2011

Annual Report

Taking Flight

NATIONAL ENTERPRISES LIMITED

2011

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NATIONAL ENTERPRISES LIMITED

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Take a journey through the eyes of a pair of birds that seek to provide a solid foundation for their soon-to-be family.

In many ways their activities highlight the different stages of planning, preparation as well as the diligence and commitment needed to ensure success.

These are the very attributes that enable the companies that make up NEL's investment portfolio to positively impact the lives of NEL's shareholders.

Vision

Ensuring that National Enterprises Limited is responsibly operated and managed...

Maintaining a strong, stable environment for profitability...

Performing to your expectations...delivering consistent results.

Taking Flight

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Foresight

At NEL we are proud of the strategic vision that has positioned our shareholders to benefit from the growth and stable returns from NEL's investment holdings.

NATIONAL ENTERPRISES LIMITED

Kenny Lue Chee Lip
(Chairman)

Chairman's Statement

National Enterprises Limited (NEL) posted an improved performance in the financial year ended March 31 2011 and despite a sluggish local economy and the slow and uncertain global economic recovery, NEL was able to return strong profitability in 2010. Two investee companies, Telecommunications Services of Trinidad and Tobago (TSTT) and NGC NGL Company Limited displayed more modest results for the financial year but on a more positive note, National Flour Mills (NFM) was able to return to profitability after incurring operating losses in the previous financial year.

Financial Results and Dividends

NEL's after-tax profits attributable to its shareholders grew by 20.2 percent to $524.2 million from $435.9 million recorded in the previous financial year. Subsumed within this strong overall performance were the mixed results of NEL's investee companies as reflected in NEL's share of their after-tax profits which showed:

- An increase of $130 million from Tringen based on sustained high production levels and a strengthening of international prices of fertilizers
- An increase of $64.7 million from NGC NGL reflecting favourable global market conditions
- A decline of $82.9 million from TSTT resulting mainly from higher operating expenses
- A decline of $19.5 million from NGC LNG.

Notwithstanding the improved overall performance of NEL's investment holdings, dividends received by NEL reflected a marginal decline of 0.5 percent, from $387.6 million in the previous financial year to $385.8 million, mainly on account of timing issues with respect to the dividend receipts. However, NEL's earnings per share more consistently reflected the positive financial outturn, increasing by 14 cents from $0.73 to $0.87.

The directors of NEL are pleased to declare a final dividend of **$224.5 million** or **37 cents** per share, in line with NEL's policy of distributing at least **90 percent** of dividends received after adjusting for expenses. This would bring the total dividend for the year to **$344.5 million** or **57 cents** per share after taking into account an interim dividend of **20 cents** per share paid in **December 2010**. The total dividend matches the dividend of **57 cents** per share paid in respect of the previous financial year.

Performance of the Share Price

As at March 31 2011 the share price of NEL stood at $11.65 compared with a price of $10.11 at the close of the previous financial year. The shares traded at a high of $11.65 and a low of $9.50 during the financial year. The year-end share price represented a 12-month increase of 15 percent compared with an increase of 6.6 percent in the Composite Stock Price Index over the same period. NEL has therefore managed to maintain its recent record of outperforming the market, remaining attractive to investors by virtue of its solid long-term performance.

Future Prospects

NEL continues to offer positive prospects for investors. Following some recent volatility, the outlook for gas-based commodity prices has brightened considerably. At the same time prospects for growth of the global economy have also improved, with some forecasts for 2011 now exceeding 4 percent. These conditions should continue to support strong global demand as well as prices of the energy and energy-based products of NEL's portfolio of energy investee companies.

At the same time rising commodity prices and the limited flexibility of the company in setting product prices will pose challenges for NFM but these are well anticipated and NFM has indicated that it will continue to place emphasis on improving operational efficiencies. TSTT's high operating expenses are proving to be a significant burden on profitability but the company is also committed to undertaking the changes needed to maintain competitiveness and position itself for improved financial performance in the short to medium term.

Under the stewardship of the new board which I lead, you can expect NEL to continue being an excellent company in which to invest. The future of NEL looks bright and our shareholders can expect to continue to benefit from NEL's established ability to deliver stable returns and sound capital appreciation.

Kenny Lue Chee Lip

Kenny

Chairman

Making optimal use of our natural resources
is the key to providing a sound legacy
for our future generations.

2011 Annual Report

Harnessing The Potential

NGC NGL
NGC TRINIDAD AND TOBAGO
LNG LIMITED

Notice of Meeting

Notice is hereby given that the Twelfth Annual Meeting of Shareholders of National Enterprises Limited ("the Company") will be held at the Grand Ballroom, Crowne Plaza Hotel, Wrightson Road, Port of Spain, on Thursday August 11 2011 commencing at 10:00 a.m. for the following purposes:

1. To receive and, if approved, adopt the financial statements of the Company for the year ended March 31 2011 and the reports of the Directors and Auditors

2. To reappoint the Auditors and empower the Directors to determine the Auditors' remuneration in respect of the period ending at the next Annual Meeting of the Company

