



ANNUAL REPORT 2020

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## NATIONAL ENTERPRISES LIMITED ANNUAL REPORT 2020

# COMPANY OVERVIEW

National Enterprises Limited (NEL) is an investment holding company incorporated on August 27 1999 by the Government of the Republic of Trinidad and Tobago. NEL was formed to consolidate the Government's shareholding in selected State Enterprises and facilitate public offerings on the Trinidad and Tobago Stock Exchange.

NEL has invested in industries which drive the economy of Trinidad and Tobago: natural gas and energy-based manufacturing, telecommunications, power generation, and the marketing and manufacturing of basic foods.

NEL holds shares in the following companies:

- National Flour Mills (NFM);
- NGC NGL Company Limited (NGC NGL) ;
- NGC Trinidad and Tobago LNG Limited (NGC LNG);
- Telecommunications Services of Trinidad and Tobago Limited (TSTT);
- Trinidad Nitrogen Co. Limited (Tringen);
- NEL Power Holdings Limited (NPHL); and
- Pan West Engineers and Constructors, LLC (Pan West).

Together, these companies employ a significant portion of the country's workforce and act as the crucible for local innovation and expertise development. Through NEL, individual and corporate investors can share in the financial returns and staying power of these enterprises. Today, over 5,000 citizens who benefit from our dividend payments own 100 million of the 600 million issued shares in NEL.

# MISSION

NEL's **Mission** is to be the premier investment holding company for the Government of Trinidad and Tobago. We will assist the Government of Trinidad and Tobago to unlock value across the State Enterprise Sector.

# VISION

NEL's **Vision** is to contribute to the sustainable development of the economy of Trinidad and Tobago by a focused and proactive investment approach geared towards the continuous enhancement of shareholder value.



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# THE CHAIRMAN'S STATEMENT

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**Ingrid L-A Lashley** Chairman

The events of calendar 2019 and 2020 to date have made for changes in our 'way of doing business' and our overall lifestyle that is unrivalled in modern times. When we changed our financial reporting to reflect the market value of our investments and investee companies, we could not anticipate that in so doing, the market will reveal such significant weaknesses in the diversification of our portfolio that would require that we review and revise immediately in order to recover.

Diversification is inimical to the company's long-term strategic direction. An investment strategy that is defined in variety and well-placed interconnectivity of the investment portfolio will allow for softening of the impact of industry-related troughs and highs and ensure that the overall return to our shareholder is consistent in its regularity and increasing in its value.

In order to give context to the results that we present, we outline the parameters of the local and international markets in which we operate as they would impact our own performance.

## **The Local Economy**

The Central Bank of Trinidad and Tobago's (CBTT) May 2020 Monetary Policy Report highlighted improvement in economic activity in T&T's economy in the fourth calendar quarter of 2019. This was evidenced by a 1.4% increase (year-on-year) in its Quarterly Index of Economic Activity. Underpinning these improvements were better quarter-on-quarter production levels of crude oil, along with improvements in non-energy sector activity including wholesale and retail trade, finance and construction. Domestic private sector lending improved to a limited extent, supported by activity in the finance and insurance sector. Accelerated public sector spending on infrastructure projects would have aided in the rekindling of construction sector activity.

From a production perspective, 2019 was broadly positive. Natural gas production in 2019 was fairly stable at 3,588 mmcf/d, a 0.1% increase from 2018's production level of 3,585 mmcf/d. Average Daily Crude Oil production fell 7.3% year-on-year, from 63.5 thousand barrels of oil per day (bopd) in 2018 to 58.9 thousand bopd in 2019. Liquefied Natural Gas (LNG) output improved 1.5% in 2019, while Methanol and Ammonia production also increased by 11.6% and 12.2% respectively.

Energy commodity prices, however, would have weakened toward the end of 2019 and into the first few months of 2020 and continue to slide thereafter arising from the impact on demand of the COVID-19 pandemic.



The CBTT's Energy Commodity Prices Index (ECPI) – used to gauge the overall movement of prices of T&T's main energy products – would have fallen nearly 25% year-on-year during the period October 2019 to April 2020. Because of the energy focus of the investment portfolio of National Enterprises Limited (NEL), this had the most significant impact on NEL's earnings as margins were affected.

2019 Real GDP growth for T&T is estimated to be 0.0% by the International Monetary Fund (IMF). The forecast for 2020 is a 4.5% contraction of the economy, as is broadly the case for the global economy. We are thankful that T&T's health scorecard reads better than most in terms of COVID-19 cases and casualties. The economic implications, however, are likely to be significant in a world where energy demand remains challenged, creating an outlook of heightened uncertainty over the coming months.

### **The Global Economy**

The impact of the COVID-19 pandemic was only just gripping the global economy at the end of NEL's fiscal year. Trade tensions and other geopolitical concerns slipped out of sight, as pandemic-induced panic rapidly spread across commodity and financial markets. Disruptions that caused this fall-out have since led to near-total shutdown of entire countries, international border closures and significant shocks to global trade. The result has been record unemployment in most major economies, forecasts of significant economic contraction and reduced consumption on a global scale.

