
Fair value of the assets in the Plan	180,336	171,762
Recognised asset for the Plan	20,277	9,059

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

10 **Retirement benefit asset (continued)**	**2016** $	**2015** $
a. *Change in defined benefit obligations*		
Defined benefit obligation at start of year	(162,703)	(161,663)
Benefits paid	5,993	6,180
Current service cost	(5,837)	(6,255)
Interest cost	(7,987)	(7,931)
Members' contributions	(1,604)	(1,728)
Remeasurements:		
- experience adjustments	1,003	813
- actuarial losses from changes in financial assumptions	11,076	7,881
Defined benefit obligation at end of year	(160,059)	(162,703)
b. *The defined benefit obligation is allocated between the Plan's members as follows:*		
- Active	57%	57%
- Deferred members	15%	18%
- Pensioners	28%	25%

The weighted average duration of the defined benefit obligation at the year-end 13.8 years (2015: 15.3 years).

98% (2015: 95%) of the value of the benefits for active members is vested.

20% (2015: 21%) of the defined benefit obligation for active members is conditional on future salary increases.

	2016	2015
c. *Change in Plan assets*		
Plan assets at start of year	171,762	172,251
Company contributions	4,482	7,755
Members' contributions	1,604	1,728
Benefits paid	(5,993)	(6,180)
Interest income	8,580	8,684
Return on Plan assets	308	(12,062)
Expense allowance	(407)	(414)
Plan assets at end of year	180,336	171,762
Actual return on Plan assets	8,888	(3,378)
d. *Asset allocation*		
Locally listed equities	51,495	49,019
Overseas equities	10,199	10,902
TT$-denominated bonds	72,316	64,994
Non TT$-denominated bonds (mainly US$)	16,662	14,136
Mutual funds (short-term securities)	873	304
Cash and cash equivalents	18,562	21,730
Other (immediate annuity policies)	10,229	10,677
Fair value of Plan assets at end of year	180,336	171,762

The Plan does not directly hold any assets and/or shares of the Company.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

10 Retirement benefit asset (continued)

	2016 $	2015 $
d. *Asset allocation (continued)*		
Present value of defined benefit obligation	(160,059)	(162,703)
Fair value of the assets in the Plan	180,336	171,762
Recognised asset for the Plan	20,277	9,059
e. *Expense recognised in profit or loss*		
Current service cost	5,837	6,255
Interest on defined benefit obligation	(593)	(753)
Administration expenses	407	414
Net medical cost	5,651	5,916
f. *Re-measurements recognised in other comprehensive loss*		
Experience losses	12,387	3,368
g. *Reconciliation of opening and closing statement of financial position entries*		
Opening defined benefit asset	9,059	10,588
Net pension cost	(5,651)	(5,916)
Re-measurements recognised in other comprehensive loss	12,387	(3,368)
Company contributions paid	4,482	7,755
Closing defined benefit asset	20,277	9,059

h. The Company expects to contribute $5.2 million to its defined benefit pension plan in 2017.

i. *Summary of principal assumptions*

	2016	2015
Discount rate at 31 December	5.50%	5.00%
Future salary increases	3.25%	3.25%
Future pension increases	0.00%	0.00%

The calculation of the defined obligation is sensitive to the assumptions used. The following table summarises how the defined obligation as at 31 December 2016 would have changed as a result of a change in the assumptions used.

	1%pa increase $million	1%pa decrease $million
Discount rate	(18,909)	23,423
Future salary increases	7,110	(6,251)

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligation at 31 December 2016 by $2,773 (2015: $2,923).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions as adjusted for the sensitivities.

There have been changes in the way the sensitivity analysis was computed when compared with the financial year ended 31 December 2015.

The most recent actuarial assessment of the Pension Plan was at 31 December 2014.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

11 Medical and life insurance plan

	2016 $	2015 $
Recognised liability for the Medical Plan	16,833	17,194

a. *Change in the obligations*

	2016 $	2015 $
Obligation at start of year	(17,194)	(17,063)
Benefits paid	394	379
Current service cost	(620)	(616)
Interest cost	(850)	(844)
Re-measurements:		
- experience adjustments	227	758
- actuarial losses from change in financial assumptions	1,210	192
Obligation at end of year	(16,833)	(17,194)

b. *The obligation is allocated between the members as follows:*

	2016	2015
- Active	42%	44%
- Pensioners	58%	56%

The weighted average duration of the obligation at the year-end was 14.3 years (2015: 15.3 years).