3. To transact any other business which may properly be brought before the Meeting.

By Order of the Board

Charles de Silva
Corporate Secretary
Port of Spain
July 8th 2011

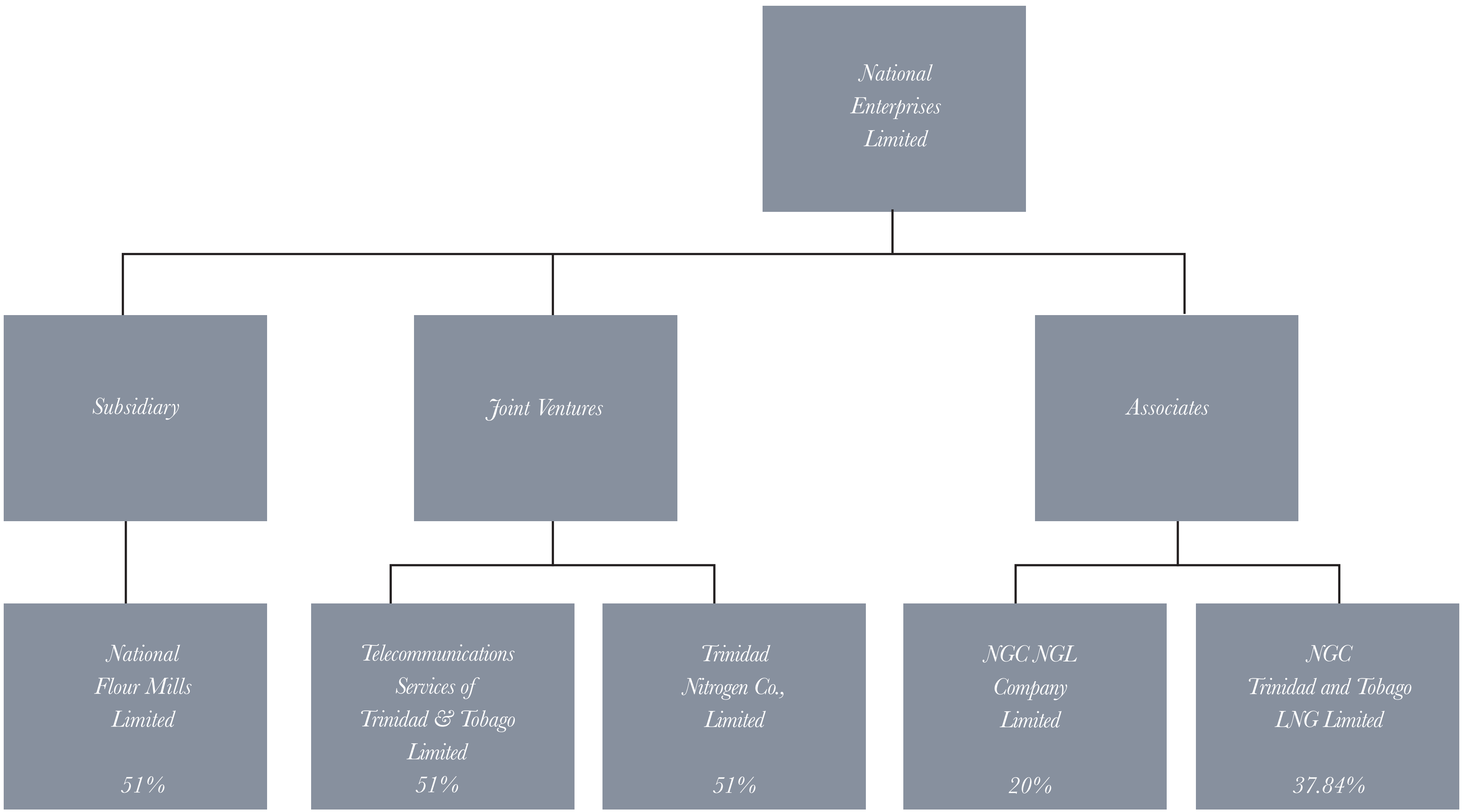
NOTES:

1. Only shareholders on record at the close of business on July 13 2011, the date fixed by the Directors as the record date, are entitled to receive notice of the Annual Meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, upon a poll, vote instead of him. A proxy need not be a member of the Company.
3. No service contracts were entered into between the Company and any of its Directors.

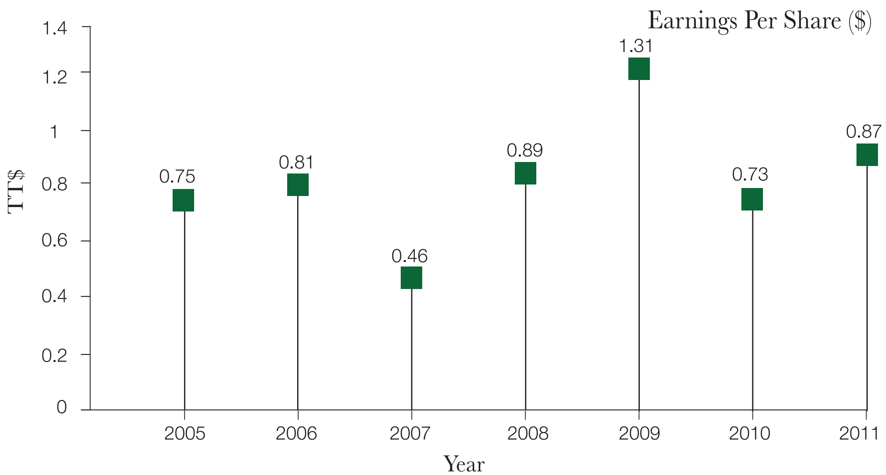
Corporate Information

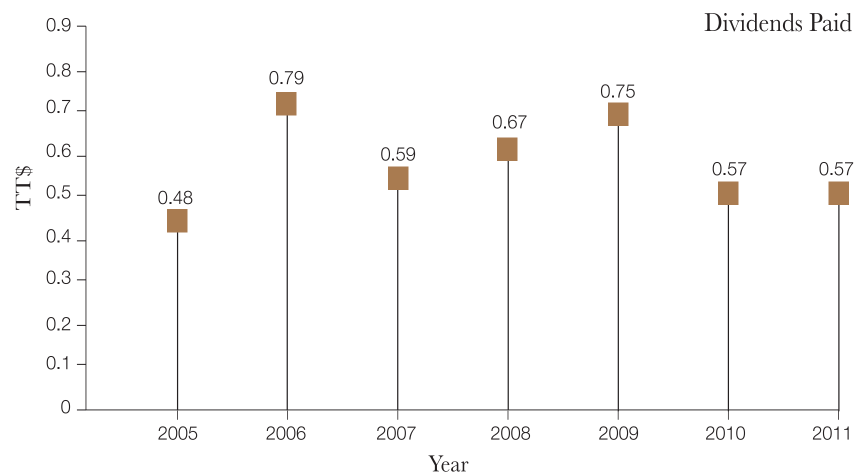
Board of Directors	Kenny Lue Chee Lip (*Chairman*) R.A. Boyer Jaggassar Derwin Howell Ross Alexander Carla Carter Susan Durbal Cletus Vincent Valini Pundit
Corporate Secretary	Charles de Silva
Registered Office	Level 7, Tower C, International Waterfront Centre, Wrightson Road, Port of Spain.
Bankers	First Citizens Bank Limited 50 St. Vincent Street, Port of Spain
Auditors	PKF P.O. Bag 250 245 Belmont Circular Road, Belmont, Port of Spain
Attorneys	Lex Caribbean P.O. Box 1165 First Floor, 5-7 Sweet Briar Road, St. Clair

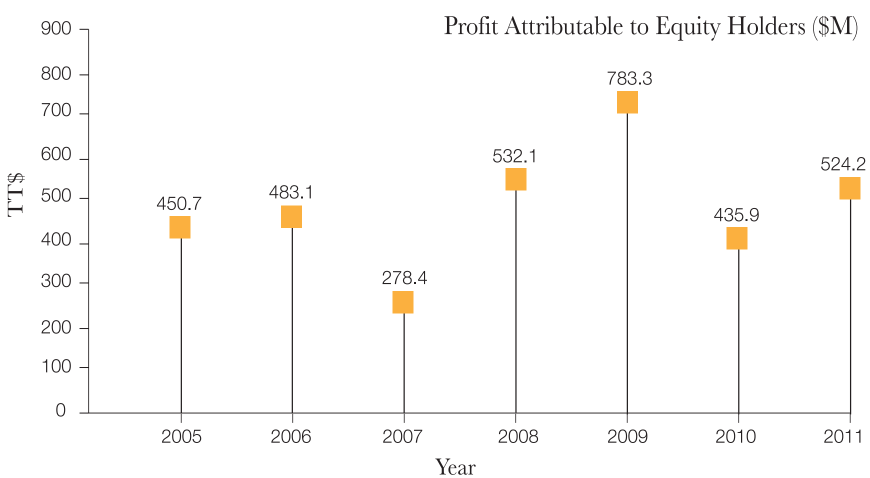
Group Structure



Financial Highlights







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Although it may not be visible to the naked eye,
the power of its presence can never be denied.

