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Chartered Accountants
& Business Advisors

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

Chartered Accountants
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NATIONAL ENTERPRISES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

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NATIONAL ENTERPRISES LIMITED

13 July 2018

Management is responsible for the following:

- preparing and fairly presenting the accompanying consolidated financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2018, 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.

Terrence Clarke

13 July 2018

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INDEPENDENT AUDITORS' REPORT

The Shareholders
National Enterprises Limited

Opinion

We have audited the consolidated financial statements of National Enterprises Limited, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as at 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of National Enterprises Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

__Investments in joint ventures and associates__

The investments in joint ventures and associates comprise 67% of the total assets of the company. International Accounting Standard (IAS) 28 - Investments in Associates and Joint Ventures, and IAS 36 – Impairment of Assets, require the entity to determine whether there is any objective evidence that its net investments in joint ventures and associates may be impaired. Such investments are considered impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred which have an impact on the estimated future cash flows from the investments that can be reliably estimated. The Standard goes on to state that objective evidence includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate or joint venture operates, and indicates that the cost of the investment in the equity instrument may not be recovered. The Standard states that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. In such a case, the Standard requires a comparison between the recoverable amount and the carrying value. The recoverable amount is the higher of the value in use and the fair value less costs to sell. The carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation/amortization/impairment losses.

We reviewed management's assessment of the occurrence or otherwise of an impairment event.

A valuation was commissioned by the management of National Enterprises Limited on one of the joint ventures for the purpose of determining a fair market price for the investment. The computation involved a detailed and complex evaluation of many objective and subjective assumptions. It relied on the integrity of the data used in the model calculation which is derived from various sources.

Our audit procedures included:

- critically evaluating the assumptions used to calculate the discount rates and performing sensitivity analyses as necessary;
- analyzing the projected future cash flows used in the models to determine whether they were reasonable and supportable given the current economic climate and expected future performance of the joint venture;
- comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins against historical performance to test the reasonableness of projections.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

Valuation of financial investments and the impairment of financial assets

The Group's financial assets investments are classed either as loans and receivables, available-for-sale investments or held to maturity investments.

The valuation of all investments can be attributed to various factors that can be verified. With respect to available-for-sale investments, a significant portion of the Group's investments can be measured using fair value prices and rates that can be readily available in the liquid market. For the other securities, management performed an assessment and utilise their expertise judgement.

Management continually performed an assessment of impairment of all its financial assets.

Our audit procedures included the following:

- Performing an assessment of valuation the Group's financial assets.
- For those available-for-sale financial assets that were actively being traded, we ensured that we verified the market prices.
- Comparing the market prices from prior periods and performed analytical reviews on any unexpected significant decreases noted.
- For the available-for-sale financial assets that were not traded on the active market, a financial assessment was done of the last available financial information.
- Conducting a review of management's assessment of impairment of both available-for-sale and held-to-maturity investments.

There was no need for further impairment in the valuation of financial assets classed as available-for-sale and held-to-maturity.

Valuation of the net retirement benefit asset and the medical and life insurance obligation

A subsidiary within the Group sponsors a defined benefit pension plan and a medical and life insurance plan. As at 31 March 2018, that subsidiary had:

- retirement benefit asset of TT$21M, which represents 4% of total assets, comprised of plan assets valued at TT$188M (of which TT $86M is not based on observable market data), and a defined benefit obligation of TT$167M.
- medical and life insurance plan liability of TT$18M which represented 7% of total liabilities.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

__Valuation of the net retirement benefit asset and the medical and life insurance obligation (cont'd)__

We focused on the valuation of the retirement benefit asset and the medical and life insurance plan liability as they require significant levels of judgement and technical expertise in determining appropriate assumptions. A number of the key assumptions can have a material impact on the calculation of the liability including:

- discounts rates;
- salary increases; and
- medical inflation rates.

Management utilises an independent external actuary to perform certain calculations with respect to the estimated obligations.

Management utilises the work of the plan's institutional Trustee to perform valuation of the plan's assets that are not traded on active markets. The fair values of the plan assets are based on a model that they have developed to value these unquoted investments. Significant judgement and assumptions are utilised because of the limited external evidence to support the valuations.

We reviewed the key assumptions, including the discount rates and salary increase assumptions for the pension obligation and medical and life insurance liability by performing the following:

- Discount rates – the rates used by management were compared to the yield of a Government of Trinidad and Tobago bond of a similar period.
- Salary increases – salary increases were compared to historical increases, taking into account the current economic climate.

Medical inflation rates are actuarial assumptions determined by management's independent actuary based on their experience with this as well as other similar plans. We performed the following procedures over the assumptions used in the calculation:

- We reviewed the assessment of the independence and competence of the actuary used by management to calculate the pension obligation and medical and life insurance liability confirming that they are qualified and that there was no affiliation to the Group.
- We reviewed the evaluation done on the methodology used by the management's independent expert and noted that it was consistent with prior periods and in compliance with the relevant reporting standard.
- We reviewed the census data used in the actuarial calculation by comparing it to personnel files. There were no differences identified based on our procedures performed.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

Valuation of the net retirement benefit asset and the medical and life insurance obligation (cont'd)

We reviewed the testing of the pension plan assets, focusing on the valuation of those assets. For more judgemental valuations, which may depend on unobservable inputs, we reviewed the evaluation done on the assumptions, methodologies and models used by management.

Specifically, we reviewed the assessment of significant inputs relating to yield, prices and valuation inputs against external sources and compared to similar transactions in the marketplace. In some cases, these resulted in a different valuation to that calculated by management. In our view, the differences were within a reasonable range of outcomes, in the context of the inherent valuation uncertainties disclosed in the Group's financial statements.

There were no material exceptions noted in our review of the valuation of the pension assets, the defined benefit obligation and the medical and life insurance plan liability.

No material misstatements were identified.

Verification of the existence and valuation of inventory

Inventory revaluation is a key audit matter because it has a direct effect on profitability through cost of goods sold.

Management conducts annual assessments according to IAS 2 which requires inventories to be measured at the lower of cost and net realisable value (NRV). The standard also outlines acceptable methods of determining cost.

Management ensures that periodic stock counts are conducted and that the accounts are updated to reflect the outcome of such counts.

Based on the results of these periodic stock counts, management reviews those inventory items that are slow moving and also assesses whether those stock items are considered obsolete. Provisions would be created for those stock items that are considered obsolete.

