PKF

Chartered Accountants
& Business Advisors

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

Chartered Accountants
& Business Advisors

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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NATIONAL ENTERPRISES LIMITED

Level 15, Tower D, International Waterfront Centre, Wrightson Road, Port of Spain, Trinidad, W.I.
Tele: (868) 625-0015 • Fax: (868) 624-3029 Website: nel.co.tt • E-mail: info.nel@gov.tt

June 27, 2016

Re: Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of National Enterprises Limited which comprise the statement of financial position as at March 31, 2016 the 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;
- 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 control 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 control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited 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 financial statements have been authorised for issue, if later.

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

Navin Rajkumar
Director

Gerry Brooks
Director

PKF

Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Shareholders
National Enterprises Limited

We have audited the accompanying consolidated financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2016, the 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 consolidated 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port-of-Spain
TRINIDAD AND TOBAGO
27 June 2016

Direct tel (868) 624-4569 | Direct fax (868) 624-4388
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Partners: Renée-Lisa Philip Mark K. Superville

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	2016 ($ '000)	31 March 2015 ($ '000) (Re-stated)	2014 ($ '000) (Re-stated)
Non-Current Assets:				
Equity accounted investments	5	2,318,064	2,675,169	2,336,503
Financial Assets	6	410,843	275,000	275,691
Fixed Assets	7	167,376	158,891	146,900
Retirement benefit asset	8	9,059	10,588	15,193
Trademarks	9	533	1,765	2,997
Deferred tax asset	19	11,867	20,100	22,970
Total Non-Current Assets		2,917,742	3,141,513	2,800,254
Current Assets:				
Inventories	10	78,940	87,986	76,647
Accounts receivables and prepayments	11	215,526	296,948	155,309
Cash and cash equivalents	12	391,868	463,893	586,250
Taxation recoverable		626	380	-
Total Current Assets		686,960	849,207	818,206
Total Assets		**3,604,702**	**3,990,720**	**3,618,460**

LIABILITIES AND EQUITY

	Notes	2016 ($ '000)	2015 ($ '000) (Re-stated)	2014 ($ '000) (Re-stated)
Equity:				
Stated capital	14	1,736,632	1,736,632	1,736,632
Investment remeasurement reserve	15	16,349	17,912	16,766
Translation reserve	16	25,147	19,532	31,979
Retained earnings		1,321,866	1,602,048	1,428,335
Capital and reserves attributable to equity holders		3,099,994	3,376,124	3,213,712
Non - controlling interest		107,229	94,973	88,841
Total Equity		3,207,223	3,471,097	3,302,553
Non-Current Liabilities:				
Non-current portion of long term borrowings	17	93,895	95,526	2,553
Non-current portion of finance lease liability	18	932	1,964	2,064
Deferred tax liability	19	34,384	35,084	34,719
Medical and Life Insurance	20	17,194	17,063	16,564
Total Non-Current Liabilities		146,405	149,637	55,900
Current liabilities:				
Bank overdraft and short-term borrowings	21	168,021	306,214	217,040
Current portion of long-term borrowings	17	6,566	6,243	5,109
Current portion of finance lease facility	18	1,347	1,355	1,901
Taxation payable		26	-	212
Accounts payable and accruals	22	75,114	56,174	35,745
Total Current Liabilities		251,074	369,986	260,007
Total Liabilities		397,479	519,623	315,907
Total Liabilities and Equity		**3,604,702**	**3,990,720**	**3,618,460**

These financial statements were approved by the Board of Directors and authorised for issue on 27 June 2016 and signed on their behalf by:

Director: **Director:**

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 March 2016 ($ '000)	2015 ($ '000) (Re-stated)
Turnover		481,214	470,316
Cost of sales		(365,463)	(382,186)
Gross profit		115,751	88,130
Selling and distribution expenses		46,237	35,389
Administrative expenses		41,058	46,484
		87,295	81,873
Operating profit		28,456	6,257
Finance cost		(7,284)	(8,863)
Dividend income		10,808	18,301
Interest income		6,608	6,297
Other income		15,543	14,802
Share of profit of equity accounted investments net of tax		65,385	456,261
Profit before tax	23	119,516	493,055
Tax expense	24	(9,931)	(5,238)
Net profit for the year		109,585	487,817
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Unrealised gains		(1,563)	1,146
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit asset, net of tax		(1,813)	(647)
Other comprehensive income for the year		(3,376)	499
Total comprehensive income for the year		106,209	488,316
Attributable to:			
Equity holders of the Company		90,419	479,239
Non-controlling Interest		15,790	9,077
Net profit for the year		106,209	488,316
Earnings per Share	25	$0.15	$0.80

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

Year ended 31 March 2016	Share Capital ($ '000)	Investment Remeasurement Reserve ($ '000)	Translation Reserve ($ '000)	Retained Earnings ($ '000)	Non-controlling Interest ($ '000)	Total Equity ($ '000)
Balance as at 1 April 2015	1,736,632	17,912	19,532	1,602,048	94,973	3,471,097
Total comprehensive income for the year	-	(1,563)	-	91,982	15,790	106,209
Share of translation reserve	-	-	5,615	-	-	5,615
Share of deferred tax on actuarial gain	-	-	-	(1,407)	-	(1,407)
Subsidiary dividend paid on non-controlling interest	-	-	-	-	(3,534)	(3,534)
Dividend refunded	-	-	-	1,243	-	1,243
Dividends paid **(Note 27)**	-	-	-	(372,000)	-	(372,000)
Balance as at 31 March 2016	**1,736,632**	**16,349**	**25,147**	**1,321,866**	**107,229**	**3,207,223**