Unseen Energy

THE NATIONAL GAS COMPANY
OF TRINIDAD & TOBAGO
LIMITED

Substantial & Directors' Interests

Substantial Interests in National Enterprises Limited as at June 30 2011

Holder's Name and Address	Ordinary Shares	Percentage of Issued Share Capital
Minister of Finance (Corporation Sole) Eric Williams Finance Building, Eric Williams Plaza, Independence Square, Port of Spain	396,324,700	66%
The National Gas Company of Trinidad & Tobago Limited Orinoco Drive, Point Lisas Industrial Estate, Point Lisas	100,000,641	17%

(a substantial interest means a holding of 5% or more of the issued share capital of the company)

Directors' Interests in National Enterprises Limited

Director's Name	Number of Shares Held	
	As at March 31 2011	As at June 30 2011
Kenny Lue Chee Lip	0	0
Susan Durbal	1,500	1,500
Cletus Vincent	0	0
Valini Pundit	0	0
Carla Carter	0	0
Ross Alexander	2,000	2,000
R.A. Boyer Jaggassar	0	0
Derwin Howell	6,878	6,878

Directors' Report

The Directors are pleased to present their report to the members together with the audited financial statements for the year ended **March 31 2011.**

	$000
Profit for the year	533,168
Interim dividend paid	120,000
Final dividend declared	222,000
Total dividend for the year	342,000
Retained earnings as at **March 31 2011**	1,609,654

Dividends

An interim dividend of **20 cents** per share was paid to shareholders on **December 17 2010**. A final dividend of **37 cents** per share will be paid to shareholders on the Register of Members as at **July 22 2011**. The dividends will be paid on **August 11 2011**.

Directors

Subsequent to the Eleventh Annual Meeting Mr. Jerry Hospedales and Mr. Leroy Mayers resigned as members of the board of directors, effective February 11 2011. At a Special Shareholders Meeting held on March 22 2011 the following directors were elected:

Mr. Kenny Lue Chee Lip
Ms. Susan Durbal
Ms. Carla Carter
Mr. Cletus Vincent
Ms. Valini Pundit

Auditors

The auditors, PKF, retire at the end of the Twelfth Annual Meeting of the Company on **August 11 2011**, and have indicated that they are willing to continue as the Auditors of National Enterprises Limited.

By order of the Board

Board of Directors

Kenny Lue Chee Lip *(Chairman)*

R.A. Boyer Jaggassar

Derwin Howell

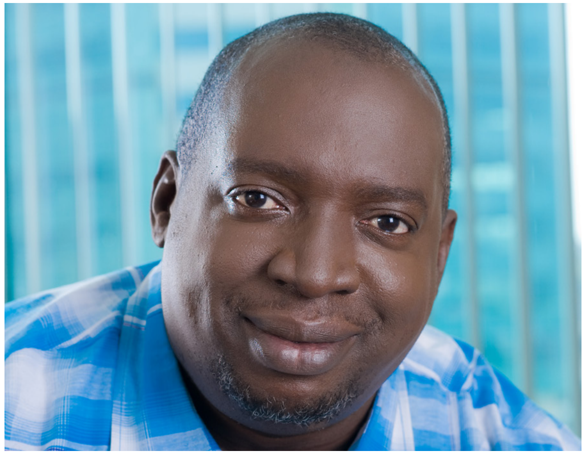
Board of Directors

Ross Alexander

Susan Durbal

Valini Pundit

Carla Carter



Cletus Vincent

Charles de Silva *(Corporate Secretary)*

Proper nourishment sustains the growth and development of all living entities.

2011 Annual Report

Food for Thought

NATIONAL FLOUR MILLS LIMITED

Independent Auditors' Report

The Shareholders
National Enterprises Limited

We have audited the accompanying consolidated financial statements of National Enterprises Limited, which comprise the consolidated statement of financial position as at 31 March 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as of 31 March 2011, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

PKF

PKF
Port of Spain
TRINIDAD AND TOBAGO
29 June 2011

Consolidated Statement of *Financial Position* *(Expressed in thousands of Trinidad & Tobago dollars)*

ASSETS	Notes	31 March 2011 ($'000)	31 March 2010 ($'000) (Re-stated)
Non-Current Assets:			
Equity accounted investments	5	2,548,043	2,434,964
Financial assets	6	39,488	39,435
Fixed assets	7	165,550	164,517
Retirement benefit asset	8	61,956	60,610
Trademarks	9	6,698	8,346
Total Non-Current Assets		2,821,735	2,707,872
Current Assets:			
Inventories	10	80,264	57,970
Accounts receivable and prepayments	11	109,898	109,787
Cash and cash equivalents	12	701,924	656,678
Total Current Assets		892,086	824,435
Total Assets		**3,713,821**	**3,532,307**
LIABILITIES AND EQUITY			
Equity:			
Stated capital	14	1,736,632	1,736,632
Translation reserve		26,786	24,814
Retained earnings		1,609,654	1,443,914
Capital and reserves attributable to equity holders		3,373,072	3,205,360
Non-controlling interest		98,046	89,042
Total Equity		3,471,118	3,294,402
Non-Current Liabilities:			
Non-current portion of long-term borrowings	15	21,646	38,267
Non-current portion of finance lease liability		2,003	-
Deferred taxation	16	13,614	6,996
Total Non-Current Liabilities		37,263	45,263
Current Liabilities:			
Bank overdraft and short-term borrowings	17	150,775	139,851
Other short term borrowings	17	16,621	-
Current portion of long-term borrowings	15	-	21,501
Current portion of finance lease liability		728	-
Taxation payable		921	7,455
Accounts payable and accruals	18	36,395	23,835
Total Current Liabilities		205,440	192,642
Total Liabilities		242,703	237,905
Total Liabilities and Equity		**3,713,821**	**3,532,307**

Director ____________ **Director** ____________

(The accompanying notes are an integral part of these financial statements)

Consolidated Statement of *Comprehensive Income* *(Expressed in thousands of Trinidad & Tobago dollars)*