The following audit procedures were adhered to verify the existence and valuation of inventory:

- Stock counts at all material inventory locations were attended.
- The accuracy of the cost and net realisable value computations were tested against invoices and other source documents, as applicable.
- Analytical procedures were performed to detect unusual fluctuations in quantities and value of inventories.
- The bases of inventory provisions/allowances for both finished goods and raw materials were critically reviewed.
- The provisions/allowances were checked for consistency and conformity with policy.

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Key Audit Matters (Cont'd)

Verification of the existence and valuation of inventory (cont'd)

The process, methods and assumptions used to develop the provision for slow moving, excess or obsolete items were assessed.

Both finished goods and raw materials inventory provisions were prepared in line with policy and were supportable on the basis of historical trends as well as management's expectations for future sales and inventory management plans.

No material misstatements were identified.

Other information included in the Group's 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Renee-Lisa Philip.

PKF

Barataria
TRINIDAD
13 July 2018

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	2018 ($ '000)	31 March 2017 ($ '000) (Re-stated)	2016 ($ '000) (Re-stated)
Non-Current Assets:				
Equity accounted investments	5	2,421,943	2,409,457	2,298,735
Financial Assets	6	456,139	437,010	410,843
Fixed Assets	7	176,409	165,337	167,376
Retirement benefit asset	8	20,914	20,277	9,059
Trademarks		-	-	533
Deferred tax asset	20	5,436	5,050	11,867
Total Non-Current Assets		3,080,841	3,037,131	2,898,413
Current Assets:				
Inventories	9	61,625	72,051	78,940
Accounts receivables and prepayments	10	156,591	154,554	215,526
Restricted deposit	11	75,020	54,728	-
Cash and cash equivalents	12	223,396	348,155	391,868
Taxation recoverable		5,978	2,615	626
Total Current Assets		522,610	632,103	686,960
Total Assets		**3,603,451**	**3,669,234**	**3,585,373**

LIABILITIES AND EQUITY

	Notes	2018 ($ '000)	2017 ($ '000)	2016 ($ '000)
Equity:				
Stated capital	14	1,736,632	1,736,632	1,736,632
Other equity	15	(2,633)	(2,633)	-
Investment remeasurement reserve	16	16,422	9,189	16,349
Translation reserve	17	63,866	61,576	25,147
Retained earnings		1,283,691	1,314,806	1,302,537
Capital and reserves attributable to equity holders		3,097,978	3,119,570	3,080,665
Non - controlling interest		131,881	124,255	107,229
Total Equity		3,229,859	3,243,825	3,187,894
Non-Current Liabilities:				
Non-current portion of long term borrowings	18	130,901	145,729	93,895
Non-current portion of finance lease liability	19	-	932	932
Deferred tax liability	20	45,910	43,564	34,384
Medical and Life Insurance	21	18,120	16,833	17,194
Total Non-Current Liabilities		194,931	207,058	146,405
Current liabilities:				
Bank overdraft and short-term borrowings	22	83,221	125,254	168,021
Current portion of long-term borrowings	18	27,547	27,190	6,566
Current portion of finance lease facility	19	885	603	1,347
Taxation payable		1,566	4,663	26
Accounts payable and accruals	23	65,442	60,641	75,114
Total Current Liabilities		178,661	218,351	251,074
Total Liabilities		373,592	425,409	397,479
		3,603,451	**3,669,234**	**3585,373**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 July 2018 and signed on their behalf by:

Director: Ashley **Director:** ____________

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 March 2018 ($ '000)	2017 ($ '000) (Re-stated)
Turnover		435,493	470,509
Cost of sales		(304,697)	(330,518)
Gross profit		130,796	139,991
Selling and distribution expenses		40,376	42,695
Administrative expenses		47,441	43,682
		87,817	86,377
Operating profit		42,979	53,614
Finance cost		(13,275)	(14,977)
Dividend income		34,764	18,635
Interest income		8,646	9,516
Other income		10,743	9,442
Share of profit of equity accounted investments net of tax		128,884	142,184
Profit before taxation	24	212,741	218,414
Taxation	25	(17,903)	(21,333)
Net profit for the year		194,838	197,081
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Unrealised gains		7,233	(7,160)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit asset and medical plan expenses, net of tax		(1,473)	9,677
Total Other Comprehensive Income		5,760	2,517
Total Comprehensive Income for the year		**200,598**	**199,598**
Attributable to:			
Equity holders of the Company		187,082	177,860
Non-controlling interest		13,516	21,738
Net profit for the year		**200,598**	**199,598**
Earnings per Share	26	0.31	0.30

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Stated Capital	Other Equity	Investment Remeasurement Reserve	Translation Reserve	Retained Earnings	Non-Controlling Interest	Total
Year ended 31 March 2018	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Balance as at 1 April 2017	1,736,632	(2,633)	9,189	61,576	1,314,806	124,255	3,243,825
Total comprehensive income for the year	-	-	7,233	-	179,849	13,516	200,598
Share of translation reserve	-	-	-	2,290	-	-	2,290
Share of deferred tax on actuarial gain	-	-	-	-	(24,964)	-	(24,964)
Subsidiary dividend paid on non-controlling interest	-	-	-	-	-	(5,890)	(5,890)
Dividends paid **(Note 28)**	-	-	-	-	(186,000)	-	(186,000)
Balance as at 31 March 2018	1,736,632	(2,633)	16,422	63,866	1,283,691	131,881	3,229,859

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Stated Capital	Other Equity	Investment Remeasurement Reserve	Translation Reserve	Retained Earnings	Non-Controlling Interest	Total
	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Year ended 31 March 2017							
Balance as at 1 April 2016	1,736,632	-	16,349	25,147	1,302,537	107,229	3,187,894
Total Comprehensive Income for the year	-	-	(7,160)	-	185,020	21,738	199,598
Share of translation reserve	-	-	-	36,429	-	-	36,429
Treasury Shares	-	(2,633)	-	-	-	-	(2,633)
Share of deferred tax on actuarial gain	-	-	-	-	6,005	-	6,005
Subsidiary dividend paid on non-controlling interest	-	-	-	-	-	(4,712)	(4,712)
Dividend refunded	-	-	-	-	1,244	-	1,244
Dividends paid **(Note 28)**	-	-	-	-	(180,000)	-	(180,000)
Balance as at 31 March 2017	1,736,632	(2,633)	9,189	61,576	1,314,806	124,255	3,243,825