c. *Expense recognised in profit or loss*

	2016 $	2015 $
Current service costs	620	616
Interest on obligation	850	844
Net pension cost	1,470	1,460

d. *Re-measurements recognised in other comprehensive loss*

	2016 $	2015 $
Experience losses	1,437	(950)

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

	2016 $	2015 $
Opening medical plan liabilities	17,194	17,063
Net medical plan costs	1,470	1,460
Re-measurements recognised in other comprehensive loss	(1,437)	(950)
Company contributions paid	(394)	(379)
Closing medical and life insurance plan liability	16,833	17,194

f. The Company expects to pay $396 in benefits in 2016.

g. *Summary of principal assumptions*

	2016	2015
Discount rate at 31 December	5.50%	5.00%
Future medical cost increases	4.50%	4.50%
Future salary increases	3.25%	3.25%

The calculation of the Medical Plan obligation is sensitive to the assumptions used. The following summarises how the Medical Plan obligation as at 31 December 2016 would have changed as a result of a change in the assumptions used.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

11 Medical and life insurance plan (continued)

g. *Summary of principal assumptions (continued)*

	1%pa Decrease $million	1%pa Increase $million
Discount rate	2,571	(2,046)
Medical cost increases	(1,521)	1,891

An increase of 1 year in the assumed life expectancies would increase the Medical Plan obligation at 31 December 2016 by $183.

These sensitivities were calculated by re-calculating the Medical Plan obligation using the assumptions as adjusted for the sensitivities.

There have been no changes in the way the sensitivity analysis was computed when compared with the financial year ended 31 December 2015 due to change in discounted rate.

The most recent actuarial assessment of the Medical and Life Insurance Plan was at 31 December 2014.

Risk exposure - Retirement Benefit Asset (the Plan) and medical plan (Medical Plan)

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

(i) *Asset volatility*

The Plan and the Medical Plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of equities, government bonds and corporate bonds, which all provide volatility and risk.

As the Plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

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

(ii) *Changes in bond yields*

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

(iii) *Inflation risks*

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

(iv) Life expectancy

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

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

12 Property, plant and equipment

	Industrial and office buildings $	Plant machinery and equipment $	Office furniture and equipment $	Motor vehicles $	Work in progress $	Total $
Year ended 31 December 2016						
Opening net book value	101,575	48,716	3,801	1,282	11,144	166,518
Additions	46	691	2,695	531	6,997	10,960
Depreciation	(2,921)	(7,713)	(1,371)	(924)	--	(12,929)
Closing net book value	98,700	41,694	5,125	889	18,141	164,549
At 31 December 2016						
Cost	147,089	294,301	35,323	6,614	18,141	501,468
Accumulated depreciation	(48,389)	(252,607)	(30,198)	(5,725)	--	(336,919)
Net book value	98,700	41,694	5,125	889	18,141	164,549

Notes to the Financial Statements (continued)
31 December 2016
(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

12 **Property, plant and equipment (continued)**

	Industrial and office buildings $	Plant machinery and equipment $	Office furniture and equipment $	Motor vehicles $	Work in progress $	Total $
Year ended 31 December 2015						
Opening net book value	103,172	50,630	2,283	2,237	--	158,322
Additions	1,322	4,331	2,619	--	11,144	19,416
Disposals	--	--	--	(190)	--	(190)
Depreciation	(2,919)	(6,245)	(1,101)	(765)	--	(11,030)
Closing net book value	101,575	48,716	3,801	1,282	11,144	166,518
At 31 December 2015						
Cost	147,043	293,610	32,628	6,084	11,144	490,509
Accumulated depreciation	(45,468)	(244,894)	(28,827)	(4,802)	--	(323,991)
Net book value	101,575	48,716	3,801	1,282	11,144	166,518

(i) Non-current assets pledged as security

The Company Commercial loan agreement with Republic Bank Limited calls for the assignment of Debenture to be stamped to cover Trinidad and Tobago $90 million comprising of a fixed charged 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
- Assignment of All Risk insurance policies over the assets of the borrower for the insurable and replacement values.