	Notes	For the year ended 31 March 2011 ($'000)	2010 ($'000)
Turnover		439,326	494,635
Cost of sales		(346,750)	(406,137)
Gross profit		92,576	88,498
Less:			
Selling and distribution expenses		29,102	26,098
Administrative expenses		39,094	45,033
Finance charges		13,279	23,019
		81,475	94,150
Operating profit/(loss)		11,101	(5,652)
Dividend income		6	60
Interest income		12,505	25,535
Other income		12,524	8,865
Actuarial gain		-	14,551
Share of profit of equity accounted investments net of tax		507,338	414,396
Profit before taxation	19	543,474	457,755
Taxation	20	(10,306)	(13,219)
Net profit for the year		**533,168**	**444,536**
Attributable to:			
Equity holders of the Company		524,164	435,876
Non-controlling Interest		9,004	8,660
Net profit for the year		**533,168**	**444,536**
Earnings per share	21	**0.87**	**0.73**

(The accompanying notes are an integral part of these financial statements)

Consolidated Statement of *Changes in Equity*

(Expressed in thousands of Trinidad & Tobago dollars)

	Stated Capital ($'000)	Translation Reserve ($'000)	Retained Earnings ($'000)	Minority Interest ($'000)	Total Equity ($'000)
Year ended 31 March 2011					
Balance as at 1 April 2010	1,736,632	24,814	1,441,670	86,886	3,290,002
Prior period adjustment **(Note 29)**	-	-	2,244	2,156	4,400
Balance as at 1 April 2010 **(Re-stated)**	1,736,632	24,814	1,443,914	89,042	3,294,402
Net profit for the year	-	-	524,164	9,004	533,168
Share of deferred tax on actuarial gain	-	-	(10,424)	-	(10,424)
Share of translation reserve	-	1,972	-	-	1,972
Dividend paid	-	-	(348,000)	-	(348,000)
Balance as at 31 March 2011	**1,736,632**	**26,786**	**1,609,654**	**98,046**	**3,471,118**
Year ended 31 March 2010					
Balance as at 1 April 2009	1,736,632	16,372	1,446,112	78,226	3,277,342
Prior period adjustment **(Note 29)**	-	-	2,244	2,156	4,400
Balance as at 1 April 2009 **(Re-stated)**	1,736,632	16,372	1,448,356	80,382	3,281,742
Net profit for the year	-	-	435,876	8,660	444,536
Share of deferred tax on actuarial gain	-	-	(8,318)	-	(8,318)
Share of translation reserve	-	8,442	-	-	8,442
Dividends paid	-	-	(432,000)	-	(432,000)
Balance as at 31 March 2010	**1,736,632**	**24,814**	**1,443,914**	**89,042**	**3,294,402**

(The accompanying notes are an integral part of these financial statements)

The inborn understanding is that the sacrifices of today help ensure strength and stability for our future generations.

2011 Annual Report

Diversity

TRINGEN

TRINIDAD NITROGEN CO., LIMITED

Consolidated Statement of *Cash Flows* *(Expressed in thousands of Trinidad & Tobago dollars)*

	For the year ended 31 March 2011 ($'000)	2010 ($'000)
OPERATING ACTIVITIES		
Net profit before interest and taxation	544,248	455,239
Interest received	12,505	25,535
Interest paid	(13,279)	(23,019)
Profit before taxation	543,474	457,755
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(507,338)	(414,396)
Exchange loss	-	174
Depreciation	4,943	19,614
Amortisation	1,648	1,237
Gain on disposal of fixed asset	-	(975)
Retirement benefit cost	(1,346)	(12,386)
Fair value gain	-	(52)
	41,381	50,971
Net change in operating assets and liabilities	(9,898)	93,990
Retirement benefit paid	-	(2,165)
Dividends received	(6)	(60)
Taxation (paid)/received	(10,222)	68
Cash Generated From Operating Activities	21,255	142,804
INVESTING ACTIVITIES		
Dividends received from joint ventures and associates	385,807	387,628
Other investment income	6	60
Proceeds from sale of fixed assets	-	1,077
Purchase of fixed assets	(3,063)	(3,501)
Cash Generated From Investing Activities	382,750	385,264
FINANCING ACTIVITIES		
Repayment of borrowings	(21,501)	(22,580)
Finance lease liability paid	(182)	-
Dividends paid	(348,000)	(432,000)
Cash Used In Financing Activities	(369,683)	(454,580)
Net change in Cash Resources	34,322	73,488
Net Cash Resources at beginning of year	516,827	443,339
Net Cash Resources at end of year *	**551,149**	**516,827**

** Cash resources comprise cash and cash equivalents net of bank overdraft and short-term borrowings (Note 13).*

(The accompanying notes are an integral part of these financial statements)

Accounting Policies

March 31 2011

1. **Incorporation and Principal Activities:**

The Company is incorporated in Trinidad and Tobago and is controlled by the Minister of Finance (Corporation Sole). It was formed by the Government of the Republic of Trinidad and Tobago as part of a re-organisation exercise, to hold its shareholdings in selected state enterprises and facilitate a public offering on the Trinidad and Tobago Stock Exchange. Its initial portfolio of investments in NFM, TSTT and TRINGEN were transferred at their last audited net asset value by the Minister of Finance (Corporation Sole) on behalf of the Government in exchange of 500,000,000 ordinary shares of no par value in the Company. All formation expenses were borne by the Ministry of Finance. Subsequently, on December 14 2001, the Company acquired a 20% shareholding in NGCNGL financed by the issue of an additional 50,511,540 shares and on December 8 2003, the Company acquired a 37.84% shareholding in NGCLNG financed by the issue of an additional 49,489,101 shares. The Company's principal business activity is therefore that of an Investment Holding Company and it has no business operations of its own. The principal business activities of its investee companies are disclosed in **Note 27.**

The registered office of the Company is Level 7, Tower C, International Waterfront Centre, Wrightson Road Port of Spain.

2. **Summary of Significant Accounting Policies:**

(a) **Basis of preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. The historical cost basis is used, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

The accounting policies adopted are consistent with those of the previous financial year. The company has elected to present one statement.

(b) **Critical accounting estimates and judgements in applying accounting policies -**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and 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 revenues and expenses during the reporting period. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Significant accounting estimates relate to the assessment of inventory and provision for doubtful receivables, as well as, the estimated useful lives of fixed assets and trademarks.

2. Summary of Significant Accounting Policies (Continued):

(c) Comparative information -

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. Adjustments to previously reported results were made in accordance with International Accounting Standards No. 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

(d) Consolidation -

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. National Flour Mills Limited, in which the Group has a 51% interest, is a subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account. All intercompany transactions and balances are eliminated on consolidation.