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	Stated Capital	Other Equity	Investment Remeasurement Reserve	Translation Reserve	Retained Earnings	Non-Controlling Interest	Total
	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Year ended 31 March 2016							
Balance as at 1 April 2015	1,736,632	-	17,912	19,532	1,602,048	94,973	3,471,097
Re-statement **(Note 34)**	-	-	-	-	(19,329)	-	(19,329)
Re-stated Balance as at 1 April 2015	1,736,632	-	17,912	19,532	1,582,719	94,973	3,451,768
Total Comprehensive Income for the year	-	-	(1,563)	-	91,982	15,790	106,209
Share of translation reserve	-	-	-	5,615	-	-	5,615
	-	-	-	-	(1,407)	-	(1,407)
Subsidiary dividend paid on non-controlling interest	-	-	-	-	-	(3,534)	(3,534)
Dividend refunded	-	-	-	-	1,243	-	1,243
Dividends paid	-	-	-	-	(372,000)	-	(372,000)
Balance as at 31 March 2016	**1,736,632**	**-**	**16,349**	**25,147**	**1,302,537**	**107,229**	**3,187,894**

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

NATIONAL ENTERPRISES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 March 2018 ($'000)	2017 ($'000) (Re-stated)
OPERATING ACTIVITIES		
Net Profit before taxation	212,741	218,414
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(128,884)	(142,184)
Depreciation	15,437	13,061
Amortisation of trademarks	-	533
Increase in provision for doubtful debts	642	2,517
Retirement benefit and medical plan costs	(1,454)	2,245
	98,482	94,586
Net change in accounts receivables and prepayments	7,433	68,568
Net change in accounts payable and accruals	4,801	(14,473)
Net change in inventory	10,426	6,889
	121,142	155,570
Taxation paid (net)	(21,772)	(3,120)
Cash generated from Operating Activities	99,370	152,450
INVESTING ACTIVITIES		
Dividends declared and received **(Note 27)**	83,612	60,067
Change in long-term investments	(16,515)	(33,326)
Restricted cash	(15,673)	(54,728)
Net movement in fixed assets	(26,509)	(11,022)
Cash generated from/(used in) Investing Activities	24,915	(39,009)
FINANCING ACTIVITIES		
Finance lease liability	(650)	(744)
(Repayment of)/proceeds from loan	(14,471)	72,458
Payments for treasury share purchases by trust	-	(2,633)
Dividend refunded	-	1,244
Dividends paid by subsidiary to non-controlling interest	(5,890)	(4,712)
Dividends paid **(Note 28)**	(186,000)	(180,000)
Cash used in Financing Activities	(207,011)	(114,387)
Net change in Cash Resources	(82,726)	(946)
Net Cash Resources at beginning of year	222,901	223,847
Net Cash Resources at end of year **(Note 13)**	**140,175**	**222,901**

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

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

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 National Flour Mills Limited (NFM), Telecommunications Services of Trinidad and Tobago (TSTT) and Trinidad Nitrogen Company Limited (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 NGC NGL Company Limited (NGCNGL) financed by the issue of an additional 50,511,540 shares and on 8 December 2003, NEL acquired a 37.84% shareholding in NGC Trinidad and Tobago LNG Limited (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 32**.

The accounts for the consolidated entity (the Group) are presented here. The accounts of the unconsolidated entity are 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 consolidated 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 applied the following standards, revised standards and interpretations for the first time for their annual reporting.

IFRS 12 Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)

IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative

IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses

With the exception of the disclosures relating to the amendments of IAS 7 (See Note 18), the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods. Other standards, amendments and interpretations which are effective for the financial year beginning 1 January 2017 are not applicable to the Group.

(ii) 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 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).

IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).

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

(c) **New Accounting Standards and Interpretations (continued)**

IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

The Group has not applied IFRS 9 which has been issued but is not yet effective. Although its effect is likely to be significant, the impact cannot be determined with any degree of certainty, particularly with regard to twelve-month and life-time expected credit loss.

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. In the case of TSTT, the joint venture partner has been seeking to divest its shareholding and a divestment agreement had been negotiated under which the joint venture partner is no longer represented at the level of the Board. However, non-consolidation of TSTT by NEL remains, as the divestment process is an on-going exercise. Additionally NEL owns 33.33% – Pan West Engineers Constructors, LLC. 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% and37.84% 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 (continued) -**

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.

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.

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:

Buildings	2.5%
Plant, machinery and equipment	4.0 - 10.0%
Forklift, trucks and loaders	25.0%
Office equipment and air conditioning	10.0% - 25%
Computer equipment	20.0% - 33.33%
Motor vehicles	25.0%
Leasehold improvements	10%

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 a defined benefit plan covering its permanent employees. The funds of the Plan are administered by trustees. The Group's net obligation in respect of the retirement benefit 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. The calculation of the defined benefit obligation is performed annually by a qualified independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds of Plan or reductions in future contributions to the Plan (after considering any minimum funding requirements).

Remeasurement of the net defined benefit asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any), are recognized immediately in other comprehensive income.

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 recognized in profit or loss.

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

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

i) **Trademarks -**

Trademarks are shown at historical cost less accumulated amortization. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

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.

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.

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

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.

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.

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

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 consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated 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.

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 -

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

2. Summary of Significant Accounting Policies (Continued):

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.

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

2. Summary of Significant Accounting Policies (Continued):

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 o r loss.

y) Comparative information -

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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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:

	2018	
	Carrying Value ($'000)	**Fair Value ($'000)**
Financial Assets		
Equity accounted investments	2,421,943	2,421,943
Held to maturity	139,358	139,358
Available for sale	316,781	316,781
Retirement benefit asset	20,914	20,914
Accounts receivable and prepayments	156,591	156,591
Restricted deposit	75,020	75,020
Cash and cash equivalents	223,396	223,396
Financial Liabilities		
Finance lease liability	885	885
Long term borrowings	158,448	158,448
Accounts payable and accruals	65,442	65,442
Bank overdraft and short-term borrowings	83,221	83,221
Medical and Life Insurance	18,120	18,120

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

	2017	
	Carrying Value ($'000)	**Fair Value ($'000)**
Financial Assets		
Equity accounted investments	2,409,457	2,409,457
Held to maturity	145,899	145,899
Available for sale	291,111	291,111
Retirement benefit asset	20,277	20,277
Accounts receivable and prepayments	154,554	154,554
Restricted deposit	54,728	54,728
Cash and cash equivalents	348,155	348,155
Financial Liabilities		
Finance lease liability	1,535	1,535
Long term borrowings	172,919	172,919
Accounts payable and accruals	60,641	60,641
Bank overdraft and short-term borrowings	125,254	125,254
Medical and Life Insurance	16,833	16,833

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

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.

