



NATIONAL ENTERPRISES LIMITED

2019

Audited Financial Statements

31 March 2019

CHAIRMAN'S REPORT

31 March 2019

The audited financial statements of National Enterprises Limited (NEL) for the fiscal year ended March 31, 2019 and the unaudited financial statements for the fiscal year ended March 31, 2020 to date, reflect a change in financial reporting from previous years. NEL's financial reporting is reflective of an investment company. An integral aspect of this change is fair value assessment of the investee companies and the company's investment portfolio. This approach to financial reporting will thus more accurately reflect NEL's mandate to give its shareholders the opportunity to benefit from direct ownership of state-owned enterprises and a diversified portfolio of investments, and to monitor the value of these investments.

The audited financial statements for the fiscal year ended March 31, 2019 show a profit of \$12.5 million compared to \$144 million in the previous fiscal year. The reported profit of fiscal 2019 represents the unconsolidated profit of NEL versus the previous year which included NEL's share of the profits of its majority-owned and controlled subsidiaries. The increase in value of these subsidiaries are reflected in their carrying value, an increase year over year, of \$561.1 million. This was offset by a decrease in the value of joint ventures and associated companies by \$669.9 million as the value of the investment in Telecommunication Services of Trinidad and Tobago Limited (TSTT) was re-categorized to a majority owned subsidiary.

The change in financial reporting will bring the company to a 'new normal' in the fluctuation of results as the fair value of the underlying investee companies and the investment portfolio reflect market changes. Notwithstanding this, cash flows from dividend income and gains on the disposal of investments, will continue to form the basis for the company's earnings and ultimately the retention of its dividend policy. It is on this basis that a second interim dividend was paid to shareholders, that dividend to be regarded as the final dividend for the fiscal year ended March 31, 2019. The total dividend paid for the fiscal year was 0.22 cents per share (2018: 0.21 cents per share).

We apologize for the delay in the presentation of these financial statements. This was occasioned by delay in the submission of the audited financial statements of one of our investee companies then, once received, the concomitant extensive market analysis required to determine the fair value of our investments. This is not expected to recur.

Ingrid L-A Lashley
Chairman

PKF INDEPENDENT AUDITORS' REPORT AUDITED FINANCIAL STATEMENTS

The Shareholders
National Enterprises Limited

Opinion

The summary financial statements of National Enterprises Limited (the Company), which comprise the summary statement of financial position and the summary statement of comprehensive income are derived from the audited financial statements of the Company for the year ended 31 March 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described below.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon.

The Audited Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 20 January 2020. That report also included the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described below.

Management prepares the summary financial statements in accordance with International Financial Reporting Standards but summarizes it by disclosing the statements of financial position and comprehensive income and excluding the statement of changes in equity, the statement of cash flows and the notes to the audited financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) – Engagements to Report on Summary Financial Statements.

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TRINIDAD
20 January 2020