(ii) Finance leases

The Motor vehicles category of non-current assets relates to amounts where the Company is a lessee under a finance lease (refer to note 26) for further details):

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

13 Trademarks

	2016 $	2015 $
Cost - 1 January	17,312	17,312
Accumulated amortisation		
Beginning of year	16,779	15,547
Amortisation charge for the year	533	1,232
B- 31 December	17,312	16,779
Net book value	--	533

The trademarks relating to the purchase of the "Lion Baking Powder" and Royal Icing Sugar" brands which were purchased from Nabisco in prior years. These were amortised over a period of 14 years and are now fully amortised.

14 Accounts payable and accruals

	2016	2015
Trade payables	29,292	48,124
Payroll related liabilities	8,255	5,501
Accrued expenses	9,466	8,495
	47,013	62,120

Included within payroll related expenses is the amount payable to employees of $3,262 (2015: $1,443) under the Employee Share Ownership Plan (note 29).

15 Borrowings

Borrowings

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

	2016 US$	2015 US$
Export Import Bank of Trinidad and Tobago (Eximbank) Limited	9,285	5,213
Citibank (Trinidad and Tobago) Limited	9,282	11,471
	18,567	16,684
TTD equivalent of USD denominated loans	125,254	107,613
Republic Bank of Trinidad and Tobago	24,452	--
Total borrowings	149,706	107,613

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

15 **Borrowings (continued)**

Export Import Bank of Trinidad and Tobago

The terms and conditions with the Export Import Bank of Trinidad and Tobago Limited (Eximbank or the Lender) are as follows:

(i) The loan shall be repaid to the lender 30-180 days from the drawdown date

(ii) Interest on the Facility granted by the Lender is payable by the Borrower or the Company at the interest rate determined in the first tiered interest rate; this interest rate will be subject to revision and change at any time based on prevailing market conditions without any prior notice to the Borrower.

First Tiered Interest Rate - the rate of interest that the Lender applies to the facility will be 6.50% per annum.

(iii) Promissory notes are signed and stamped for amounts advanced prior to disbursement of funds.

Citibank (Trinidad and Tobago) Limited

The terms and conditions with Citibank (Trinidad and Tobago) Limited are as follows:

(i) The Revolving Line of Credit in the amount of USD$10M for trade finance related activities, in relation to the purchase of grain and other associated costs as permitted by the Lender. The tenor of disbursements is 90 days after which both interest and principal becomes due..

(ii) This facility is secured by a letter of guarantee issued by the Ministry of Finance and the Economy of the Government of the Republic of Trinidad and Tobago for up to US $15M. Interest ranges between 2.82% to 2.91%. Additional security is provided by way of a debenture on all fixed and floating assets of the Company as well as a collateral mortgage over all real property stamped to cover $90M ranking pari passu with a similar debenture held by Republic Bank Limited.

Republic Bank (Trinidad and Tobago) Limited

The terms and conditions with Republic Bank (Trinidad and Tobago) Limited are as follows:

(i) A 5 year amortized facility for TTD$40M to cover working capital and operating costs.at a fixed interest rate of 4.75%.

(ii) This facility is secured by a debenture on all fixed and floating assets of the Company as well as a collateral mortgage over all real property, stamped to cover $90M ranking pari passu with a similar debenture held by Citibank Limited.

	2016 $	2015 $
Total borrowings	149,706	107,613
Less current portion	(125,254)	(107,613)
Non-current portion	24,452	--

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

16 Current and deferred taxation

Current taxation expense	2016 $	2015 $
Deferred tax charge	11,850	8,138
Current tax charge	9,096	--
Business levy	--	943
	20,946	9,081

The Company's effective tax rate of 38% (2015: 24%) differs from the statutory tax rate of 25% as follows:

	2016 $	2015 $
Profit before taxation	55,631	43,119
Tax calculated at 25%	13,908	10,780
Tax impact of expenses not deductible for tax purposes	953	--
Tax impact of income not subject to tax	(490)	--
Tax impact of change in deferred tax rate from 25% to 30%	6,575	--
Business levy	--	943
Recognition of losses not previously recognised	--	(2,642)
	20,946	9,081

Deferred taxation

	2016 $	2015 $
Deferred income tax asset	5,050	11,867
Deferred income tax liabilities	(43,564)	(34,384)
Net deferred income tax liability	(38,514)	(22,517)