(e) Equity accounted investments -

National Enterprises Limited ("the Company" or "NEL") owns 51% of Telecommunications Services of Trinidad and Tobago Limited ("TSTT") and Trinidad Nitrogen Co. Limited ("TRINGEN"). Although NEL is the majority shareholder in these entities, shareholder agreements with the minority shareholders of both companies establish joint control by the joint venture partners and in accordance with International Accounting Standard No. 31 - Interests in Joint Ventures, these investments are accounted for using the equity method of accounting. NGC NGL Company Limited ("NGCNGL") and NGC Trinidad and Tobago LNG Limited ("NGCLNG") in which the Company has a 20% and 37.84% interest respectively, are associates and also accounted for using the equity method of accounting in accordance with International Accounting Standard No. 28 - Investments in Associates.

2. **Summary of Significant Accounting Policies (Continued):**

(e) **Equity accounted investments (cont'd) -**

Equity accounting involves recognising in the profit and loss account, the Group's share of the associated company's post-acquisition profits and losses. The Group's share of the associated company's post-acquisition movements in reserves is recognised in reserves. The Group's interest in associated companies is carried in the Consolidated Statement of Financial Position at an amount which reflects its share of net assets including any fair value adjustments at the date of acquisition.

(f) **Financial assets -**

Financial assets are classified into the following categories – loans and receivables, available for sale and held to maturity 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 at every reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market and which the Group does not intend to sell in the short-term or which it has not designated as fair value through profit and loss, available for sale or held to maturity. Loans and receivables are carried at amortised cost using the effective interest method.

Available for sale
Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates are classified as available for sale. These investments are carried at fair value with realised gains and losses being taken to the profit and loss account and unrealised gains and losses being shown in equity.

Held to maturity
Investments with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised costs.

Purchases and sales of investments are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where the Group has transferred substantially all risks and rewards of ownership.

The fair value of publicly traded instruments is based on its quoted market price at the year-end date. Where market values are not available the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

An exciting time is upon us.
It is a new world with boundless possibilities.
We need only to set our sights and take flight.

2011 Annual Report

A Bold New World

Telecommunications Services
of Trinidad and Tobago Limited

TSTT

Accounting Policies

March 31 2011

2. Summary of Significant Accounting Policies (Continued):

(g) Fixed assets -

Fixed assets are stated as cost less related depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their cost over their estimated useful lives using the following rates:

Buildings	2.5%
Plant and machinery	4.0 – 10.0%
Forklift, trucks and loaders	30.0%
Office equipment and air conditioning	10.0%
Computer equipment	20.0%
Motor vehicles	30.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year-end date. 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 disposal are determined by comparing proceeds with the carrying amount and are included in the profit and loss account.

(h) Retirement benefit plan -

The Subsidiary, National Flour Mills Limited, operates a defined benefit plan covering its permanent employees. The funds of the Plan are administered by trustees and are separate from the Group's assets. Contributions to the Plan are based upon triennial actuarial valuations and are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Pension surpluses are capitalised to the extent they are recoverable in the form of reduced future contributions or contribution holidays. The amount capitalised is limited to the present value of future economic benefits available in the form of reductions in future contributions to the Plan. Pension surpluses which are not considered recoverable because they are not matched by discounted future economic benefits have not been capitalised. The last actuarial valuation of the Plan which was carried out as at December 31 2009 revealed that the value of the Plan's assets exceeded the liabilities by **$12.785 million.**

2. **Summary of Significant Accounting Policies (Continued):**

(i) **Trademarks -**

Trademarks are shown at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method at 7.1% per annum to allocate the cost of trademarks over their estimated useful lives. The remaining amortisation period is approximately 8 years.

(j) **Inventories -**

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials, packaging materials and maintenance spares is determined on the first-in, first-out basis. Finished products are stated at the lower of average cost of production and net realisable value. Cost of production comprises raw material, direct labour, other direct cost and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

(k) **Accounts receivable and prepayments -**

Trade and sundry receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. 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 a 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 effective interest rate. The amount of the provision is recognised in the profit and loss account.

(l) **Cash and cash equivalents -**

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments less bank overdrafts. Bank overdrafts are shown within current liabilities on the Consolidated Statement of Financial Position.

(m) **Borrowings -**

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Accounting Policies

March 31 2011

2. **Summary of Significant Accounting Policies (Continued):**

(n) **Share capital -**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

(o) **Taxation -**

The Company is subject to Corporation Tax, as it does not meet the criteria of an Investment Company as defined by the Corporation Tax Act, Section 6 (3). Tax on profit or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment to tax payable for previous years.

Deferred tax is calculated using the liability method whereby liabilities are recognised for temporary differences arising between the carrying amount of assets and liabilities in the Consolidated Statement of Financial Position and their tax basis, using tax rates that have been enacted or substantially enacted by the year-end date, which result in taxable amounts in future periods. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent it is probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

(p) **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 a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. 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 other item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit and loss account.

(q) **Revenue recognition -**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of activities. Revenue is shown net of value-added-tax, rebates and discounts and after eliminating intra-group sale. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established.

Accounting Policies

March 31 2011

2. **Summary of Significant Accounting Policies (Continued):**

(r) Earnings per share -

Earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

(s) Foreign currency translation -

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'). The financial statements are presented in thousands of Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Group companies
The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate at the date of the Consolidated Statement of Financial Position;
(ii) Income and expenses for each profit and loss account are translated at average exchange rates; and
(iii) The resulting exchange differences are recognised as a separate component of equity.

(t) Impairment of assets -

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Accounting Policies

March 31 2011

2. **Summary of Significant Accounting Policies (Continued):**

(u) **Segment reporting -**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

(v) **Leases -**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(w) **Dividends -**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors.

3. **Financial Risk Management:**

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(a) **Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

<u>Loans</u>

The Company generally invests in fixed rate loans for terms not exceeding five years.

3. Financial Risk Management (Continued):

(b) Credit risk -

The Company's loan portfolio is managed and consistently monitored and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of exposure to any single financial institution.

The Company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk -

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Company is able to make daily calls on its available cash resources to settle financial and other liabilities.

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company. The Company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Company's assets. To manage and reduce liquidity risk the Company's management actively seeks to match cash inflows with liability requirements.

(d) 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 measurement 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 acts accordingly.

3. Financial Risk Management (Continued):

(e) Operational risk -

Operational risk is the risk derived from deficiencies relating to the Company's information technology and control systems, as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

(f) Compliance risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Securities and Exchange Commission of Trinidad and Tobago, as well as by the monitoring controls applied by the Company. The Company has an Internal Audit Department which does routine reviews on compliance.

(g) Reputation risk -

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company engages in public social endeavours to engender trust and minimise this risk.

