



CHAIRMAN'S STATEMENT

YEAR ENDING MARCH 31, 2014

Our results for the year ended March 31, 2014 reflect a significantly lower performance than the previous years both in our consolidated and unconsolidated accounts. Our slate of investee companies has had a period of sustained profitability and solid performance for the last few years, driven mainly by a period of high ammonia prices for Tringen and consistent performance from our NGC subsidiaries, NGC NGL and NGC LNG. However this was unsustainable this past year as global prices for these companies' product dropped, and profits in Tringen were invested in ensuring plant sustainability and improvements in performance. These led to a significant decrease in dividend receipts from our investee companies.

2014 also marked a year of corporate restructuring for one of our main investee companies, Telecommunication Services of Trinidad and Tobago (TSTT) which seriously affected our consolidated accounts. NEL has also restated its 2013 financial results due to restatements by two of our investee companies TSTT and NFM as a result of changes in accounting policies for retirement benefits, exchange loss and back pay accrual. The effect of these restatements has reduced our retained earnings as at March 31, 2013 by \$152M and is detailed in the notes to the financial statements. These restatements do not affect our dividend pay-out for the financial year ended March 31, 2014.

On the positive side, in this financial year we have started an investment program and acquired 10% shareholding in Powergen, one million shares in the Clico Investment Fund, and 0.51% shareholding in First Citizens Bank. These investments of approximately \$250M were completed in the latter half of the financial year and therefore the dividend receipts of these investments will be received from the financial year 2015 and onwards. These financial services and power sector investments add more diversity to our portfolio.

Financial Results and Dividends

In our audited consolidated financials, the net profit for the year was \$200.9M compared with restated \$511.1M in 2013. This was mainly due to NEL recording its share of TSTT's loss arising

from its provision for its VSEP plan and lower dividend receipts from Tringen and NGC LNG. Earnings per share for the year were \$0.32c compared to \$0.85c restated in the previous year, a reduction of 62%. In our unconsolidated financial statements, net profit recorded was \$326.1M compared to \$496.9M in 2013. Our ability to pay dividends to our shareholders was therefore affected to a lesser extent, as our cash dividend receipts from our investee companies for the year amounted to \$308.7M compared to \$490.1M in 2013, a reduction of 37.1 %.

The Board of Directors of NEL is pleased that notwithstanding a 60.7% reduction in profitability, we are able to declare a final dividend pay-out of \$0.23c bringing the total dividends paid for the financial year ending March 31, 2014 to \$0.46c. While this is less compared to \$0.73c in the prior year, this represents a dividend yield of 2.51 % which is still reasonably satisfactory in the current market conditions of low interest rates and overall stock market performance. When added to the appreciation in share price from \$15.40 to \$18.27, the overall return to our shareholders continues to be competitive.

Investee Companies Performance

Telecommunication Services of Trinidad and Tobago recorded a net loss of \$505.9M for the year ended March 31, 2014. NEL's share of TSTT's loss for the year amounted to \$226.1M. These results included a provision for reorganisation costs of \$694.6M which is expected to be a non-recurring provision. TSTT has embarked on an aggressive five year strategic plan, of which 2014 was the first year and included a significant Voluntary Separation of Employees plan. This separation plan is on track to being successful and will result in a significant reduction in the operating cost, the single largest cost item for TSTT. Other aspects of this strategic plan are being implemented and we are cautiously optimistic that this plan will revert TSTT to a profitable position from FY 2015 onwards and NEL will see a return of our dividends from this company.

The second significant factor affecting our performance was lower dividend receipts from Tringen. NEL's dividend receipts from Tringen for the financial year ending March 31, 2014 was \$115.1M compared to \$213.4M in 2013. Tringen's profitability was lower as a result of lower ammonia prices, gas curtailment issues in 2013 and the cash requirements of the planned Tringen I plant Energy Efficiency Improvement Project (E.E.I.P) to be done in 2014. We expect that this significant capital project and the resuming of steady natural gas supply from NGC will result in improved financial performance going forward from the latter part of 2014. However, natural gas prices and the prices

of commodities so linked such as ammonia, will continue to be challenged with cheaper sources of natural gas such as shale gas in other parts of the world.

One of our subsidiaries in the Energy Sector also performed below 2013 levels. Our dividends from NGC NGL was \$123M compared to \$201.5M in 2013. In 2013, NEL benefitted from a higher than usual dividend payout from NGC NGL due to a payment from retained earnings.

NGC LNG performed marginally better with a dividend of \$54.3M compared to \$52M in 2013.

National Flour Mills performed significantly better than 2013 but their overall contribution to NEL dividend receipts continues to be very small.

Share Price Performance

As at March 31, 2014 NEL's share price reached \$18.27 representing an increase during the period of \$2.87 or 18.6 %. When added to NEL's dividend yield of 2.51%, NEL's shares continue to provide our shareholders with superior returns.