	Tax losses $	Retirement benefit asset $	Medical plan $	Property plant and equipment $	Total $
At 1 January 2016	7,569	(2,266)	4,298	(32,118)	(22,517)
Charge/(credit) to:					
- profit or loss	(7,569)	(101)	1,183	(5,363)	(11,850)
- other comprehensive loss	--	(3,716)	(431)	--	(4,147)
As at 31 December 2016	--	(6,083)	5,050	(37,481)	(38,514)

In the prior year the Company was audited by the Board of Inland Revenue (BIR) in relation to the financial year 2010. The BIR assessment for the 2010 financial year indicated that certain expenses claimed by the Company were not allowable. Management has since filed an objection against the BIR assessment. Based on advice obtained, management is of the view that the disallowance of the expenses by the BIR is without merit and as a result no adjustment has been made to the financial statements in relation to this matter.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

17 Stated capital

	2016 $	2015 $
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
120,200,000 ordinary shares of no par value	120,200	120,200

18 Finance cost

Interest and bank charges	6,258	4,800
Foreign exchange loss/(gain)	4,704	(2,226)
	10,962	2,574

19 Expenses by nature

Direct materials	253,504	283,844
Salaries and wages	80,719	80,389
Rents, rates and taxes	2,504	1,965
Transportation, security, electricity, communication and handling charges	22,950	24,697
Repairs and maintenance	6,067	6,164
Depreciation	12,929	11,558
Insurance	7,279	7,457
Professional and legal fees	4,800	3,529
Provision for doubtful accounts	2,517	5,507
Advertising and promotion	2,311	3,467
Amortisation of trademarks	533	1,252
Other	13,712	15,368
Total cost of sales, selling and distribution and administrative expenses	409,825	445,197

20 Earnings per share

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of $34,685 (2015: $34,038) by the weighted average number of ordinary shares outstanding of 120,200 (2015: 120,200).

Only basic earnings per share are presented as there are no potentially dilutive share options in issue.

21 Dividends

Final equity dividends to the shareholders of the Company are recognised in the year that they are approved by the shareholders. Interim equity dividends are recognised in the year that they are paid. Dividends for the year ended 2015 of 0.08 cents per share or $9,617 was declared in the 2016 financial year.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

22 Related party transactions

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

	2016 $	2015 $
Key management compensation		
All managers and executive salaries	10,658	10,219
Post-employment benefits	713	684
Director's fees	557	699
Severance	--	383
Salary advance	15	12
Amount	11,943	11,997

The GORTT has provided a guarantee over one of the Company's borrowing facilities for up to US$15M.

23 Amounts due to/from GORTT

a. National Flour Mills Limited (NFM) has an agreement with the Ministry of Food Production, Land and Marine Resources (Ministry) which allows for NFM to purchase all rice paddy from local rice farmers. The amounts paid to local rice farmers is reimbursable by the Ministry to NFM. This amount as well as the proceeds for the sale of the processed rice (which is reimbursable by NFM to the Ministry) is recorded as the amounts due to the GORTT and totalled $11.622 M (2015: $9.62M).

b. For the rice sales a payable is set up with the GORTT through the agreement with the Ministry of Food Production; and an asset (other receivable) recorded for the management fees and costs associated with maintaining the rice paddy as amounts due from the GORTT and totalled $7.86M (2015: $7.80M).

c. Also included within amounts due from GORTT is a balance owed from the GORTT from offering discounts to customers to pass onto the public. This totalled $7.34M (2015: $7.34M).

24 Other operating income

a. NFM has an agreement with the Ministry of Agriculture whereby NFM is paid a management fee of $400k per month for the operation of the Rice Mill at Carlsen Field.

b. NFM has a sub-lease agreement with Trinidad and Tobago Electricity Commission (T&TEC) for five (5) years for an annual amount of $800K of which 25% is payable to Port Authority of Trinidad and Tobago (PATT).

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

	2016 $	2015 $
Management fee	4,800	4,800
Rental income – sublease	800	800
Transactions with related parties	5,600	5,600
Other amounts	309	4,076
	5,909	9,676

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

25 Financial instruments by category

	2016 $	2015 $
Loans and receivables at amortised cost		
Financial assets		
Accounts receivable	69,724	73,509
Amounts due from the GORTT	14,901	15,139
Cash and cash equivalents	93,374	65,022
Restricted deposit	60,928	6,200
	238,927	159,870
Financial liabilities		
Accounts payable and accruals	45,722	61,468
Amounts due to the GORTT	11,622	9,623
Borrowings	149,706	107,613
	207,050	178,704