				2018		
	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%	-	-	-	2,421,943	2,421,943
Held to maturity	2 - 7%	-	98,112	41,246	-	139,358
Available for sale		-	-	316,781	-	316,781
Retirement benefit asset		-	-	20,914	-	20,914
Accounts receivable and prepayments	0%	-			156,591	156,591
Other financial assets	2.45%	75,020	-	-	-	75,020
Cash and cash equivalents	0 %	-	-	-	223,396	223,396
		75,020	98,112	378,941	2,801,930	3,354,003
Financial Liabilities						
Finance lease facility		885	-	-	-	885
Long term borrowings	2 - 6.5%	27,547	61,952	68,949	-	158,448
Accounts payable and accruals		-	-	-	65,442	65,442
Medical and Life Insurance Plan		-	-	18,120	-	18,120
Bank overdraft and short-term Borrowings	2 - 6.5%	83,221	-	-	-	83,221
		111,653	61,952	87,069	65,442	326,116

NATIONAL ENTERPRISES LIMITED

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31 MARCH 2018

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

Financial risk factors (continued)

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

				2017		
	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%	-	-		2,409,457	2,409,457
Held to maturity	2 - 7%	-	-	145,899	-	145,899
Available for sale	0%	-	-	291,111	-	291,111
Retirement benefit asset		-	-	20,277	-	20,277
Accounts receivable and prepayments	0%	-	-	-	154,554	154,554
Other financial assets		54,728	-	-	-	54,728
Cash and cash equivalents	0%	-	-	-	348,155	348,155
		54,728	-	457,287	2,912,166	3,424,181
Financial Liabilities						
Finance lease facility		603	932	-	-	1,535
Long term borrowings	2 - 6.5%	27,190	-	145,729	-	172,919
Medical and Life Insurance Plan		-	-	16,833	-	16,833
Accounts payable and accruals		-	-	-	60,641	60,641
Bank overdraft and short-term borrowings	2 - 6.5%	125,254	-	-	-	125,254
		153,047	932	162,562	60,641	377,182

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.

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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.

		2018		
	Up to 1 year ($'000)	1 to 5 years ($'000)	Over 5 years ($'000)	Total ($'000)
Financial Assets				
Equity accounted investments	-	-	2,421,943	2,421,943
Held to maturity	-	98,112	41,246	139,358
Available for sale	-	-	316,781	316,781
Retirement benefit asset	-	-	20,914	20,914
Accounts receivable and prepayments	156,591	-	-	156,591
Other financial assets	75,020			75,020
Cash and cash equivalents	223,396	-	-	223,396
	455,007	98,112	2,800,884	3,354,003
Financial Liabilities				
Finance lease facility	885	-	-	885
Long term borrowings	27,547	61,952	68,949	158,448
Medical and Life Insurance Plan	-	-	18,120	18,120
Accounts payable and accruals	65,442	-	-	65,442
Bank overdraft and short-term borrowings	83,221	-	-	83,221
	177,095	61,952	87,069	326,116

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) -**

	2017			
	Up to 1 year ($'000)	1 to 5 years ($'000)	Over 5 years ($'000)	Total ($'000)
Financial Assets				
Equity accounted investments	-	-	2,409,457	2,409,457
Held to maturity	-	87,692	58,207	145,899
Available for sale	-	-	291,111	291,111
Retirement benefit asset	-	-	20,277	20,277
Accounts receivable and prepayments	154,554			154,554
Other financial assets	54,728	-	-	54,728
Cash and cash equivalents	348,155	-	-	348,155
	557,437	87,692	2,779,052	3,424,181
Financial Liabilities				
Finance lease facility	603	932	-	1,535
Long term borrowings	27,190	24,816	120,913	172,919
Medical and Life Insurance Plan	-	-	16,833	16,833
Accounts payable and accruals	60,641	-	-	60,641
Bank overdraft and short-term borrowings	125,254	-	-	125,254
	213,688	25,748	137,746	377,182

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.

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 consolidated 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.

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5. Equity Accounted Investments:

	TSTT ($'000)	TRINGEN ($'000)	NGCLNG ($'000)	NGCNGL ($'000)	PANWEST ($'000)	Total ($'000)
Year ended 31 March 2018						
Balance as at 1 April 2017	1,102,457	338,267	251,743	367,289	349,701	2,409,457
Share of profit after taxation	4,316	46,600	4,465	56,993	16,510	128,884
Dividends declared	-	-	(721)	(9,391)	-	(10,112)
Dividends received	(12,368)	(10,315)	(3,704)	(40,649)	(16,576)	(83,612)
Share of translation reserve	-	1,597	168	525	-	2,290
Share of net actuarial loss net of deferred tax	(16,708)	(8,256)	-	-	-	(24,964)
Balance as at 31 March 2018	1,077,697	367,893	251,951	374,767	349,635	**2,421,943**
Year ended 31 March 2017						
Balance as at 1 April 2016	1,100,195	279,847	242,325	346,090	349,607	2,318,064
Effect of re-statement	(19,329)	-	-	-	-	(19,329)
Share of profit after taxation	21,020	58,463	6,543	42,654	13,504	142,184
Dividends declared	-	(13,830)	-	-	-	(13,830)
Dividends received	-	(13,871)	-	(32,786)	(13,410)	(60,067)
Share of translation reserve	-	22,223	2,875	11,331	-	36,429
Share of net actuarial loss net of deferred tax	571	5,435	-	-	-	6,006
Balance as at 31 March 2017	1,102,457	338,267	251,743	367,289	349,701	**2,409,457**

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 2017.