Year ended 31 March 2015	Share Capital ($ '000)	Investment Remeasurement Reserve ($ '000)	Translation Reserve ($ '000)	Retained Earnings ($ '000)	Non-Controlling Interest ($ '000)	Total Equity ($ '000)
Balance as at 1 April 2014	1,736,632	16,766	31,979	1,450,384	87,896	3,323,657
Restatement **(Note 33)**	-	-	-	(22,049)	945	(21,104)
Re-stated balance as at 1 April 2014	1,736,632	16,766	31,979	1,428,335	88,841	3,302,553
Total comprehensive income for the year	-	1,146	-	478,093	9,077	488,316
Share of translation reserve	-	-	(12,447)	-	-	(12,447)
Share of deferred tax on actuarial gain	-	-	-	(25,315)	-	(25,315)
Subsidiary dividend	-	-	-	(3,065)	(2,945)	(6,010)
Dividends paid **(Note 27)**	-	-	-	(276,000)	-	(276,000)
Balance as at 31 March 2015	**1,736,632**	**17,912**	**19,532**	**1,602,048**	**94,973**	**3,471,097**

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 March 2016 ($'000)	2015 ($'000) (Re-stated)
OPERATING ACTIVITIES		
Profit before taxation	119,516	493,055
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(65,385)	(456,261)
Depreciation	11,149	2,617
Amortisation of trademarks	1,232	1,232
Loss on disposal of fixed assets	110	-
Restatement of property plant and equipment	-	(187)
Increase in provision for doubtful debts	5,507	2,188
Retirement benefit costs	(758)	4,242
	71,371	46,886
Net change in operating assets and liabilities		
Net change in accounts receivables	140,581	(32,388)
Net change in accounts payables	18,939	20,429
Net change in inventory	9,046	(11,339)
	239,937	23,588
Taxation paid	(2,014)	(2,376)
Cash generated from Operating Activities	237,923	21,212
INVESTING ACTIVITIES		
Purchase of investment	-	(349,636)
Dividends declared and received **(Note 26)**	362,032	318,028
Change in long-term investments	(137,406)	1,837
Disposal proceeds	80	-
Purchase of fixed assets	(19,824)	(14,421)
Cash generated from Investing Activities	204,882	(44,192)
FINANCING ACTIVITIES		
Finance lease liability	(1,040)	(646)
Proceeds from/(repayment of) loan	(1,308)	94,107
Dividend refunded	1,243	-
Dividend paid by subsidiary to non-controlling interest	(3,534)	(6,010)
Dividends paid **(Note 27)**	(372,000)	(276,000)
Cash used in Financing Activities	(376,639)	(188,549)
Net change in Cash Resources	66,166	(211,529)
Net Cash Resources at beginning of year	157,681	369,210
Net Cash Resources at end of year **(Note 13)**	**223,847**	**157,681**

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

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

1. **Incorporation and Principal Activities:**

National Enterprises Limited (NEL) 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 14 December 2001, NEL acquired a 20% shareholding in NGCNGL financed by the issue of an additional 50,511,540 shares and on 8 December 2003, NEL acquired a 37.84% shareholding in NGCLNG financed by the issue of an additional 49,489,101 shares.

In December 2014, NEL entered into a joint venture and acquired 33.33% of Pan West Engineers and Constructors, LLC. NEL's principal business activity is therefore that of an Investment Holding Company and it has no business operations of its own. The company has a wholly owned subsidiary, NEL Power Holdings Limited. The principal business activities of its investee companies are disclosed in **Note 30**.

The accounts for the consolidated entity (the Group) are presented here. The accounts of the unconsolidated entity is presented separately.

The registered office of the Company is Level 15, Tower D, 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 (IFRSs), and are stated in thousands of Trinidad and Tobago dollars rounded to the nearest thousand. 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 group has elected to present one statement.

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

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

The preparation of financial statements in conformity with IFRSs 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.

(c) New Accounting Standards and Interpretations

i) The Group has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Group or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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

c) **New Accounting Standards and Interpretations (cont'd) -**

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).

IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).

IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

IFRS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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

c) **New Accounting Standards and Interpretations (cont'd) -**

IAS 27	Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
IAS 28	Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).
IAS 28	Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
IAS 34	Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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

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, and NEL Power Holdings Limited, in which the Group has a 100% interest, are subsidiaries. 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 Telecommunication Services of Trinidad and Tobago Limited ("TSTT") and Trinidad Nitrogen Company 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. Additionally NEL owns 33.33% – Pan West Engineers Constructors, LLC 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.

Equity accounting involves recognising in the Consolidated Statement of Comprehensive Income, 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 recognized 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.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

2. Summary of Significant Accounting Policies (Continued):

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 amortized 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 realized gains and losses being taken to the profit and loss account and unrealized 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 recognized on the trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognized 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 derecognized 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 reporting 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.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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 recognized 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 Consolidated Statement of Comprehensive Income 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:

Industrial and office buildings	2.5%
Plant, machinery and equipment	4.0 – 10.0%
Office furniture and equipment	10.0% - 33.33%
Motor vehicles	25.0%

No depreciation in charged on work in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Consolidated Statement of Comprehensive Income.

h) **Retirement benefit plan -**

The Subsidiary National Flour Mills (NFM) 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 NFM'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 NFM, 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.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

h) Retirement benefit plan (cont'd) -

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.

i) Trademarks -

Trademarks are shown at historical cost less accumulated amortization. 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 amortization period is approximately 5 years.

j) Inventories -

Inventories are stated at the lower of cost and net realizable 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 realizable 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 realizable 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 recognized 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 reorganization, 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 recognized in the Consolidated Statement of Comprehensive Income.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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

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) 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.

n) Borrowings -

Borrowings are recognized 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 recognized in the Consolidated Statement of Comprehensive Income 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.

o) Taxation -

The Group 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 reporting 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.

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

p) Provisions -

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized 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 recognized 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 recognized in the Consolidated Statement of Comprehensive Income.

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.

r) Earnings per share -

Earnings per share is calculated by dividing profit attributable to equity holders of the Group 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 Group'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 Consolidated Statement of Comprehensive Income.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

s) Foreign currency translation (Cont'd) -

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 Statement of Financial Position presented are translated at the closing rate at the date of the Statement of Financial Position;

(ii) Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates; and

(iii) The resulting exchange differences are recognized as a separate component of equity.

t) Segment reporting -

IFRS 8 requires operating segments to be identified on the basis of internal financial information about components of the Subsidiary, National Flour Mills (NFM), 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 Subsidiary, NFM.

u) 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 recognized 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

v) **Leases -**

Assets obtained under finance leases are capitalised in the Consolidated Statement of Financial Position and are depreciated over their estimated useful economic lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the Consolidated Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

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 Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

w) **Dividends -**

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

x) **Medical and life insurance plan -**

National Flour Mills Limited (NFM) 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.

