



2020

NATIONAL ENTERPRISES LIMITED

Summary Audited Financial Statements

As at 31 March 2020

CHAIRMAN'S STATEMENT

Fiscal 2020 marks the second year of accounting for investments at their fair market value. In essence, as an investment holding company, National Enterprises Limited (NEL) will allow our shareholders the opportunity to assess the performance of its underlying investments on the basis of actual value of the investment as opposed to the share of the accounting value of the company as was done previously. This relatively new approach more accurately reflects our mandate to give 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.

This fair market value methodology also recognizes gains and losses arising from any change in the market value of the investment. Thus, as the financial circumstances of the investment or the investee company changes, the impact on the value of the investment, if any, is immediately revealed. Such is the case in our results for the fiscal year ended 31 March 2020.

For the fiscal year ended 31 March 2020, NEL recorded a loss of \$327.5 million (2019: profit of \$12.5 million). This was largely due to the decline in value of our investment in Telecommunication Services of Trinidad and Tobago Limited (TSTT) of \$127.5 million and NGC NGL of \$175.3 million.

In the case of TSTT, the Group restructuring exercise of November 2018 has resulted in improved profitability. However, the improvement in financial performance expected for fiscal 2020 was not at the level anticipated owing to delays in the implementation of the plan. Over time, the company's financial results will continue to improve as the burden of its operating expenses eases. This is conditional on the full impact of restrictions and limitations arising from the COVID-19 pandemic. TSTT has been working closely with the Government of the Republic of Trinidad and Tobago (GORTT) to assist in improving connectivity and ensuring that its customers are served consistently during this period of restricted movement and closed borders.

The value of the NGC NGL investment is aligned to the financial standing and performance of Phoenix Park Gas Processors Limited (PPGPL) and Trinidad and Tobago NGL Limited (TTNGL), the latter, a publicly listed company. Owing to the fall in NGL prices of approximately 25% across all products since fiscal 2018, the companies continue to experience decline in revenues and profitability. Improvement is expected in fiscal 2021.

NEL's payment of dividends to shareholders is based on dividend income during the fiscal year. For fiscal 2020, you would have received an interim dividend of \$0.05 per share (2019: \$0.11). Given the decline in dividend income in fiscal 2020 and the likely impact of the COVID-19 pandemic on the operations of our investee companies, the Board of Directors recommends that the interim dividend paid on 26 March 2020 be considered the final/total dividend payment for the 2020 fiscal year.

NEL continues to pursue its strategic objectives in respect of diversification of its investment portfolio researching opportunities within the state sector. Notwithstanding the anticipated impact of the COVID-19 pandemic on economic activity overall and the energy sector in particular, we anticipate some recovery in fiscal 2021.

Ingrid L-A Lashley
Chairman
28 August 2020



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

The Shareholders
National Enterprises Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 March 2020, the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of National Enterprises Limited for the year ended 31 March 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 2.

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 28 August 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 in Note 2.

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.

Barataria
TRINIDAD
28 August 2020



NATIONAL ENTERPRISES LIMITED

2020

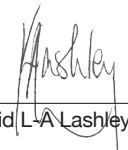
Summary Audited Financial Statements

As at 31 March 2020

SUMMARY STATEMENT OF FINANCIAL POSITION

	31 March	
	2020 (\$ '000)	2019 (\$ '000)
ASSETS		
Non-Current Assets:		
Fixed assets	439	541
Investment in subsidiaries	530,240	663,786
Investment in joint ventures and associated companies	1,552,048	1,752,064
Other long-term investments	283,098	302,985
Due from related parties	111,993	98,255
Total Non-Current Assets	2,477,818	2,817,631
Current Assets:		
Accounts receivable and prepayments	2,635	17,006
Short-term investments	15,153	23,024
Cash in hand and at bank	1,134	75,045
Taxation recoverable	799	-
Total Current Assets	19,721	115,075
Total Assets	2,497,539	2,932,706
EQUITY AND LIABILITIES		
Equity:		
Stated capital	1,736,632	1,736,632
Translation Reserve	63,866	63,866
Investment Remeasurement Reserve	16,422	16,422
Retained earnings	677,698	1,101,238
Total Equity	2,494,618	2,918,158
Current Liabilities:		
Current portion of long-term loan facility	-	10,807
Taxation payable	-	472
Accounts payable and accruals	2,921	3,269
Total Current Liabilities	2,921	14,548
Total Liabilities	2,921	14,548
Total Equity and Liabilities	2,497,539	2,932,706

These financial statements were approved by the Board of Directors and authorised for issue on 28 August 2020 and signed on their behalf by:

Director 
Ingrid L.A. Lashley

Director 
Navin Rajkumar

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2020 (\$ '000)	2019 (\$ '000)
Revenue		
Interest income	7,263	7,727
Dividend income	23,834	98,392
Other income	171	4,020
Gain on expected credit loss	-	17,013
	31,268	127,152
Operating Expenses		
Accounting and audit fees	1,749	941
Administrative services	934	486
Bank charges	11	11
Consulting fees	847	(1,265)
Depository fees	153	148
Depreciation	102	121
Directors' fees	526	540
Expected credit loss	15	-
Loss on fair value revaluation on investments	351,232	107,362
Publication fees	443	552
Staff salaries and benefits	669	1,664
	356,681	110,560
Operating (loss)/profit	(325,413)	16,592
Finance costs	(96)	(759)
Net (loss)/profit before tax	(325,509)	15,833
Taxation	(2,031)	(3,334)
Net (loss)/profit for the year	(327,540)	12,499
Total Comprehensive (loss)/Income	(327,540)	12,499

1. Incorporation and Principal Activities

The company is incorporated in Trinidad and Tobago and is controlled by the Minister of Finance (Corporation Sole). It was formed by the Government of the Republic of Trinidad and Tobago as part of a re-organisation exercise, to hold its shareholdings in selected state enterprises and facilitate a public offering on the Trinidad and Tobago Stock Exchange.

Its initial portfolio of investments in 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, the company 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, the company acquired a 37.84% shareholding in NGC Trinidad and Tobago LNG Limited (NGCLNG) financed by the issue of an additional 49,489,101 shares.

The company's principal business activity is to purchase investments, primarily for long-term capital growth and investments.

The company has a wholly owned subsidiary, NEL Power Holdings Limited (NPHL). In December 2014, the company entered into a joint venture arrangement, acquiring 33.33% of Pan West Engineers and Constructors LLC.

The registered office of the company is Level 15, Tower D, International Waterfront Centre, Wrightson Road, Port of Spain.

2. Basis of Preparation

These summary financial statements inclusive of Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows are prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in thousands of Trinidad and Tobago dollars. The historical cost basis is used, except for the measurement at fair value of certain financial instruments.



NATIONAL ENTERPRISES LIMITED

2020

Summary Audited Financial Statements

As at 31 March 2020

SUMMARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020					
	Share Capital (\$'000)	Translation Reserve (\$'000)	Investment Remeasurement Reserve (\$'000)	Retained Earnings (\$'000)	Total Equity (\$'000)
Year ended 31 March 2020					
Balance as at 1 April 2019	1,736,632	63,866	16,422	1,101,238	2,918,158
Total comprehensive loss for the year	-	-	-	(327,540)	(327,540)
Dividen paid	-	-	-	(96,000)	(96,000)
Balance as at 31 March 2020	<u>1,736,632</u>	<u>63,866</u>	<u>16,422</u>	<u>677,698</u>	<u>2,494,618</u>
Year ended 31 March 2019					
Balance as at 1 April 2018	1,736,632	63,866	16,422	1,237,892	3,054,812
Re-statement	-	-	-	(17,153)	(17,153)
Re-stated balance as at 1 April 2018	1,736,632	63,866	16,422	1,220,739	3,037,659
Total comprehensive income for the year	-	-	-	12,499	12,499
Dividen paid	-	-	-	(132,000)	(132,000)
Balance as at 31 March 2019	<u>1,736,632</u>	<u>63,866</u>	<u>16,422</u>	<u>1,101,238</u>	<u>2,918,158</u>

SUMMARY STATEMENT OF CASH FLOWS

For the year ended 31 March		
	2020 (\$ '000)	2019 (\$ '000) (Re-Stated)
OPERATING ACTIVITIES		
Net (loss)/profit before taxation	(325,509)	15,833
Adjustment to reconcile net profit before taxation to cash provided by operating activities:		
Loss on fair value revaluation on investments	351,232	107,362
Loss/(gain) on expected credit loss	15	(17,013)
Depreciation	102	121
Net change in accounts receivable and prepayments	14,371	(2,915)
Net change in accounts payable and accruals	(348)	292
Due from NPHL	(13,738)	(1,939)
Operation profit before working capital	26,125	101,741
Taxes paid (net)	(3,300)	(303)
Cash provided by Operating Activities	<u>22,825</u>	<u>101,438</u>
INVESTING ACTIVITIES		
Net change in fixed assets	-	(10)
Net change in other long-term investments	2,200	1,500
Cash provided by Investing Activities	<u>2,200</u>	<u>1,490</u>
FINANCING ACTIVITIES		
Dividends paid	(96,000)	(132,000)
Repayment of short-term loan facility	(10,807)	(20,770)
Cash used in Financing Activities	<u>(106,807)</u>	<u>(152,770)</u>
Net change in cash and cash equivalents	(81,782)	(49,842)
Cash and cash equivalents, beginning of year	98,069	147,911
Cash and cash equivalents, end of year	<u>16,287</u>	<u>98,069</u>
Represented by:		
Short term investments	15,153	23,024
Cash in hand and at bank	1,134	75,045
	<u>16,287</u>	<u>98,069</u>