NATIONAL ENTERPRISES LIMITED

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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)
31 March 2018				
NGC NGL Company Limited	229,244	61	57,651	56,993
NGC Trinidad and Tobago LNG Limited	64,877	20	5,295	4,465
	294,121	81	62,946	61,458
31 March 2017				
NGC NGL Company Limited	212,326	13	43,417	42,654
NGC Trinidad and Tobago LNG Limited	63,978	50	7,591	6,543
	276,304	63	51,008	49,197

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		TRINGEN		PAN WEST	
	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)
Assets						
Non-current assets	2,072,444	1,781,615	565,649	560,016	349,636	349,636
Current assets	597,454	760,037	297,841	297,875	-	-
	2,669,898	2,541,652	863,490	857,891	349,636	349,636
Liabilities						
Non-current liabilities	1,104,377	976,271	260,235	251,621	-	-
Current liabilities	487,152	462,874	233,890	238,911	36	-
	1,591,529	1,439,145	494,125	490,532	36	-
Net assets	1,078,369	1,102,507	369,365	367,359	349,600	349,636
Income	1,345,853	1,477,270	681,374	739,614	16,613	13,558
Expenses	(1,341,537)	(1,456,250)	(579,012)	(681,151)	(103)	(54)
Profit after taxation	4,316	21,020	102,362	58,463	16,510	13,504
Capital commitments	80,121	84,966	80,587	50,824	-	-

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5. Equity Accounted Investments (Continued):

31 March 2018	No. of Shares	Book Value Under Equity Method ($'000)
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	144,238,384	1,077,697
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	367,893
NGC NGL Company Limited	9,406,950	374,767
NGC Trinidad and Tobago LNG Limited	9,226	251,951
Pan West Engineers and Construction, LLC		349,635
		2,421,943

31 March 2017	No. of Shares	Book Value Under Equity Method ($'000)
Telecommunications Services of Trinidad and Tobago Limited ("A" shares)	110,238,384	1,102,457
Trinidad Nitrogen Co. Limited ("A" shares)	306,000	338,267
NGC NGL Company Limited	9,406,950	367,289
NGC Trinidad and Tobago LNG Limited	9,226	251,743
Pan West Engineers and Construction, LLC		349,701
		2,409,457

6. Financial Assets:

	2018 ($'000)	2017 ($'000)
Held to maturity:		
National Housing Authority TT$40M 7% FXRB due 2025	53,881	39,563
Home Mortgage Bank TT$20M series B 2% FXRB due 2022	10,555	12,444
First Citizens Bank Loan Note	39,665	53,964
Restricted Deposit	1,581	6,200
ANSA Merchant Bank Loan Note	33,676	33,728
	139,358	145,899
Available for sale investments:		
CLICO Investment Fund	20,160	22,500
First Citizens Bank Limited	51,753	40,509
Power Generation Company of Trinidad and Tobago Limited	151,316	151,316
Trinidad and Tobago Stock Exchange	224	224
Trinidad and Tobago NGL Limited	52,368	32,802
UTC Calypso Index Fund	40,960	43,760
	316,781	291,111
	456,139	437,010

NATIONAL ENTERPRISES LIMITED

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31 MARCH 2018

7. **Fixed Assets:**

31-Mar-18	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	99,334	41,391	6,471	18,141	165,337
Additions	8,510	8,007	5,714	4,283	26,514
Disposal	-	-	(5)	-	(5)
Reclassification	5,288	7,850	1,902	(15,040)	-
Depreciation	(6,620)	(6,552)	(2,265)	-	(15,437)
Closing net book value	106,512	50,696	11,817	7,384	**176,409**
Cost	161,594	309,855	50,120	7,384	528,953
Accumulated depreciation	(55,082)	(259,159)	(38,303)	-	(352,544)
Closing net book value	106,512	50,696	11,817	7,384	**176,409**

31-Mar-17	Industrial and Office Buildings	Plant, Machinery and Equipment	Office Furniture, Equipment and Motor Vehicles	Work in Progress	Total
Opening net book amount	102,249	48,413	5,570	11,144	167,376
Additions	46	691	3,288	6,997	11,022
Depreciation	(2,961)	(7,713)	(2,387)	-	(13,061)
Closing net book value	99,334	41,391	6,471	18,141	**165,337**
Cost	147,796	293,998	42,509	18,141	502,444
Accumulated depreciation	(48,462)	(252,607)	(36,038)	-	(337,107)
Closing net book value	99,334	41,391	6,471	18,141	**165,337**

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:

	2018 ($'000)	2017 ($'000)
a) Change in Defined Benefit Obligations		
Defined benefit obligations at start	(160,059)	(162,703)
Service cost	6,682	(5,837)
Interest cost	(4,352)	(7,987)
Members' contributions	(8,623)	(1,604)
Benefits paid	(2,240)	5,993
Past service cost	(196)	-
Remeasurement:		
Experience adjustments	1,162	1,003
Actuarial loss from changes in financial assumptions	-	11,076
Defined Benefit Obligation at end	(167,626)	(160,059)

	2018 ($'000)	2017 ($'000)
b) Amount recognized in the Consolidated Statement of Financial Position		
Present value of defined benefit obligation	(167,626)	(160,059)
Fair value of plan assets	188,540	180,336
Net IAS #19 Defined Benefit Asset	**20,914**	**20,277**

	2018 ($'000)	2017 ($'000)
c) Change in Plan Assets		
Plan assets at start of year	180,336	171,762
Expected return on Plan assets	5,750	308
Interest income	2,240	8,580
Group contributions	(6,682)	4,482
Members' contributions	9,943	1,604
Benefits paid	(2,640)	(5,993)
Expense allowance	(407)	(407)
Plan Assets at end of year	188,540	180,336
Actual Return on Plan Assets	7,303	8,888

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

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

	2018 ($'000)	2017 ($'000)
d) Amounts recognized in the Consolidated statement of Comprehensive Income		
Current service cost	4,352	5,837
Interest on defined benefit obligation	(1,320)	(593)
Administration expenses	407	407
Past service cost	196	-
Net Pension Cost	3,635	5,651
e) Reconciliation of Opening and Closing Statement of Financial Position Entries		
Opening defined benefit asset	20,277	9,059
Net pension cost	(3,635)	(5,651)
Remeasurement recognized in other comprehensive income	(1,478)	12,387
Group contributions paid	5,750	4,482
Closing Defined Benefit Asset	**20,914**	**20,277**
f) Remeasurement reorganized in other Comprehensive Income		
Experience losses	(1,478)	12,387
g) Experience History		
Defined benefit obligation	(167,626)	(160,059)
Fair value of Plan assets	188,540	180,336
Surplus	20,914	20,277
Experience adjustment of Plan liabilities	(196)	1,003
Actuarial losses from changes in financial assumptions	1,162	11,076

h) The Subsidiary, National Flour Mills (NFM) expects to contribute **$5.2 million** to its defined benefit pension plan in 2019.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

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

i) **Summary of Principal Assumptions**

	2018 ($'000)	2017 ($'000)
Discount rate	5.50%	5.50%
Salary increases	3.25%	3.25%
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 2018 would have changed as a result of a change in the assumptions used.