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

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.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

y) **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.

3. **Financial Risk Management:**

Financial risk factors

The Group's activities are primarily related to the use of financial instruments. The Group accepts funds from shareholders and earns interest by investing in equity investments.

The following table summarizes the carrying amounts and fair values of the Group's financial assets and liabilities:

	2016	
	Carrying Value ($'000)	**Fair Value ($'000)**
Financial Assets		
Equity accounted investments	2,318,064	2,318,064
Held to maturity	112,573	112,573
Available for sale	298,270	298,270
Retirement benefit asset	9,059	9,059
Accounts receivable and prepayments	215,526	215,526
Cash and cash equivalents	391,868	391,868
Financial Liabilities		
Finance lease liability	2,279	2,279
Long term borrowings	100,461	100,461
Accounts payables and accruals	75,114	75,114
Bank overdraft and short-term borrowings	168,021	168,021
Medical and Life Insurance Plan	17,194	17,194

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

3. **Financial Risk Management (Continued):**

	2015	
	Carrying Value ($'000)	**Fair Value ($'000)**
Financial Assets		
Equity accounted investments	2,675,169	2,675,169
Held to maturity	55,681	55,681
Available for sale	219,319	219,319
Retirement benefit asset	10,588	10,588
Accounts receivable and prepayments	296,948	296,948
Cash and cash equivalents	463,893	463,893
Financial Liabilities		
Finance lease facility	3,319	3,319
Long term borrowings	101,769	101,769
Accounts payables and accruals	56,174	56,174
Bank overdraft and short-term borrowings	306,214	306,214
Medical and Life Insurance Plan	17,063	17,063

The Group 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 Group to manage these risks are discussed below:

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. **Financial Risk Management (Continued):**

(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 Group 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 investments in bonds, loans and other funding instruments.

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

Interest rate sensitivity analysis

The Group's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

		2016				
	Effective Rate	Up to 1 year ($'000)	1 to 5 years ($'000)	Over 5 years ($'000)	Non - Interest Bearing ($'000)	Total ($'000)
Financial Assets						
Equity accounted investments	0%	-	-		2,318,064	2,318,064
Held to maturity	2 - 7%	-	-	112,573	-	112,573
Available for sale	0%	-	-	298,270	-	298,270
Retirement benefit asset		-	-	9,059	-	9,059
Accounts receivable and prepayments	0%	215,526	-	-	-	215,526
Cash and cash equivalents	0 - 2.50%	391,868	-	-	-	391,868
		607,394	-	419,902	2,318,064	3,345,360
Financial Liabilities						
Finance lease facility		1,347	932	-	-	2,279
Long term borrowings	6.18%	6,566	-	93,895	-	100,461
Accounts payables and accruals	0%	75,114	-	-	-	75,114
Medical and Life Insurance Plan		-	-	17,194	-	17,194
Bank overdraft and short-term borrowings	0 - 1.4%	168,021	-	-	-	168,021
		251,048	932	111,089		363,069

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. **Financial Risk Management (Continued):**

Financial risk factors (continued)

a) **Interest rate risk (continued) -**

2015

Financial Assets	**Effective Rate**	**Up to 1 year ($'000)**	**1 to 5 years ($'000)**	**Over 5 years ($'000)**	**Non - Interest Bearing ($'000)**	**Total ($'000)**
Equity accounted investments	0%	-	-	-	2,675,170	2,675,170
Held to maturity	2 - 7%	-	-	55,681	-	55,681
Available for sale	0%	-	-	219,319	-	219,319
Retirement benefit asset		-	-	10,588	-	10,588
Accounts receivable and prepayments	0%	296,948	-	-	-	296,948
Cash and cash equivalents	0 - 2.25%	463,893	-	-	-	463,893
		760,841	-	285,588	2,675,170	3,721,599
Financial Liabilities						
Finance lease facility		1,355	1,964	-	-	3,319
Long term borrowings	6.18%	6,243	-	95,526	-	101,769
Medical and Life Insurance Plan		-	-	17,063	-	17,063
Accounts payables and accruals	0%	56,174	-	-	-	56,174
Bank overdraft and short-term borrowings	0 - 1.4%	306,214	-	-	-	306,214
		369,986	1,964	112,589		484,539

b) **Credit Risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has policies in place to ensure that all amounts due are collected within the specified credit period.

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

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. **Financial Risk Management (Continued):**

Financial risk factors (continued)

c) **Liquidity Risk -**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group 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.

Liquidity gap

The Group's exposures to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	2016			
	Up to 1 year ($'000)	**1 to 5 years ($'000)**	**Over 5 years ($'000)**	**Total ($'000)**
Financial Assets				
Equity accounted investments	-	-	2,318,064	2,318,064
Held to maturity	-	-	112,573	112,573
Available for sale	-	-	298,270	298,270
Retirement benefit asset	-	-	9,059	9,059
Accounts receivable and prepayments	215,526	-	-	215,526
Cash and cash equivalents	391,868	-	-	391,868
	607,394	-	2,737,966	3,345,360
Financial Liabilities				
Finance lease facility	1,347	932		2,279
Long term borrowings	6,566	-	93,895	100,461
Medical and Life Insurance Plan	-	-	17,194	17,194
Accounts payables and accruals	75,114	-	-	75,114
Bank overdraft and short-term borrowings	168,021	-	-	168,021
	251,048	932	111,089	363,069

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. **Financial Risk Management (Continued):**

Financial risk factors (continued)

(c) Liquidity risk (continued) -

	2015			
Financial Assets	**Up to 1 year ($'000)**	**1 to 5 years ($'000)**	**Over 5 years ($'000)**	**Total ($'000)**
Equity accounted investments	-	-	2,675,170	2,675,170
Held to maturity	-	-	55,681	55,681
Available for sale	-	-	219,319	219,319
Retirement benefit asset	-	-	10,588	10,588
Accounts receivable and prepayments	296,948	-	-	296,948
Cash and cash equivalents	463,893	-	-	463,893
	760,841	-	2,960,758	3,721,599
Financial Liabilities				
Finance lease facility	1,355	1,964	-	3,319
Long term borrowings	6,243	-	95,526	101,769
Medical and Life Insurance Plan	-	-	17,063	17,063
Accounts payables and accruals	56,174	-	-	56,174
Bank overdraft and short-term borrowings	306,214	-	-	306,214
	369,986	1,964	112,589	484,539

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. **Financial Risk Management (Continued):**

(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 recognized assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) **Operational risk -**

Operational risk is the risk derived from deficiencies relating to the Group's information technology and control systems, as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize 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 Group.