4. Critical Accounting Estimates and Judgements:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Consolidated Statement of Financial Position in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

Accounting Policies

March 31 2011

4. Critical Accounting Estimates and Judgements (Continued):

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.

ii) Whether leases are classified as operating leases or finance leases.

iii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the year-end date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each year-end date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

Notes to the
Consolidated Financial Statements 2011 & Supplementary Information

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

5. Equity Accounted Investments:

	TSTT ($'000)	TRINGEN ($'000)	NGCNGL ($'000)	NGCLNG ($'000)	Total ($'000)
Balance as at 1 April 2010	1,630,193	130,450	393,163	281,158	2,434,964
Share of profit after taxation	20,212	277,457	159,291	50,377	507,337
Dividends paid	(51,578)	(227,981)	(106,248)	-	(385,807)
Share of translation reserve	-	(244)	1,703	514	1,973
Share of actuarial loss net of deferred tax	-	(10,424)	-	-	(10,424)
Balance as at 31 March 2011	1,598,827	169,258	447,909	332,049	**2,548,043**
Balance as at 1 April 2009	1,625,035	134,348	361,512	287,350	2,408,245
Share of profit after taxation	103,157	146,768	94,588	69,883	414,396
Dividends Paid	(97,999)	(145,485)	(66,323)	(77,821)	(387,628)
Exchange loss	-	(174)	-	-	(174)
Share of translation reserve	-	3,310	3,386	1,746	8,442
Share of actuarial loss net of deferred tax	-	(8,317)	-	-	(8,317)
Balance as at 31 March 2010	1,630,193	130,450	393,163	281,158	**2,434,964**

As a result of the financial year ends of TRINGEN, NFM, NGCNGL and NGCLNG not being co-terminus with that of NEL, the book value under the equity method is based on the audited net asset positions as at December 31 2010.

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

5. **Equity Accounted Investments (Continued):**

The Group's share of the results of associates and its share of the assets and liabilities are as follows:

	Assets $'000	Liabilities $'000	Income $'000	Profit after taxation $'000
2011				
NGC NGL Company Limited	294,646	31	159,787	159,291
NGC Trinidad and Tobago LNG Limited	145,273	21	50,749	50,377
	439,919	52	210,536	209,668
2010				
NGC NGL Company Limited	241,038	1,171	96,181	94,588
NGC Trinidad and Tobago LNG Limited	94,555	194	70,565	69,883
	335,593	1,365	166,746	164,471

There are no contingent liabilities relating to associated companies.

The Group's share of the results of joint ventures and its share of the assets, liabilities, contingent liabilities and capital commitments are as follows:

	TSTT		TRINGEN	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Assets				
Non-current assets	2,419,332	2,374,449	172,589	156,373
Current assets	504,551	567,542	344,622	213,349
	2,923,883	2,941,991	517,211	369,722
Liabilities				
Non-current liabilities	680,690	552,223	64,387	51,764
Current liabilities	644,348	759,579	282,203	107,451
	1,325,038	1,311,802	346,590	159,215
Net Assets	1,598,845	1,630,189	170,621	210,507
Income	1,532,593	1,564,986	1,154,732	681,387
Expenses	(1,512,381)	(1,461,829)	(877,275)	(534,619)
Profit after taxation	20,212	103,157	277,457	146,768
Contingent Liabilities	-	-	-	-
Capital commitments	-	-	11,005	23,887
Operating lease commitments	-	-	-	-

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

5. Equity Accounted Investments (Continued):

	No. of Shares	Book Value under Equity Method ($0'000)
31 March 2011		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,598,827
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	169,258
NGC NGL Company Limited	9,406,950	447,909
NGC Trinidad and Tobago LNG Limited	9,226	332,049
		2,548,043
31 March 2010		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,630,193
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	130,450
NGC NGL Company Limited	9,406,950	393,163
NGC Trinidad and Tobago LNG Limited	9,226	281,158
		2,434,964

6. Financial Assets:

	2011 ($'000)	2010 ($'000)
Loans and receivables (See below)	39,249	39,196
Available for sale investments	239	239
	39,488	**39,435**

Loans and receivables represent NEL's face value holding of **$40,000,000** in the National Housing Authority 7% fixed rate bond issued August 23 2005 and due August 23 2025.

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

7. Fixed Assets

	Industrial and Office Buildings ($'000)	Plant Machinery and Equipment ($'000)	Office Furniture Equipment and Motor Vehicles ($'000)	Total ($'000)
Year ended 31 March 2011				
Opening net book amount	57,989	103,859	2,669	164,517
Reclassification	64,867	(64,867)	-	-
Additions	311	5,213	452	5,976
Depreciation	(8,998)	4,633	(578)	(4,943)
Closing net book amount	114,169	48,838	2,543	**165,550**
At 31 March 2011				
Cost	159,678	325,815	27,169	512,662
Accumulated depreciation	(45,509)	(276,977)	(24,626)	(347,112)
Closing net book amount	114,169	48,838	2,543	**165,550**
Year ended 31 March 2010				
Opening net book amount	59,857	116,198	4,677	180,732
Additions	-	1,809	1,692	3,501
Disposals	-	(102)	-	(102)
Depreciation	(1,868)	(14,046)	(3,700)	(19,614)
Closing net book amount	57,989	103,859	2,669	**164,517**
At 31 March 2010				
Cost	94,500	385,469	26,717	506,686
Accumulated depreciation	(36,511)	(281,610)	(24,048)	(342,169)
Closing net book amount	57,989	103,859	2,669	**164,517**

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

8. Retirement Benefit Assets:

		2011 ($'000)	2010 ($'000)
a)	**Change in Defined Benefit Obligations**		
	Defined benefit obligations at start	99,466	102,220
	Service cost	3,994	3,329
	Interest cost	7,317	8,763
	Members' contributions	1,067	1,185
	Past service cost	-	(17,532)
	Actuarial loss	12,391	5,870
	Benefits paid	(3,893)	(4,228)
	Expense allowance	(159)	(141)
	Defined Benefit Obligations at end	120,183	99,466
b)	**Change in Plan Assets**		
	Plan assets at start of year	112,251	98,126
	Expected return on Plan assets	9,522	9,608
	Actuarial gain	1,283	5,536
	Company contributions	5,575	2,165
	Members' Contributions	1,067	1,185
	Benefits paid	(3,893)	(4,228)
	Expense allowance	(159)	(141)
	Plan Assets at end of year	125,646	112,251
c)	**Amount recognised in the Statement of Financial Position**		
	Defined benefit obligation	120,183	99,466
	Fair value of plan assets	(125,646)	(112,251)
		(5,463)	(12,785)
	Unrecognised actuarial loss	(56,493)	(47,825)
	Net IAS #19 Defined Benefit Asset	**(61,956)**	**(60,610)**