	%pa Increase $million	1% pa Decrease $million
Discount rate	24,543	(19,812)
Future salary increases	(6,549)	7,450

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligation at 31 March 2018 by **$2,906 million** (2017: $2,773 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 2017.

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

j) **Asset Allocation**

	2018 ($'000)	2017 ($'000)
Locally listed equities	52,017	51,495
Overseas equities	14,618	10,199
TT$-denominated bonds	86,429	72,316
Non-TT$ - denominated bonds (mainly US$)	18,447	16,662
Mutual funds (short-term securities)	311	873
Cash and cash equivalents	7,016	18,562
Other (immediate annuity policies)	9,702	10,229
Fair value of Plan assets at end of year	188,540	180,336

The plan does not directly hold any assets and/shares of NFM.

NATIONAL ENTERPRISES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

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

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

	2018	**2017**
Active	57%	57%
Deferred members	15%	15%
Pensioners	28%	28%

The weighted average duration of the defined benefit obligation at the year end 13.8 years (2017: 13.8 years).

98% (2017: 95%) of the value of the benefits for active members is vested.

20% (2017: 20%) of the defined benefit obligation for active members is conditional on future salary increases.

9. **Inventories:**

	2018 ($'000)	**2017 ($'000)**
Raw materials	50,189	57,341
Packaging materials	3,792	4,066
Finished products	7,644	10,644
	61,625	**72,051**

Inventories are stated after a provision for impairment of **$.650 million** (2017: **nil**). The amount recognised as an expense in the year in respect of the write down of inventories is **nil** (2017: **$0.178 million**). The amount recognised as a credit in the year in respect of reversals of write downs of inventories is **nil** (2017: **$0.718 million**).

The cost of inventories recognised as an expense and included in cost of sales is **$231,124 million** (2017: **$253,504 million**).

NATIONAL ENTERPRISES LIMITED

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10. Accounts Receivable and Prepayments:

	2018 ($'000)	2017 ($'000)
Trade receivables	57,724	58,283
Dividends declared but not received	17,497	17,430
Prepayments	1,428	990
Sundry receivables	2,043	1,997
Other receivables	14,571	11,441
Loan receivable	46,191	49,512
Government of the Republic of Trinidad and Tobago	17,137	14,901
	156,591	**154,554**

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 aging analysis of trade receivables at the reporting date was:

	Gross 2018 ($'000)	Impairment 2018 ($'000)	Gross 2017 ($'000)	Impairment 2017 ($'000)
Not past due	47,562	-	44,922	-
Past due:				
1-2 months	6,057	-	5,297	-
2-3 months	4,105	-	8,064	-
3-6 months	31,984	31,984	31,342	31,342
	89,708	31,984	89,625	31,342

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

	2018 ($'000)	2017 ($'000)
Balance at 1 April	31,342	28,825
Allowance charged to profit for the year	642	2,517
Balance at 31 March	31,984	31,342

11. Restricted Deposit:

As at 31 March 2018, NFM held a deposit of **$76.601million** (2017: $60.928 million). $1,581 million are with a financial institution and is used to secure NFM's lease facility. The funds are held in a deposit, and earn interest of .15%.

An additional **$75.020 million** earns interest of 2.45% and is held to secure a foreign denominated working capital facility and these mature within twelve (12) months of the Statement of Financial Position date.

12. Cash and Cash Equivalents:

	2018 ($'000)	2017 ($'000)
Cash at bank	99,310	155,468
Short-term investments	124,086	192,687
	223,396	**348,155**

13. Cash Resources:

	2018 ($'000)	2017 ($'000)
Cash and cash equivalents (**Note 12**)	223,396	348,155
Bank overdraft and short-term borrowings (**Note 22**)	(83,221)	(125,254)
	140,175	**222,901**

14. Stated Capital:

	2018 ($'000)	2017 ($'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. Other Equity:

NFM provided for employee participation in the capital ownership structure by providing access to shares in NFM through its Employee Share Ownership Plan (ESOP). The plan which took effect from 5 May 1995, allowed for an initial injection of **$0.7 million** into the Trust with annual amounts not exceeding 3% of after tax profits for distribution to all permanent members of staff each year. The plan is classified as a cash settled share based payment whose allocation vest immediately.

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

Treasury shares are shares in NFM that are held by the National Flour Mills Limited Employee Share Trust. Shares are for the purpose of issuing shares under National Flour Mills Limited Employee Ownership Plan. The number of NFM's share held by the plan as at 31 March 2018 is 2,311 (2017: 2,335) with a fair value of **$4.415 million** (2017: **$5.884 million**). The fair value was derived from the Trinidad and Tobago Stock Exchange at the reporting date. The cost paid for those shares was **$2.633 million**.

16. 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.

17. Translation Reserve:

This reserve is used to record exchange differences arising from the translation of the functional currency (USD) from Investments in joint ventures and associated companies TRINGEN, NGCLNG AND NGCNGL to the presentation currency (TTD).

18. Borrowings:

	2018 ($'000)	2017 ($'000)
(i) Republic Bank Limited - NPHL	89,577	96,461
(ii) Republic Bank Limited - NEL	31,578	52,006
(iii) Republic Bank Limited - NFM	37,293	24,452
	158,448	172,919
Current portion of long term borrowings	**(27,547)**	**(27,190)**
Non-current portion of long-term borrowings	**130,901**	**145,729**

18. Borrowings (Continued):

(i) In the 2016 financial period this balance represent a short term loan facility from Republic Bank Limited for the amount of **US$33,500,000** to assist with share acquisition in the PANWEST Engineers and Contractors, LLC at a floating rate of 3 months US Libor plus1.4% payable in 3 years. NEL secured an extension on this loan to 19 November 2015 with semi annual interest rate resets.

As at 21 April 2016 the loan was renegotiated with the Republic Bank Limited of Trinidad and Tobago on the balance outstanding of **US$9,200,000**. The new terms secured extended the loan for a period of three years with quarterly repayments at an interest rate of 140 basis points above the three month Libor to be reset semi-annually. A further extension was granted to 31 July 2019.