(g) **Reputation risk -**

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

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Group's accounting policies.

Estimates and judgements 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 Group 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 recognized in the Consolidated Statement of Comprehensive Income 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.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized 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 reporting 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 reporting 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 capitalized and in estimating the useful lives and residual values of these assets.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Equity Accounted Investments:

	TSTT ($'000)	TRINGEN ($'000)	NGCLNG ($'000)	NGCNGL ($'000)	PAN WEST ($'000)	Total ($'000)
Year ended 31 March 2016						
Balance as at 1 April 2015	1,315,704	243,999	291,381	474,449	349,636	2,675,169
Share of profit after taxation	(153,380)	139,600	18,923	35,794	24,448	65,385
Dividends received	(54,288)	(81,314)	(68,392)	(133,561)	(24,477)	(362,032)
Dividends declared	-	(32,130)	-	(32,536)	-	(64,666)
Share of translation reserve	-	3,258	413	1,944	-	5,615
Share of net actuarial loss	(7,841)	6,434	-	-	-	(1,407)
Balance as at 31 March 2016	1,100,195	279,847	242,325	346,090	349,607	**2,318,064**
Year ended 31 March 2015						
Balance as at 1 April 2014	1,230,729	303,353	294,436	507,985	-	2,336,503
Investment in Joint Venture	-	-	-	-	349,636	349,636
Share of profit after taxation	108,575	156,634	72,269	109,002	9,781	456,261
Dividends declared	-	(111,441)	-	-	-	(111,441)
Dividends paid	-	(97,800)	(73,333)	(137,114)	(9,781)	(318,028)
Share of translation reserve	-	(5,032)	(1,991)	(5,424)	-	(12,447)
Share of net actuarial loss	(23,600)	(1,715)	-	-	-	(25,315)
Balance as at 31 March 2015	1,315,704	243,999	291,381	474,449	349,636	**2,675,169**

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 31 December 2015.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

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)
2016				
NGC NGL Company Limited	223,812	20	36,115	35,794
NGC Trinidad and Tobago LNG Limited	54,543	33	19,287	18,923
	278,355	53	55,402	54,717
2015				
NGC NGL Company Limited	319,804	20	109,100	109,002
NGC Trinidad and Tobago LNG Limited	103,666	30	72,687	72,269
	423,470	50	181,787	181,271

There are no contingent liabilities relating to the 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 2016 ($'000)	TSTT 2015 ($'000)	TRINGEN 2016 ($'000)	TRINGEN 2015 ($'000)	PAN WEST 2016 ($'000)	PAN WEST 2015 ($'000)
Assets						
Non-current assets	1,612,775	1,957,910	571,048	652,330	349,636	349,636
Current assets	568,935	721,874	245,615	257,563	-	-
	2,181,710	2,679,784	816,663	909,893	349,636	349,636
Liabilities						
Non-current liabilities	171,731	308,235	180,641	188,982	-	-
Current liabilities	909,732	1,055,795	286,055	357,294	-	-
	1,081,463	1,364,030	466,696	546,276	-	-
Net assets	1,100,247	1,315,754	349,967	363,617	349,636	349,636
Income	1,450,179	1,510,266	1,037,869	1,140,339	24,507	29,433
Expenses	(1,603,559)	(1,425,291)	(898,269)	(983,705)	(59)	(90)
Profit/(loss) after taxation	(153,380)	84,975	139,600	156,634	24,448	29,343
Capital commitments	87,363	96,339	30,682	24,823	-	-

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

5. Equity Accounted Investments (Continued):

	No. of Shares	Book Value Under Equity Method ($'000)
31-Mar-16		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,100,195
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	279,847
NGC NGL Company Limited ("B" shares)	9,406,950	346,090
NGC Trinidad and Tobago LNG Limited ("B" shares)	9,226	242,325
Pan West Engineers and Construction, LLC		349,607
		2,318,064
31-Mar-15		
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,315,704
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	243,999
NGC NGL Company Limited ("B" shares)	9,406,950	474,449
NGC Trinidad and Tobago LNG Limited ("B" shares)	9,226	291,381
Pan West Engineers and Construction, LLC		349,636
		2,675,169

6. Financial Assets:

	2016 ($'000)	2015 ($'000)
Held to maturity:		
National Housing Authority TT$40M 7% FXRB due 2025	39,511	39,459
Home Mortgage Bank TT$20M series B 2% FXRB due 2022	14,333	16,222
First Citizens Bank loan note	52,529	-
Restricted Deposit	6,200	-
Available for sale investments:		
CLICO Investment Fund	22,560	22,510
First Citizens Bank Limited	43,554	45,269
Power Generation Company of Trinidad and Tobago Limited	151,316	151,316
Trinidad and Tobago Stock Exchange	224	224
Trinidad and Tobago National Gas Limited	30,636	-
UTC Calypso Index Fund	49,980	-
	410,843	**275,000**