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

8. Retirement Benefit Assets (Continued):

		2011 ($'000)	2010 ($'000)
d)	**Amounts recognised in the Statement of Comprehensive Income**		
	Current service cost	3,994	3,329
	Interest on defined benefit obligation	7,317	8,763
	Expected return on Plan assets	(9,522)	(9,608)
	Past service cost	-	(17,532)
	Amortised net loss	2,440	2,662
	Net Pension Cost/(Surplus)	4,229	(12,386)
e)	**Reconciliation of Opening and Closing Statements of Financial Position Entries**		
	Opening defined benefit liability	(60,610)	(46,059)
	Net pension cost/(surplus)	4,229	(12,386)
	Company contributions paid	(5,575)	(2,165)
	Closing Defined Benefit Liability	**(61,956)**	**(60,610)**
f)	**Actual Return on Plan Assets**		
	Expected return on Plan assets	9,522	9,608
	Actuarial gain on Plan assets	1,283	5,536
	Actual Return on Plan Assets	10,805	15,144
g)	**Experience History**		
	Defined benefit obligation	120,183	99,466
	Fair value of Plan assets	(125,646)	(112,251)
	Surplus	(5,463)	(12,785)
	Experience adjustment on Plan liabilities	(2,079)	(8,082)
	Experience adjustment on Plan assets	1,283	5,536

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

8. Retirement Benefit Assets (Continued):

h) The Company expects to contribute **$4 million** to its defined benefit pension plan in 2011.

		2011 ($'000)	**2010 ($'000)**
i)	**Summary of Principal Assumptions**		
	Discount rate	6.25%	7.50%
	Salary increases	4.75%	6.00%
	Pension increases	2.00%	2.00%
	Expected return on Plan assets		
	- segregated assets	7.00%	8.50%
	- insured annuities	6.25%	7.50%

Expected rate of return on assets are set by reference to estimated long-term returns on the Plan's strategic asset allocation. Allowance is made for some excess performance from the Plan's equity portfolio.

j) **Asset Allocation**

		2011	2010
	Equity securities	26.70%	37.70%
	Debt securities	36.80%	39.80%
	Other - insured annuities	11.10%	12.00%
	Other - cash and short-term securities	25.40%	10.50%
	Total	100.00%	100.00%

The Plan does not directly hold any assets of the Company.

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

9. Trademarks:

	2011 ($'000)	**2010 ($'000)**
Cost	17,312	17,312
Accumulated amortisation	(10,614)	(8,966)
Net book value	6,698	8,346
Net book value at the beginning of the year	8,346	9,583
Charge for the year	(1,648)	(1,237)
Net book value at the end of year	**6,698**	**8,346**

10. Inventories:

	2011 ($'000)	**2010 ($'000)**
Raw materials	63,838	35,898
Packaging materials	2,470	3,089
Maintenance spares	7,126	9,872
Finished products	6,830	9,111
	80,264	**57,970**

11. Accounts Receivable and Prepayments:

	2011 ($'000)	**2010 ($'000)**
Trade receivables	72,671	78,125
Prepayments	4,560	4,037
Sundry receivables	32,667	27,625
	109,898	**109,787**

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

12. Cash and Cash Equivalents:

	2011 ($'000)	2010 ($'000)
Cash at bank	26,615	102,257
Short-term investments	675,309	554,421
	701,924	**656,678**

13. Cash Resources:

	2011 ($'000)	2010 ($'000)
Cash and cash equivalents **(Note 12)**	701,924	656,678
Bank overdraft and short term borrowing **(Note 17)**	(150,775)	(139,851)
	551,149	**516,827**

14. Stated Capital:

	2011 ($'000)	2010 ($'000)
Authorised		
Unlimited number of shares of no par value		
Issued and fully paid		
600,000,641 ordinary shares of no par value	**1,736,632**	**1,736,632**

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

15. Borrowings:

	Interest Rate	Maturity Date	2011 ($'000)	2010 ($'000)
First Citizens Bank Limited				
Tranche A	5.94%	2011	7,900	15,799
Tranche B	6.18%	2015	22,988	28,097
Tranche C	5.85%	2011	1,557	4,672
			32,445	48,568
RBTT Bank Limited	8.00%	2011	5,822	11,200
Bank loans - total			38,267	59,768
Other short-term borrowings			(16,621)	-
			21,646	59,768
Current portion			-	(21,501)
Non-current portion			**21,646**	**38,267**

The First Citizens Bank Limited loan is secured by a debenture and collateral mortgage, stamped to cover **$90 million** ranking *pari passu* with the security for the bank overdraft facilities (see Note 6). The tranches are each repayable in semi-annual installments.

The RBTT Bank Limited facility is repayable by quarterly installments of **$1.5 million.**

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

16. Deferred Taxation:

	2011 ($'000)	2010 ($'000)
Tax losses carried forward	(33,335)	(37,531)
Excess of net book value over written-down tax value	31,618	29,375
General provision against receivables	(158)	-
Retirement benefit asset	15,489	15,152
	13,614	6,996

The movement in deferred tax for the year is as follows:	2011 ($'000)	2010 ($'000)
Balance at beginning of year	6,996	4,830
Prior year adjustment	-	(4,400)
Balance as per restatement	6,996	430
Effect on consolidated Statement of Comprehensive Income	6,618	6,566
Balance at end of year	**13,614**	**6,996**

17. Bank Overdraft and Short Term Borrowings:

The bank overdraft facilities are held with both Scotiabank Trinidad and Tobago Limited and Citibank (Trinidad) Limited, and are secured by a debenture and collateral mortgage stamped to cover **$75 million** each, comprising a fixed charge over goodwill, land and buildings located at Wrightson Road, Port of Spain, and a floating charge over all assets of National Flour Mills Limited. The security ranks *pari passu*. An assignment of industrial all risk insurance with coverage of **US$57.2 million** has also been executed in favour of the bank.

Short-term borrowings include a **US$6 million** loan granted by Eximbank, **US$2 million** granted by Citibank and a **US$4.8 million** loan granted by Gavilon LLC to National Flour Mills.

Short-term borrowings also include short-term cash management facilities - revolving grain purchase loans of **$92.59 million** (2010: **$81.527 million**).