The loan facility is secured by a charge over **$2,000,000** Units held on the Calypso Macro Index Fund held with Bourse Brokers Limited and a lien over the First Citizens Bank Limited USD account for **US$3,000,000**.

(ii) The balance represents a loan facility from Republic Bank Limited for the amount of **US$16.3 million** 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 floating rate of 6 months US Libor plus 2.5% with principal reductions of **US$1 million** for the first three (3) years (2014-2017) thereafter payable via seven (7) annual payments of **US$1.9 million** in arrears.

(iii) This balance represents a 5 year amortised facility held by NFM for TT$40 million to cover working capital and operating costs at a fixed interest rate of 4.75%.

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

IAS 7 disclosure

	1 April 2017 ($'000)	Cash Flows ($'000)	Foreign Exchange Movement ($'000)	31 March 2018 ($'000)
Long term borrowings	172,919	(14,432)	39	158,448

19. 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 2018 ($'000)	Interest 2018 ($'000)	Present Value of Minimum Lease Payments 2018 ($'000)	Future Minimum Lease Payments 2017 ($'000)	Interest 2017 ($'000)	Present Value of Minimum Lease Payments 2017 ($'000)
Less than one year	885	-	-	603	-	-
Between one and five years	-	(19)	-	1,682	(750)	-
	885	(19)	-	2,285	(750)	-

	2018 ($'000)	2017 ($'000)
Less than one year	**885**	**603**
Between one and five years	**-**	**932**
	885	1,535

20. Deferred Tax Asset/Liability:

	2018 ($'000)	2017 ($'000)
Excess of net book value over written-down tax value	(39,635)	(37,481)
Remeasurement of medical plan	5,436	5,050
Retirement benefit asset	(6,275)	(6,083)
	(40,474)	(38,514)

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

	2018 ($'000)	2017 ($'000)
Balance at beginning of year	(38,514)	(22,517)
Charge to the Statement of Comprehensive Income	(2,591)	(11,850)
Recognition in Other Comprehensive Income	631	(4,147)
Balance at end of year	(40,474)	(38,514)
Deferred tax asset	**5,436**	**5,050**
Deferred tax liability	**(45,910)**	**(43,564)**
	(40,474)	(38,514)

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21. Medical and Life Insurance Plan (Continued):

	2018 ($'000)	2017 ($'000)
a) Change in Defined Benefit Obligations		
Defined benefit obligations at start	(16,833)	(17,194)
Service cost	(546)	(620)
Interest cost	(904)	(850)
Benefits paid	789	394
Remeasurement:		
Experience adjustments	(626)	227
Actuarial loss from changes in financial assumptions	-	1,210
Defined Benefit Obligation at end	**(18,120)**	**(16,833)**

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

Active	42%	42%
Pensioners	58%	58%

The weighted average duration of the obligation at the year-end was 14.3 years (2016: 15.3 years).

c) Amounts recognized in the Consolidated Statement of Comprehensive Income

Current service cost	546	620
Interest on obligation	904	850
Net Pension Cost	1,450	1,470

d) Reconciliation of Opening and Closing Statement of Financial Position Entries

Opening Medical Life Insurance Plan liability	16,833	17,194
Net Medical Plan cost	1,450	1,470
Remeasurement recognized in Other Comprehensive Income	626	(1,437)
Group contributions paid	(789)	(394)
Closing Medical Life Insurance Plan liability	**18,120**	**16,833**

e) Remeasurement reorganized in Other Comprehensive Income

Experience losses	(626)	1,437)

21. Medical and Life Insurance Plan (Continued):

f) The subsidiary, National Flour Mills Limited, expects to pay **$0.822 million** in benefits in 2018.

	2018 ($'000)	2017 ($'000)
g) Summary of Principal Assumptions		
Discount rate	5.50%	5.00%
Future medical cost increases	4,50%	4,50%
Future salary increases	3.25%	3.25%

The calculation of the Medical Plan obligation is sensitive to the assumptions used. The following summarises how the Medical Plan obligation as at 31 March 2018 would have changed as a result of a change in the assumptions used.

	1%pa Decrease $million ($'000)	1%pa Increase $million ($'000)
Discount rate	2,874	(2,277)
Medical cost increases	(1,658)	2,070

An increase of 1 year in the assumed life expectancies would increase the Medical Plan obligation at 31 March 2018 by **$168 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 2018.

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

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

21. Medical and Life Insurance Plan (Continued):

g) Summary of Principal Assumptions (continued)

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.

22. Bank Overdraft and Short-Term Borrowings:

	2018 ($'000)	2017 ($'000)
Revolving grain	83,221	125,254

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

	2018 (US$'000)	2017 (US$'000)
Export Import Bank of Trinidad and Tobago (Eximbank) Limited	3,000	9,285
Citibank (Trinidad and Tobago) Limited	-	9,282
NCB Global Finance Limited	9,000	-
	12,000	18,567
	($'000)	($'000)
TTD equivalent	83,221	125,254

Export Import Bank of Trinidad and Tobago -

The terms and conditions with the Export 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.

22. 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:

- The Revolving Line of Credit in the amount of **USD$10M** for trade finance related activities, in relation to the purchase of grain and other associated costs as permitted by the Lender. The tenor of disbursements is 90 days after which both interest and principal becomes due.
- This facility is secured by a letter of guarantee issued by the Ministry of Finance and the Economy of the Government of the Republic of Trinidad and Tobago for up to US $15M. Interest ranges between 2.82% to 2.91%. Additional security is provided by way of a debenture on all fixed and floating assets of the Company as well as a collateral mortgage over all real property stamped to cover **$90M** ranking pari passu with a similar debenture held by Republic Bank Limited.
- This loan facility was paid off in the financial year.

NCB Global Finance Limited

The terms and conditions with NCB Global Finance Limited are as follows:

- A five (5) year amortised facility for **$10 Million USD** to cover trade and finance related activities, in relation to the purchase of grain and other associated costs as permitted by the lender at a fixed interest rate of 5.90%.
- This facility is secured by a fixed deposit of **$75 Million TTD** held by **NCB Global Finance Limited** bearing interest of 2.45%.