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2016

7. Fixed Assets:

31-Mar-16	Industrial and Office Buildings ($'000)	Plant, Machinery and Equipment ($'000)	Office Furniture, Equipment and Motor Vehicles ($'000)	Work in Progress ($'000)	Total ($'000)
Opening net book amount	103,172	50,630	4,786	303	158,891
Additions	1,727	4,028	2,925	11,144	19,824
Disposal	-	-	(190)	-	(190)
Reclassification	303	-	-	(303)	-
Depreciation	(2,953)	(6,245)	(1,951)	-	(11,149)
Closing net book value	102,249	48,413	5,570	11,144	167,376
Cost	147,750	293,307	39,353	11,144	491,554
Accumulated depreciation	(45,501)	(244,894)	(33,783)	-	(324,178)
Closing net book value	102,249	48,413	5,570	11,144	**167,376**

31-Mar-15	Industrial and Office Buildings ($'000)	Plant, Machinery and Equipment ($'000)	Office Furniture, Equipment and Motor Vehicles ($'000)	Work in Progress ($'000)	Total ($'000)
Opening net book amount	106,195	37,722	2,983	-	146,900
Additions	286	12,038	1,794	303	14,421
Disposal	-	-	(152)	-	(152)
Restatement	-	339	-	-	339
Depreciation	(3,309)	531	161	-	(2,617)
Closing net book value	103,172	50,630	4,786	303	158,891
Cost	145,721	289,279	36,617	303	471,920
Accumulated depreciation	(42,549)	(238,649)	(31,831)	-	(313,029)
Closing net book value	103,172	50,630	4,786	303	**158,891**

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDTED FINANCIAL STATEMENTS

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8. **Retirement Benefit Asset:**

The Subsidiary, National Flour Mills (NFM) operates a defined benefit pension plan as follows:

	2016 ($'000)	2015 ($'000)
a) Change in Defined Benefit Obligations		
Defined benefit obligations at start	(161,663)	(150,182)
Service cost	(6,255)	(6,221)
Interest cost	(7,931)	(7,406)
Members' contributions	(1,728)	(1,480)
Benefits paid	6,180	4,194
Remeasurement:		
Experience adjustments	813	(4,695)
Actuarial loss from changes in financial assumptions	7,881	4,127
Defined Benefit Obligation at end	(162,703)	(161,663)

	2016 ($'000)	2015 ($'000)
b) Amount recognized in the Statement of Financial Position		
Present value of defined benefit obligation	(162,703)	(161,663)
Fair value of plan assets	171,762	172,251
Net IAS #19 Defined Benefit Asset	**9,059**	**10,588**

	2016 ($'000)	2015 ($'000)
c) Change in Plan Assets		
Plan assets at start of year	172,251	165,375
Expected return on Plan assets	(12,062)	(788)
Interest income	8,684	8,254
Group contributions	7,755	2,508
Members' contributions	1,728	1,480
Benefits paid	(6,180)	(4,194)
Expense allowance	(414)	(384)
Plan Assets at end of year	171,762	172,251
Actual Return on Plan Assets	(3,378)	7,466

NATIONAL ENTERPRISES LIMITED

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8. Retirement Benefit Asset (Continued):

	2016 ($'000)	2015 ($'000)
d) Amounts recognized in the Statement of Comprehensive Income		
Current service cost	6,255	6,221
Interest on defined benefit obligation	(753)	(848)
Administration expenses	414	384
Net Pension Cost	5,916	5,757

	2016 ($'000)	2015 ($'000)
e) Reconciliation of Opening and Closing Statement of Financial Position Entries		
Opening defined benefit asset	10,588	15,193
Net pension cost	(5,916)	(5,757)
Remeasurement recognized in other comprehensive income	(3,368)	(1,356)
Group contributions paid	7,755	2,508
Closing Defined Benefit Asset	**9,059**	**10,588**

	2016 ($'000)	2015 ($'000)
f) Remeasurement reorganized in other Comprehensive Income		
Experience losses	3,368	1,356

	2016 ($'000)	2015 ($'000)
g) Experience History		
Defined benefit obligation	(162,703)	(161,663)
Fair value of Plan assets	171,762	172,251
Surplus	9,059	10,588
Experience adjustment of Plan liabilities	813	(4,695)
Actuarial losses from changes in financial assumptions	7,881	4,127

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8. **Retirement Benefit Asset (Continued):**

h) The Subsidiary, National Flour Mills (NFM) expects to contribute **$5.2 million** to its defined benefit pension plan in 2016.

i) **Summary of Principal Assumptions**	**2016 ($'000)**	**2015 ($'000)**
Discount rate	5.00%	5.00%
Salary increases	3.25%	4.25%
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 March 2016 would have changed as a result of a change in the assumptions used.

	1%pa Increase $million	**1%pa decrease $million**
Discount rate	26.576	(21.179)
Future salary increases	(7.516)	7.881

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligation at 31 March 2016 by $2.923 million (2015: $2.905 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised 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 March 2015.

The most recent actuarial assessment of the Pension Plan was at 31 March 2015.

j) **Asset Allocation**

Locally listed equities ties	49,019	44,375
Overseas equities	10,902	12,288
TT$-denominated bonds	64,994	72,561
Non-TT$-denominated bonds (mainly US$)	14,136	13,289
Mutual funds (short-term securities)	304	1,953
Cash and cash equivalents	21,730	15,941
Other (immediate annuity policies)	10,677	11,844
Fair value of Plan assets at end of year	171,762	172,251

The plan does not directly hold any assets of NFM.

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8. **Retirement Benefit Asset (Continued):**

k) The defined benefit obligation is allocated between the Plan's members as follows:

Active	57%	59%
Deferred members	18%	17%
Pensioners	25%	24%

The weighted average duration of the defined benefit obligation at the year end 15.3 year (2015: 15.5 years).

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

21% (2015: 27%) of the defined benefit obligation for active members is conditional on future salary increases.

9. **Trademarks:**

	2016 ($'000)	2015 ($'000)
Cost	17,312	17,312
Accumulated amortization	(16,779)	(15,547)
Net book value	**533**	**1,765**
Net book value at beginning of year	1,765	2,997
Charge for the year	(1,232)	(1,232)
Net book value at end of year	**533**	**1,765**

10. **Inventories:**

	2016 ($'000)	2015 ($'000)
Raw materials	66,905	79,318
Packaging materials	3,800	3,134
Finished products	8,235	5,534
	78,940	**87,986**

Inventories are stated after a provision for impairment of **$718,000** (2015: $718,000). The amount recognised as an expense in the year in respect of the write down of inventories is nil (2015: nil). The amount recognised as a credit in the year in respect of reversals of write downs of inventories is nil (2015: nil).