18. Accounts Payables and Accruals:

	2011 ($'000)	2010 ($'000)
Trade payables	14,141	3,522
Accruals	22,254	20,313
	36,395	**23,835**

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

19. Profit Before Taxation:

Profit before taxation is arrived at after charging:

	2011 ($'000)	**2010 ($'000)**
Finance charges	13,279	23,019
Depreciation and amortisation	6,591	20,851
Directors' fees	785	884

20. Taxation:

	2011 ($'000)	**2010 ($'000)**
Current year	(3,689)	(6,653)
Deferred tax	(6,617)	(6,566)
	(10,306)	**(13,219)**

Reconciliation of the effective tax rate to the statutory rate is as follows:

Profit before taxation (net of actuarial gain)	543,474	443,204
Tax at statutory rate	(135,868)	(110,801)
Tax effect of the expenses/income treated differently in determining taxable profits	127,625	99,499
Business Levy	(904)	(1,003)
Green Fund Levy	(1,159)	(914)
	(10,306)	**(13,219)**

21. Earnings per Share:

	2011 ($'000)	**2010 ($'000)**
Profit attributable to equity holders of the Company	524,164	435,876
Weighted average number of ordinary shares in issue ('000)	600,001	600,001
Earning per share	**$0.87**	**$0.73**

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

22. **Dividends Received from Joint Ventures and Associates:**

	2011 ($'000)	**2010 ($'000)**
Telecommunications Services of Trinidad and Tobago Limited	51,578	97,999
Trinidad Nitrogen Co., Limited	227,981	145,485
NGC NGL Company Limited	106,248	66,323
NGC Trinidad and Tobago LNG Limited	-	77,821
	385,807	**387,628**

23. **Dividends Paid:**

	2011 ($'000)	**2010 ($'000)**
2010 final dividends - **$0.38** - per share (2009 - **$0.53**)	228,000	318,000
2011 interim dividend - **$0.20** per share (2010 - **$0.19** per share)	120,000	114,000
	348,000	**432,000**

A final dividend in respect to the year ended 31 March 2011 of **$0.20** per share (2010 - **$0.38**) is proposed.

24. **Contingent Liabilities:**

The subsidiary, National Flour Mills Limited, is a defendant in various legal actions. The Company has made provisions for the potential liability.

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

25. Capital and Lease Commitments:

During the year, National Flour Mills Limited entered into a finance lease agreement to acquire an automatic silo scale with a lease term of four years. National Flour Mills Limited has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreement.

Finance leases liabilities are payable as follows:

	Future Minimum Lease Payments 2011 ($'000)	Interest 2011 ($'000)	Present Value Future Minimum Lease Payments 2011 ($'000)
Less than one year	800	72	728
Between one and five years	2,198	195	2,003
	2,998	267	2,731

Minimum lease payments under non-cancellable operating leases are as follows:

	2011 ($'000)	2010 ($'000)
Less than one year	1,489	1,098
Between one and five years	853	1,142
More than five years	-	-

26. Related Party Transactions:

	2011 ($'000)	2010 ($'000)
Key management compensation:		
Salaries and other short term-term benefits	4,838	5,134
Termination benefits	490	450
	5,328	**5,584**

27. Principal Business Activities:

The principal business activities of the subsidiary and other investee companies are:

Investment	Incorporated	Activity	% Interest
Subsidiary			
National Flour Mills Limited	Trinidad and Tobago	Food processing	51.00%
Joint Ventures			
Telecommunications Services of Trinidad and Tobago Limited	Trinidad and Tobago	Telecommunications provider	51.00%
Trinidad Nitrogen Co., Limited	Trinidad and Tobago	Manufacturer of ammonia	51.00%
Associates			
NGC NGL Company Limited	Trinidad and Tobago	Investment holding company	20.00%
NGC Trinidad and Tobago LNG Limited	Trinidad and Tobago	Investment holding company	37.84%

28. Operating Segments:

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

- Foodstuff. 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, as well as imported corn and soya bean meal.

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 National Flour Mills Limited'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 National Flour Mills Limited's CEO.

Notes to the *Consolidated Financial Statements*

(March 31 2011, Expressed in thousands of Trinidad and Tobago dollars)

28. Operating Segments (Continued):

	Food Stuff		Animal Feed		Other		Total	
	2011 ($'000)	**2010 ($'000)**	**2011 ($'000)**	**2010 ($'000)**	**2011 ($'000)**	**2010 ($'000)**	**2011 ($'000)**	**2010 ($'000)**
External revenue	302,685	351,787	110,495	126,975	26,146	15,873	439,326	494,635
Depreciation and amortisation	(898)	14,825	5,674	5,351	1,810	669	6,586	20,845
Gross profit	79,242	69,644	14,451	43,402	(1,117)	(24,548)	92,576	88,498

29. Prior Period Adjustments:

During the year-end closing procedures, National Flour Mills Limited's management made a **$4.4 million** adjustment to the calculation of deferred tax liabilities in prior periods by restating the balances of the deferred tax liabilities and retained earnings as at January 1 2009 as follows:

	Deferred Tax Liabilities $'000	**Total Equity $'000**
Balance as reported at April 1 2010	4,830	3,277,342
Prior Period Adjustment	(4,400)	4,400
Restated balance as at April 1 2010	**430**	**3,281,742**

The adjustment has had no effect on the Consolidated Statement of Financial Position for the current year.

Supplementary Information *Unconsolidated Statement of Financial Position*

(Expressed in thousands of Trinidad and Tobago dollars)

	For the year ended 31 March	
	2011	**2010**
	$'000	**$'000**
ASSETS		
Non Current Assets:		
Investments	1,736,632	1,736,632
Financial Assets	39,473	39,420
Fixed Assets	10	15
	1,776,115	1,776,067
Current Assets		
Cash and cash equivalents	677,317	636,379
Sundry receivables	6,768	8,868
	684,085	645,247
Total Assets	**2,460,200**	**2,421,314**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share Capital	1,736,632	1,736,632
Proposed dividends		
Retained Earnings	722,982	677,720
	2,459,614	2,414,352
Current Liabilities:		
Sundry payables and accruals	332	189
Taxation payable	254	6,773
	586	6,962
Total Equity and Liabilities	**2,460,200**	**2,421,314**

Disclaimer: The above supplementary information has been provided to assist shareholders in understanding NEL's financial performance given the complexity of the presentation of the Consolidated Financial Statements and is not in conformance with International Financial Reporting Standards nor has it been audited by the external auditors.

Supplementary Information *Unconsolidated Statement of Comprehensive Income*

(Expressed in thousands of Trinidad and Tobago dollars)

	For the year ended March 31 2011 $'000	March 31 2010 $'000
Dividend Income	**385,812**	**387,689**
Interest and Other Income	**12,505**	**25,535**
Administration Expenses	**(3,031)**	**(7,808)**
Net Profit Before Taxation	**395,286**	**405,416**
Taxation	**(2,024)**	**(5,148)**
Net Profit For The Year	**393,262**	**400,268**
Earnings Per Share	**$0.66**	**$0.67**

Disclaimer: The above supplementary information has been provided to assist shareholders in understanding NEL's financial performance given the complexity of the presentation of the Consolidated Financial Statements and is not in conformance with International Financial Reporting Standards nor has it been audited by the external auditors.

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