23. Accounts Payable and Accruals:

	2018 ($'000)	2017 ($'000)
Trade payables	24,801	29,292
Payroll related liabilities	9,998	8,255
Accrued expenses	16,195	11,472
Government of the Republic of Trinidad and Tobago	14,448	11,622
	65,442	60,641

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24. Profit Before Taxation:

Profit before taxation is arrived at after charging:

	2018 ($'000)	2017 ($'000)
Finance charges	13,275	14,977
Depreciation and amortization	15,437	13,594
Directors' fees	838	1,357

25. Taxation:

	2018 ($'000)	2017 ($'000)
Current year	(15,312)	(9,483)
Deferred tax	(2,591)	(11,850)
	(17,903)	(21,333)

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

	2018	2017
Profit before taxation	212,741	218,414
Tax at statutory rate	(63,822)	(54,418)
Tax effect of expenses/income not deductible for tax purposes	47,647	39,500
Tax utilised	935	547
Tax impact of change in deferred tax rate from 25% to 30%	-	(6,575)
Business Levy	-	(61)
Green Fund Levy	(1,721)	(326)
Prior year under accrual	(942)	-
	(17,903)	(21,333)

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26. Earnings Per Share:

	2018 ($'000)	2017 ($'000)
Profit attributable to equity holders	187,082	177,860
Weighted average number of ordinary shares in issue ('000)	600,001	600,001
Earnings per share	0.31	0.30

27. Dividends Received from Joint Ventures and Associates:

	2018 ($'000)	2017 ($'000)
Telecommunications Services of Trinidad and Tobago Limited	12,368	-
Trinidad Nitrogen Co., Limited	10,315	13,871
NGC NGL Company Limited	40,649	32,786
NGC Trinidad and Tobago LNG Limited	3,704	-
Pan West Engineers and Constructors, LLC	16,576	13,410
	83,612	60,067

28. Dividends Paid:

	2018 ($'000)	2017 ($'000)
2017 final dividend - **$0.20** per share (2016 - **$0.27** per share)	120,000	90,000
2018 interim dividend - **$0.11** per share (2017 - **$0.15** per share)	66,000	90,000
	186,000	180,000

A final dividend in respect of the year ended 31 March 2018 is **$0.11**(2017 - **$0.20**) has been proposed. These consolidated financial statements do not reflect this dividend payable.

29. Contingent Liabilities:

As at 31 March 2018, 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 **$3,101,000**. In accordance with IAS 37, no liability has been created to recognise this contingent liability in these financial statements.

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30. Related Party Transactions:

	2018 ($'000)	2017 $'000)
Key management compensation:		
Salaries and other short-term benefits	13,436	12,736
Termination benefits	912	713
	14,348	13,449

31. 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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32. Operating Segments:

National Flour Mills Limited has three (3) 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:

- Food stuff. 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.

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	
	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)
External Revenue	311,550	308,531	104,178	117,903	19,765	44,075	435,493	470,509
Depreciation and amortisation	13,609	8,849	1,141	4,051	548	29	15,298	12,929
Gross profit	99,445	92,454	26,181	37,623	5,170	9,914	130,796	139,991

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33. 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-18						
Long term borrowings	158,448	158,448	-	33,609	23,647	101,192
Other secured advances	83,221	83,221	83,221	-	-	-
Finance lease liability	885	885	-	885	-	-
Medical and life insurance plan	18,120	18,120	-	-	-	18,120
Accounts payable and accruals	65,374	65,374	65,374	-	-	-
		326,048	148,595	34,494	23,647	119,312
31-Mar-17						
Long term borrowings	172,919	172,919	-	88,984	54,715	29,220
Other secured advances	125,254	125,254	125,254	-	-	-
Finance lease liability	1,535	1,535	-	603	-	932
Medical and life insurance plan	16,833	16,833	-	-	-	16,833
Accounts payable and accruals	60,641	60,641	60,641	-	-	-
		377,182	185,895	89,587	54,715	46,985

34. Re-statement:

Comparative information has been adjusted to take into account the following restatements and reclassifications made to prior year balances of Telecommunication Services of Trinidad and Tobago (TSTT), a Joint Venture:

a) The restatements to the Commissions and Rental fees - prior period error

Fees paid for the rental of premises related to the 2017 year end were included in error in the corresponding expenses in 2018. These charges were reversed from March 2018 expenses and included in the Other Comprehensive Income for the year ended March 2017. Similarly, commissions which related to the 2017 year end were also included in error in the corresponding expense for the year end March 2018, and this was also corrected.

b) The restatements to fixed assets were as follows:

The Company embarked on a full review of its capital projects recorded in the Plant Under Construction (PUC) account. There were closed capital projects that were not transferred to the asset management module for periods prior to March 2017.

In accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' these prior period errors have been applied retrospectively. The impact of this restatement on the current and prior periods is disclosed in the table below.

Year ended 31 March 2016	**As previously reported ('$000)**	**Correction of prior period error ('$000)**	**As re-stated ('$000)**
Impact on Statement of Financial Position			
Assets			
Equity accounted investments	2,318,064	(19,329)	2,298,735
Total effect on net assets	2,318,064	(19,329)	2,298,735
Equity			
Retained Earnings	1,321,866	(19,329)	1,302,537
Total effect on equity	1,321,866	(19,329)	1,302,537

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34. Re-statement (Continued):

Year ended 31 March 2017	As previously reported ('$000)	Correction of prior period error ('$000)	As re-stated ('$000)
Impact on Statement of Financial Position			
Assets			
Equity accounted investments	2,432,501	(23,044)	2,409,457
Total effect on net assets	2,432,501	(23,044)	2,409,457
Equity			
Retained Earnings	1,337,850	(23,044)	1,314,806
Total effect on equity	1,337,850	(23,044)	1,314,806
Impact on the Income Statement			
Profit before taxation	200,796	(3,715)	218,414
Taxation	(21,333)	-	21,333)
Profit for the year	200,796	(3,715)	197,081
Impact on Other Comprehensive Income			
Items may be reclassified subsequently to profit or loss			
Unrealised gains	(7,160)	-	(7,160)
Items that will not be reclassified subsequently to profit or loss			
Re-measurement or retirement benefit asset and medical expenses, net of tax	9,677	-	9,677
Total Other Comprehensive Income	2,517	-	2,517
Total Comprehensive Income for the year, net of tax	203,313	-	199,598

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34. Re-statement (Continued):

	As previously reported ('$000)	Correction of prior period error ('$000)	As re-stated ('$000)
Impact on earnings per share			
Profits attributable to equity holders of the company	181,575	3,715	177,860
Number of shares	600,001		600,001
Earnings per share	$0.30		$0.30