The cost of inventories recognised as an expense and included in cost of sales is **$283,844,000** (2015: $305,620,000).

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11. Accounts Receivable and Prepayments:

	2016 ($'000)	2015 ($'000)
Trade receivables	62,736	55,767
Dividends declared but not received	64,666	111,441
Prepayments	3,140	2,380
Sundry receivables	4,872	48,905
Other receivables	13,752	6,888
Debenture	51,221	56,936
Government of the Republic of Trinidad and Tobago	15,139	14,631
	215,526	**296,948**

The amount due from the Government of the Republic of Trinidad and Tobago (GORTT) is as a result of NFM offering discounts to customers to pass on to the public on specific products at the request of the GORTT.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit risk exposure for trade receivables at the reporting date by type of counterparty was:

	2016 ($'000)	2015 ($'000)
Wholesalers	11,761	10,360
Industrial	14,113	9,691
Export	6,294	2,514
Feed	15,061	14,519
Retailers	11,132	10,984
Other	4,375	7,699
	62,736	55,767

11. Accounts Receivable and Prepayments (Continued):

The aging analysis of trade receivables at the reporting date was:

	Gross 2016 ($'000)	Impairment 2016 ($'000)	Gross 2015 ($'000)	Impairment 2015 ($'000)
Not past due	52,290	-	54,814	-
Past due:				
1-2 months	14,151	3,705	6,260	5,307
2-3 months	5,476	5,476	1,055	1,055
3-6 months	19,644	19,644	16,956	16,956
	91,561	28,825	79,085	23,318

The movement in the impairment allowance during the year was as follows:

	2016 ($'000)	2015 ($'000)
Balance at 1 April	23,318	21,130
Allowance charged to profit for the year	5,507	2,188
Balance at 31 March	28,825	23,318

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12. Cash and Cash Equivalents:

	2016 ($'000)	2015 ($'000)
Cash at bank	155,468	83,783
Short-term investments	236,400	380,110
	391,868	**463,893**

13. Cash Resources:

	2016 ($'000)	2015 ($'000)
Cash and cash equivalents	391,868	463,895
Bank overdraft and short-term borrowings (**Note 21**)	(168,021)	(306,214)
	223,847	**157,681**

14. Stated Capital:

	2016 ($'000)	2015 ($'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**

15. Investment Remeasurement Reserve:

In accordance with IAS #39, an investment re-measurement reserve has been created to capture unrealized gains/losses on available-for-sale investments.

16. Translation Reserve:

This reserve is used to record exchange differences arising from the translation of the functional currency for Pan West Engineers and Constructors LLC (USD) to the presentation currency (TTD).

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17. Borrowings:

	2016 ($'000)	2015 ($'000)
(i) Republic Bank Limited	100,461	101,769
Current portion of long term borrowings	**(6,566)**	**(6,243)**
Non-current portion of long-term borrowings	**93,895**	**95,526**

(i) The balance represents a loan facility from Republic Bank Limited for the amount of **US$16,300,000** to assist with share acquisition in the Power Generation Company of Trinidad and Tobago Limited. The loan is repayable over ten (10) years at a rate of 2.829% per annum by principal reductions of **US$1,000,000** for the first three (3) years (2014-2017) thereafter payable via seven (7) annual payments of **US$1,900,000** in arrears.

18. Capital and Lease Commitments:

The finance leases pertain to motor vehicles used by the Subsidiary, NFM.

Finance leases liabilities are payable as follows:

	Future Minimum Lease Payments 2015 ($'000)	Interest 2015 ($'000)	Present Value of Minimum Lease Payments 2015 ($'000)	Future Minimum Lease Payments 2016 ($'000)	Interest 2016 ($'000)	Present Value of Minimum Lease Payments 2016 ($'000)
Less than one year	1,355	-	-	1,347	-	-
Between one and five years	-	-	-	-	-	-
	3,764	(1,800)	-	2,837	(1,905)	-
	5,119	(1,800)	-	4,184	(1,905)	-

NFM has entered into a lease agreement for the land in where its head office is situated. Minimum lease payments under non-cancellable operating leases are as follows:

	2016 ($'000)	2015 ($'000)
Less than one year	1,347	1,355
Between one and five years	932	1,964
More than five years	-	-
	2,279	3.319

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19. Deferred Tax Asset/Liability:

	2016 ($'000)	2015 ($'000)
Tax losses carried forward	7,569	15,835
Excess of net book value over written-down tax value	(32,118)	(32,436)
Remeasurement of medical plan	4,298	4,265
Retirement benefit asset	(2,266)	(2,648)
	(22,517)	**(14,984)**

The movement in deferred tax for the year is as follows:

	2016 ($'000)	2015 ($'000)
Balance at beginning of year	(14,984)	(11,749)
Charge to the Income Statement	(8,138)	(3,451)
Recognition in other comprehensive income	605	216
Balance at end of year	**(22,517)**	**(14,984)**

	2016	2015
Deferred tax asset	11,867	20,100
Deferred tax liability	(34,384)	(35,084)
	(22,517)	**(14,984)**

20. Medical and Life Insurance Plan:

a) Change in Defined Benefit Obligations

	2016 ($'000)	2015 ($'000)
Defined benefit obligations at start	(17,063)	(16,564)
Service cost	(616)	(615)
Interest cost	(844)	(818)
Benefits paid	379	440
Remeasurement:		
Experience adjustments	758	391
Actuarial loss from changes in financial assumptions	192	103
Defined Benefit Obligation at end	**(17,194)**	**(17,063)**

b) The obligation is allocated between the members as follows:

	2016	2015
Active	44%	44%
Pensioners	56%	56%

The weighted average duration of the obligation at the year-end was 15.3 years (2015 : 15.5 years).