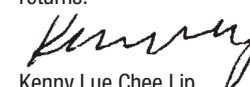
Future Prospects and Strategic Outlook

I am confident that our existing investee companies will perform well in this current year and beyond as management completes capital expenditure at Tringen and reorganisation at TSTT that will enhance shareholder value and profitability.

We have also added approximately \$250M in new dividend earning equities that will start to contribute to NEL's performance in this current year. This marks the company's first investment after many years and a significant build-up of cash resources and the intent would be to continue to seek out opportunities for investments in mature, stable, profitable, quality entities that diversify our investment portfolio.

NEL is moving from being a passive organization to one that actively manages its investment portfolio and one that is actively seeking new investment opportunities. NEL is now set for a growth path that will surely redound to the benefit of its shareholders.

I thank the management of our investee companies, our Board of Directors, management and staff, our service providers, the Ministry of Finance, and all shareholders for their support over the last year and look forward to a bright and exciting future as NEL continues to increase shareholder value and provide excellent returns.


Kenny Lue Chee Lip
Chairman

PKF INDEPENDENT AUDITORS' REPORT

The Shareholders
National Enterprises Limited

We have audited the accompanying consolidated financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2014, the statements of comprehensive income, changes in equity and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including

the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as of 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Port-of-Spain
TRINIDAD AND TOBAGO
18 JULY 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	ASSETS		
	2014 (\$'000)	31 March 2013 (\$'000)	2012 (\$'000) (Re-stated)
Non-Current Assets:			
Equity accounted investments	2,336,503	2,519,474	2,579,895
Financial assets	275,706	59,592	59,540
Fixed assets	141,077	147,689	155,972
Retirement benefit asset	15,193	11,338	16,087
Trademarks	2,997	4,229	5,462
Total Non-Current Assets	<u>2,771,476</u>	<u>2,742,322</u>	<u>2,816,956</u>
Current Assets:			
Inventories	87,348	77,243	69,146
Accounts receivable and prepayments	146,294	93,145	103,802
Cash and cash equivalents	<u>586,250</u>	<u>905,994</u>	<u>808,572</u>
Total Current Assets	<u>819,892</u>	<u>1,076,382</u>	<u>981,520</u>
Total Assets	<u>3,591,368</u>	<u>3,818,704</u>	<u>3,798,476</u>
	LIABILITIES AND EQUITY		
Equity:			
Stated capital	1,736,632	1,736,632	1,736,632
Investment remeasurement reserve	16,766	-	-
Translation reserve	31,979	24,931	31,335
Retained earnings	<u>1,451,330</u>	<u>1,781,764</u>	<u>1,755,732</u>
Capital and reserves attributable to equity holders	3,236,707	3,543,327	3,523,699
Non-controlling interest	<u>88,805</u>	<u>83,130</u>	<u>86,053</u>
Total Equity	<u>3,325,512</u>	<u>3,626,457</u>	<u>3,603,752</u>
Non-Current Liabilities:			
Non-current portion of long-term borrowings	2,553	7,663	12,771
Non-current portion of finance lease facility	-	546	1,275
Deferred taxation	<u>15,911</u>	<u>8,696</u>	<u>5,249</u>
Total Non-Current Liabilities	<u>18,464</u>	<u>16,905</u>	<u>19,295</u>
Current Liabilities:			
Bank overdraft and short-term borrowings	217,040	131,721	128,466
Current portion of long-term borrowings	5,109	5,109	5,110
Current portion of finance lease facility	546	729	728
Taxation payable	212	898	1,531
Accounts payable and accruals	<u>24,485</u>	<u>36,885</u>	<u>39,594</u>
Total Current Liabilities	<u>247,392</u>	<u>175,342</u>	<u>175,429</u>
Total Liabilities	<u>265,856</u>	<u>192,247</u>	<u>194,724</u>
Total Liabilities and Equity	<u>3,591,368</u>	<u>3,818,704</u>	<u>3,798,476</u>

These financial statements were approved by the Board of Directors and authorised for issue on 18 July 2014 and signed on their behalf by:

Director:


Kenny Lue Chee Lip

Director:


Ross Alexander

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 31 March 2014					
	Stated Capital (\$'000)	Translation Reserve (\$'000)	Investment Remeasure- ment Reserve (\$'000)	Retained Earnings (\$'000)	Non- Controlling Interest (\$'000)	Total Equity (\$'000)
Year ended 31 March 2014						
Balance as at 1 April 2013	1,736,632	24,931	-	1,781,764	83,130	3,626,457
Total Comprehensive income for the year	-	-	16,766	173,803	10,387	200,956
Share of actuarial loss	-	-	-	(43,333)	-	(43,333)
Share of translation reserve	-	7,048	-	-	-	7,048
Subsidiary dividend	-	-	-	(4,904)	(4,712)	(9,616)
Dividends paid	-	-	-	(456,000)	-	(456,000)
Balance as at 31 March 2014	<u>1,736,632</u>	<u>31,979</u>	<u>16,766</u>	<u>1,451,330</u>	<u>88,805</u>	<u>3,325,512</u>
Year ended 31 March 2013						
Balance as at 1 April 2012	1,736,632	31,335	-	1,860,505	98,359	3,726,831
Restatement	-	-	-	(104,773)	(18,306)	(123,079)
Restated balance as at 1 April 2012	1,736,632	31,335	-	1,755,732	80,053	3,603,752
Total Comprehensive Income for the year	-	-	-	507,080	4,078	511,158
Share of actuarial loss	-	-	-	(60,006)	-	(60,006)
Share of translation reserve	-	(6,404)	-	-	-	(6,404)
Subsidiary dividend	-	-	-	(1,042)	-	(2,043)
Dividends paid	-	-	-	(420,000)	(1,001)	(420,000)
Balance as at 31 March 2013	<u>1,736,632</u>	<u>24,931</u>	<u>-</u>	<u>1,781,764</u>	<u>83,130</u>	<u>3,626,457</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2014 (\$'000)	2013 (\$'000)
Turnover	457,897	446,263
Cost of sales	<u>(371,848)</u>	<u>(356,039)</u>
Gross profit	<u>86,049</u>	<u>90,224</u>
Less:		
Selling and distribution expenses	31,513	41,425
Administrative expenses	35,792	29,030
Finance charges	<u>10,032</u>	<u>13,425</u>
	<u>77,337</u>	<u>83,880</u>
Operating profit	8,712	6,344
Dividend income	3,679	8
Interest income	7,568	11,357
Other income	11,706	8,674
Share of profit of equity accounted investments net of tax	<u>158,328</u>	<u>496,126</u>
Profit before taxation	189,993	522,509
Taxation	<u>(8,130)</u>	<u>(7,726)</u>
Net profit for the year	<u>181,863</u>	<u>514,783</u>
Other comprehensive income		
Remeasurement of retirement benefit asset, net of tax	2,327	(3,625)
Unrealised gains	<u>16,766</u>	<u>-</u>
Other comprehensive income for the year	<u>19,093</u>	<u>(3,625)</u>
Total comprehensive income for the year	<u>200,956</u>	<u>511,158</u>
Attributable to:		
Equity holders of the Company	190,569	507,080
Non-controlling Interest	<u>10,387</u>	<u>4,078</u>
Net profit for the year	<u>200,956</u>	<u>511,158</u>
Earnings per share	<u>0.32</u>	<u>0.85</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 March	
	2014 (\$'000)	2013 (\$'000)
OPERATING ACTIVITIES		
Net profit before interest and taxation	192,457	524,577
Interest received	7,568	11,357
Interest paid	<u>(10,032)</u>	<u>(13,425)</u>
Profit before taxation	189,993	522,509
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(158,328)	(496,126)
Depreciation	8,728	10,156
Amortisation	1,232	1,233
Interest expense	10,032	13,425
Gain on disposal of fixed asset	-	9
Retirement benefit cost	(753)	(85)
Write off bargain from purchase (negative goodwill)	<u>(317)</u>	<u>-</u>
	50,587	51,121
Net change in operating assets and liabilities	(15,055)	(1,229)
Interest paid	(8,236)	(11,923)
Dividends received	(3,679)	(8)
Taxation paid	<u>(2,378)</u>	<u>(4,124)</u>
Cash Generated From Operating Activities	<u>21,239</u>	<u>33,837</u>
INVESTING ACTIVITIES		
Purchase of investment	(213,395)	-
Dividends received from joint ventures and associates	305,014	490,137
Change in long-term investments	(48,030)	(52)
Other investment income	3,679	8
Purchase of fixed assets	<u>(2,116)</u>	<u>(1,882)</u>
Cash Generated From Investing Activities	<u>45,152</u>	<u>488,211</u>
FINANCING ACTIVITIES		
Finance lease liability	(729)	(728)
Repayment of borrowings	(5,109)	(5,110)
Dividends paid	<u>(465,616)</u>	<u>(422,043)</u>
Cash Used In Financing Activities	<u>(471,454)</u>	<u>(427,881)</u>
Net change in Cash Resources	(405,063)	94,167
Net Cash Resources at beginning of year	<u>774,273</u>	<u>680,106</u>
Net Cash Resources at end of year *	<u>369,210</u>	<u>774,273</u>

* Cash Resources comprise cash and cash equivalents net of bank overdraft and short-term borrowings.