26 Finance and operating lease commitments

Finance leases liabilities

Gross finance lease liabilities – minimum lease payments

	2016 $	2015 $
Within one year	1,480	1,481
Later than one year but not later than five years	805	2,703
Future finance charge on finance lease liabilities	(750)	(1,905)
Present value of finance lease liabilities	1,535	2,279
Within one year	603	1,347
Later than one year but not later than five years	932	932
	1,535	2,279

The finance leases pertain to motor vehicles (note 12)

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

26 Finance and operating lease commitments (continued)

Non-cancellable operating leases

The Company has entered into a lease arrangement for the land in where its head office is situated. The minimum lease payments of this arrangement is as follows:

	2016 $	2015 $
Within one year	1,946	1,971
Later than one year but not later than five years	7,785	7,785
Later than five years	9,373	9,373
	19,104	19,129

27 Contingent liabilities

In the normal course of operations, the Company is party to various legal proceedings. Management has assessed the Company's likely liability for all claims in the financial statements. The actual liability could differ from these estimates.

The following are the contingent liabilities being held with Scotiabank of Trinidad and Tobago Limited.

Currency	In favour of	Balance	Expiry date
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	1,500,000	20-Feb-17
TTD	The Comptroller of Customs and Excise Accounts of Trinidad and Tobago	10,000	23-Sep-19
TTD	Comptroller of Customs and Excise	1,500,000	16-Mar-17
TTD	The Ministry of Finance of Trinidad and Tobago and the Comptroller of Customs and Excise Accounts of Trinidad and Tobago	50,000	16-Mar-17
TTD	Comptroller of Accounts	11,000	16-Mar-17
TTD	The State of Trinidad and Tobago	10,000	16-Mar-17
TTD	The State of Trinidad and Tobago	10,000	16-Mar-17

28 Operating segments

The Company has two reportable segments, as described below, which are the Company'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 Company's Chief Executive Officer (CEO) reviews internal management reports monthly. The following summary describes the operations in each of the Company's reportable segments:

- Food includes manufacturing and distributing flour, flour by-products and rice.
- Animal feed includes manufacturing and distribution of feed products for animals.

Other operations include the purchase and sale of imported dry goods and grain.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

28 Operating segments (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Company's CEO. 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 Company's CEO.

	Food		Animal feed		Other		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Segment revenue	308,531	294,886	117,903	125,575	44,075	60,753	470,509	481,214
Gross profit	92,454	76,445	37,623	31,108	9,914	8,198	139,991	115,751
Depreciation and amortisation	8,849	8,392	4,051	3,842	29	28	12,929	12,262
Finance cost	8,360	1,963	2,427	570	175	41	10,962	2,574
Other operating income	4,055	6,640	1,731	2,834	123	202	5,909	9,676
Profit before tax	36,547	28,327	17,812	13,806	1,272	986	55,631	43,119
Property, plant and equipment	101,492	102,707	39,035	39,503	24,020	24,308	164,549	166,518
Borrowings		--		--		--	149,706	107,613
Accounts payable and accruals		--		--		--	47,013	62,120

Assets and liabilities by segment are not reviewed by the CODM and therefore not included in the allocation above.

(Presented in Thousands of Trinidad and Tobago Dollars Unless Otherwise Stated)

28 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:

	2016 $	2015 $
Revenue		
Flour	276,820	271,406
Feedmill	117,903	125,576
Parboiled rice	6,175	7,542
Corn	6,166	4,563
Dry mixes	20,293	10,626
Trading	5,243	5,311
Oil	8,874	7,779
Soya	29,035	48,411
	470,509	481,214
Revenues from external customers		
Export sales	44,289	51,592
Local sales	426,220	429,622
	470,509	481,214

Major customers

The Company has one customer whose revenue exceeds 10% of total sales. In 2016 sales with this customer was 11 % of total sales (2015: 11%).

29 Other equity

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

The amount paid to each employee is pro-rated based on that employee's basic salary as a factor of total basic salaries of permanent employees in the particular 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 Company on behalf of the employees. The Company's liabilities 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. Shares are for the purpose of issuing shares under the National Flour Mills Limited Employee Share Ownership Plan. The number of Company share held by the plan as at 31 December 2016 was 2,335 with a fair value of $5,884. The fair value was derived from the Trinidad and Tobago Stock Exchange at the statement of financial position date. The cost paid for those shares was $2,633.