20. Medical and Life Insurance Plan (Continued):

	2016 ($'000)	2015 ($'000)
c) Amounts recognized in the Statement of Comprehensive Income		
Current service cost	616	615
Interest on obligation	844	818
Net Pension Cost	1,460	1,433
d) Reconciliation of Opening and Closing Statement of Financial Position Entries		
Opening Medical Life Insurance Plan liability	17,063	16,564
Net medical plan cost	1,460	1,433
Remeasurement recognized in other comprehensive income	(950)	(494)
Group contributions paid	(379)	(440)
Closing Medical Life Insurance Plan liability	**17,194**	**17,063**
e) Remeasurement reorganized in other Comprehensive Income		
Experience losses	(950)	(494)

f) The subsidiary , National Flour Mills Limited, expects to pay **$0.396 million** in benefits in 2016.

	2016 ($'000)	2015 ($'000)
g) Summary of Principal Assumptions		
Discount rate	5.00%	5.00%
Salary increases	3,25%	4,25%
Medical cost increases	4.50%	4.50%

20. Medical and Life Insurance Plan (Continued):

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

	1%pa Decrease $million	1%pa Increase $million
Discount rate	2,827	(2,228)
Medical cost increases	(1,666)	2,088

An increase of 1 year in the assumed life expectancies would increase the Medical Plan obligation at 31 March 2016 by **$0.256 million.**

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 March 2015.

The most recent actuarial assessment of the Medical and Life Insurance Plan was at 31 March 2015.

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

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20. Medical and Life Insurance Plan (Continued):

g) Summary of Principal Assumptions (Cont'd)

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

(i) Assets 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 Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

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

(ii) Changes in bond yields

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

(iii) Inflation risks

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

NATIONAL ENTERPRISES LIMITED

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21. Bank Overdraft and Short-Term Borrowing:

	2016 ($'000)	2015 ($'000)
Revolving grain (i)	107,613	122,031
Short term loan facility (ii)	60,408	184,183
Balance at end of year	**168,021**	**306,214**

i) Revolving grain purchase loans have been provided by the following to finance the importation of grain.

	2016 (US$'000)	2015 (US$'000)
Export Import Bank of Trinidad and Tobago (Eximbank) Limited	5,213	4,004
Citibank (Trinidad and Tobago) Limited	11,471	14,462
	16,684	18,466
	(TT$'000)	**(TT$'000)**
TTD equivalent	107,613	122,031

Export Import Bank of Trinidad and Tobago -

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

- The loan shall be repaid to the lender 30-180 days from the drawdown date.
- Interest on the Facility granted by the Lender is payable by the Borrower or the Group 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.
- Promissory notes are signed and stamped for amounts advanced prior to disbursement of funds.

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21. **Bank Overdraft and Short-Term Borrowing (Continued):**

Citibank (Trinidad and Tobago) Limited -

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

- This facility can be extended from time to time by collective consent of the Ministry of Finance and the Economy, the Borrower and the Lender and repayable within 90 days of the disbursement of funds.

- The Revolving Line of Credit for trade finance related activities, in relation to the purchase of grain from Gavilon or any other supplier from time to time as may be specifically permitted by the Lender.

- This facility is secured y 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%. Both principal and interest payments are due to maturity.

ii) This represents a short-term loan facility from Republic Bank Limited for the amount of **US$33,500,000** to assist with the joint acquisition of the Pan West Engineers and Contractors, LLC Limited at a rate of 1.4% per annum fixed, payable as at 19 May 2015. NEL recently secured an extension on the loan balance of **US$9,200,000** with semi-annual interest rate resets. The short term loan facility is secured by a charge over cash **TT$120,500,000** held on the Second Unit Scheme account held with the Trinidad and Tobago Unit Trust Corporation.

22. **Accounts Payable and Accruals:**

	2016 ($'000)	2015 ($'000)
Trade payables	51,030	19,301
Payroll related liabilities	5,502	9,265
Accrued Expenses	8,959	18,037
Government of the Republic of Trinidad and Tobago	9,623	9,571
	75,114	**56,174**

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23. Profit Before Taxation:

Profit before taxation is arrived at after charging:

	2016 ($'000)	2015 ($'000)
Finance charges	7,284	8,863
Depreciation and amortization	12,381	3,849
Directors' fees	1,551	1,874

24. Tax Expense:

	2016 ($'000)	2015 ($'000)
Current year	(1,793)	(1,787)
Deferred tax	(8,138)	(3,451)
	(9,931)	**(5,238)**

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

	2016 ($'000)	2015 ($'000)
Profit before taxation	119,516	493,055
Tax at statutory rate	(29,879)	(123,264)
Tax effect of expenses/income not deductible for tax purposes	21,727	119,813
Business Levy	(1,093)	(1,770)
Green Fund Levy	(686)	(17)
	(9,931)	**(5,238)**

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25. Earnings Per Share:

	2016 ($'000)	2015 ($'000)
Profit attributable to equity holders of the Subsidiary	90,419	479,239
Weighted average number of ordinary shares in issue ('000)	600,001	600,001
Earnings per share	**0.15**	**0.80**

26. Dividends Received from Joint Ventures and Associates:

	2016 ($'000)	2015 ($'000)
Telecommunications Services of Trinidad and Tobago Limited	54,288	-
Trinidad Nitrogen Co., Limited	81,314	97,800
NGC NGL Company Limited	133,561	137,114
NGC Trinidad and Tobago LNG Limited	68,392	73,333
Pan West Engineers and Constructors, LLC	24,477	9,781
	362,032	**318,028**

27. Dividends Paid:

	2016 ($'000)	2015 ($'000)
2015 final dividend - **$0.27** per share (2014 - **$0.23** per share)	162,000	138,000
2016 interim dividend - **$0.35** per share (2015 - **$0.23** per share)	210,000	138,000
	372,000	**276,000**

A final dividend in respect of the year ended 31 March 2016 is **$0.15** (2015 - **$0.27**) has been approved. These financial statements do not reflect this dividend payable.

28. Contingent Liabilities:

As at 31 March 2016, the subsidiary National Flour Mills (NFM) had a contingent liability in respect of various legal proceedings. The actual liability could differ from this estimate of **$2,081,000.**

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29. Related Party Transactions:

Key management compensation:	2016 ($'000)	2015 ($'000)
Salaries and other short-term benefits	13,799	9,201
Termination benefits	684	555
	14,483	**9,756**

30. 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%
NEL Power Holdings Limited	Delaware, USA	Investment	100.00%
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%
Pan West Engineers and Contractors, LLC	Delaware, USA	Investment	33.33%
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%

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31. 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.

	Food		Animal Feed		Other		Total	
	2016 ($'000)	2015 ($'000)	2016 ($'000)	2015 ($'000)	2016 ($'000)	2015 ($'000)	2016 ($'000)	2015 ($'000)
External Revenue	294,886	308,526	125,575	128,214	60,753	33,576	481,214	470,316
Depreciation and amortisation	8,392	2,740	3,842	1,072	28	8	12,262	3,820
Gross profit	76,445	57,369	31,108	24,346	8,198	6,415	115,751	88,130

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32. Maturity of Financial Liabilities:

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount ($'000)	Contractual Cash Flow ($'000)	6 Months or less ($'000)	6-12 Months ($'000)	1-2 Years ($'000)	2-5 Years ($'000)
31-Mar-16						
Long term borrowings	100,461	100,461	-	12,476	12,476	75,509
Other secured advances	168,021	168,021	168,021	-	-	-
Finance lease liability	2,279	2,279	-	1,347	-	932
Medical and life insurance plan	17,194	17,194	-	-	-	17,194
Accounts payable and accruals	75,114	75,114	75,114	-	-	-
		363,069	243,135	13,823	12,476	93,635
31-Mar-15						
Long term borrowings	101,769	101,769	-	-	-	101,769
Other secured advances	306,214	306,214	306,214	-	-	-
Finance lease liability	3,319	3,319	-	1,355	-	1,964
Medical and life insurance plan	17,063	17,063	-	-	-	17,063
Accounts payable and accruals	56,174	56,174	56,174	-	-	-
		484,539	362,388	1,355	-	120,796

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33. Restatement:

Comparative information has been adjusted to take into account the following restatements and reclassifications made to prior year balances of the Subsidiary, National Flour Mills (NFM):

a) The restatements to fixed assets were as follows:

(i) Certain items of fixed assets were incorrectly revalued by NFM in prior years. Adjustments were required to the financial statements to remove the fair value element included in fixed assets with the corresponding amount included as a capital reserve in order to record all aspects of fixed assets at historical cost less accumulated depreciation.

(ii) Historically capital spares were recorded within inventory on the statement of financial position which is inconsistent with IAS 16 Property, Plant and Equipment. These amounts were reclassified to fixed assets.

(iii) Historically certain assets were accounted for as an operating lease. On further review of the lease arrangement, these should have been accounted for as a finance lease in accordance with IAS 17 - Leases.

(iv) An item of fixed assets was included within accounts receivable and prepayments. This is inconsistent with IAS 16 - Property, plant and equipment. This amount was reclassified to fixed assets, and depreciated.

b) There were certain inventory items on hand that were not included within inventory at the respective year ends. In addition, there were certain items that were incorrectly included within inventory.

c) Deferred income tax asset was restated to reflect the adjustments arising from the correction of these prior period errors.

d) The medical plan liability and the corresponding net expense were previously omitted. This has now been included.

e) Amounts due to/due from the GORTT was reclassified from accounts payable and accounts receivable respectively and presented separately.

f) The statement of cash flows was restated as a result of these adjustments.

g) Earnings per share was recalculated for the years presented in order to reflect the restatements.

The impact of these items is shown below.

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33. Restatement (Continued):

Statement of Financial Position 31 March 2014	**Notes**	**As previously reported ($'000)**	**Restatements ($'000)**	**Reclassifications ($'000)**	**As restated ($'000)**
Assets					
Fixed assets	33 a (i)-(iv)	141,077	5,823	-	146,900
Accounts receivable and prepayments	33 a (iv)	146,294	(396)	9,411	155,309
Inventories	33 a (ii) & 4 b	87,348	(10,701)	-	76,647
Deferred tax asset	33 c	-	5,080	17,890	22,970
Liabilities and equity					
Deferred tax liability	33 c	15,911	918	17,890	34,719
Medical and Life Insurance	33 d	-	16,564	-	16,564
Accounts payable and accruals		26,340	-	9,405	35,745
Lease liability – current and non-current	33 a (iii)	546	3,419	-	3,965
Shareholders' equity					
Retained earnings	33 a (i)	1,450,384	(22,049)	-	1,428,335

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33. Restatement (Continued):

	Notes	As previously reported ($'000)	Restatements ($'000)	Reclassifications ($'000)	As restated ($'000)
Statement of Financial Position 31 March 2015					
Assets					
Fixed assets	33 a (i)-(iv)	152,756	6,135	-	158,891
Accounts receivable and prepayments	33 a (iv)	287,920	(542)	9,570	296,948
Inventories	33 a (ii) & 33 b	103,807	(15,821)	-	87,986
Deferred tax asset		-	10,586	9,514	20,100
Liabilities and equity					
Deferred tax liability	33 c	24,892	678	9,514	35,084
Medical and Life Insurance	33 d	-	17,063	-	17,063
Accounts payable and accruals	33 b	43,982	2,622	9,570	56,174
Lease liability – current and non-current	33 a (iii)	-	3,319	-	3,319
Shareholders' equity					
Retained earnings	33 a (i)	1,625,238	(23,190)	-	1,602,048
Statement of Comprehensive Income 31 March 2015					
Cost of sales	33 a (ii) & 33 b	374,865	7,321	-	382,186
Administrative expenses	33 a (ii)-(iv) & 33 d	46,843	(359)	-	46,484
Tax expense	33 c	11,071	(5,833)	-	5,238
Net profit for the year		490,424	(2,607)	-	487,817
Statement of Cash Flows					
Profit before tax		501,495	(8,440)	-	493,055
Net cash generated from operating activities		(113,491)	23,262	-	(90,229)
Net cash used in financing activities		(185,896)	(2,653)	-	(188,549)