The IMF's most recent forecast anticipates contraction of the global economy in 2020 of 4.9%, following growth of 2.9% in 2019. US economic output is expected to shrink by 8%, in contrast to 2019 growth of 2.3%. The Euro Area forecast for 2020 is -10.2% (2019: 1.3%), while the Latin America and Caribbean region is expected to contract by 9.4%, as compared to 2019's 0.1% growth.

Energy markets have come under similar strains. After averaging US\$2.60/mmbtu in 2019, Henry Hub prices of Natural Gas have averaged around US\$1.80/mmbtu in 2020. Similarly, WTI Crude Oil prices have averaged just above US\$37/barrel in 2020 thus far, significantly below 2019 average prices of \$57/barrel. There has been similar deterioration in the prices of downstream energy commodities, a major area of investment for NEL.

On a positive note, many economies have begun the process of reopening, albeit at varying speeds. There has been tremendous coordination in the race to develop a vaccine for COVID-19, with progress being promising thus far. These developments suggest that a return to some degree of normal economic activity may not be as protracted as initially estimated. 2021 WTI Crude Oil prices are forecast to be in the region of US\$45/barrel according to the US Energy Information Administration (EIA), while Henry Hub Natural Gas prices are expected to recover to around US\$3.20/mmbtu. Overall, there is a growing sense of optimism, though still fragile, that demand recovery will take place on a global scale by 2021.

### **The Way Forward**

Our Annual Meeting and publication of audited financial statements for the fiscal year ended March 31, 2019, were delayed by factors associated with late submission of the audited financial statements of one of our investee companies and the need to establish the fair market value of our investments to accommodate the change in financial reporting. The meeting had then been scheduled for March 26, 2020.

Owing to restrictions and constraints associated with the impact of the COVID-19 pandemic, further delays resulted in the completion of audited financial statements for fiscal 2020. It is the intention of the Board of Directors to address the matters to be covered for fiscal 2019 and 2020 in one Annual Meeting in the interest of time and costs.

I wish to take the opportunity to thank our Board of Directors for their guidance and support during these unprecedented times. The combination of accounting change and the circumstances that have arisen outside of our control, have made for turbulence that would require a focused and diligent approach to our planned diversification efforts. We will reset and renew our determination for improvement going forward.

Ingrid L-A Lashley  
Chairman

# NOTICE OF MEETING



## AMENDED NOTICE OF MEETING TO SHAREHOLDERS OF NATIONAL ENTERPRISES LIMITED

NOTICE is hereby given that the Twentieth Annual Meeting of Shareholders of National Enterprises Limited ("the Company") which was originally scheduled to be held on Thursday 26th March 2020 will now be held on Thursday 5th November, 2020 at 10:00am from the Radisson Hotel, Wrightson Road, Port of Spain. Shareholders can participate in the meeting via a live webcast, for the following purposes:

### Special Business

1. To amend the existing By-Law No. 1 of the Company.

### Ordinary Business

1. To receive the Audited Financial Statements of National Enterprises Limited for the years ended March 31, 2019 and March 31, 2020 and the Reports of the Directors and the Auditors thereon.
2. To sanction total dividends for the fiscal year ended 31 March 2019.
3. To sanction total dividends for the fiscal year ended 31 March 2020.
4. To appoint and re-elect Directors.
5. To re-appoint the Auditors, PKF Chartered Accountants and Business Advisors, and to authorize the Directors to fix their remuneration.
6. To transact any other business which may properly be brought before the Meeting.

### By order of the Board



Aegis Business Solutions Limited  
Secretary  
8th October 2020

\*\*\*\*\*  
Secretary

### NOTES

#### Persons Entitled to Notice

In accordance with Section 110(2) of the Companies Act 1995, the Directors of the Company have fixed 19th October 2020 as the Record Date for the determination of Shareholders who are entitled to receive the amended notice of the Annual Meeting. A list of such shareholders will be available upon request from the Office of the Registrar by appointment during business hours.

#### Electronic Attendees:

The Company is committed to observe all protocols set out in the Ministry of Health's Public Health Regulations and Guidelines for the assembly of persons. Shareholders are therefore encouraged to participate in the meeting via live webcast ONLY and not to attend in person. Shareholders are required to pre-register during the period 21st October, 2020 to 26th October, 2020 to attend the meeting virtually via the following steps:

- Visit [www.nationalenterprises@govt.com](mailto:www.nationalenterprises@govt.com) and click on the web banner "20th Annual Meeting of Shareholders".
- Select "Register to Attend Meeting". This will facilitate the validation process for all shareholders interested in attending the Annual Meeting **virtually**. Please note that virtual attendance is encouraged.
- Provide your full name, address, date of birth, valid identification number (ID Card, Passport or Driver's Permit) and valid email address in the spaces provided.

Once you are confirmed as a shareholder on record as at 19th October 2020, you will receive an email with your unique username and password login credentials to attend the virtual meeting on 5th November, 2020. Credentials are non-transferable.

#### Proxies

Shareholders eligible to attend and vote at the Annual Meeting are entitled to appoint a proxy and, on a poll, to vote instead of them. A proxy need not be a shareholder. Any shareholder who wishes to appoint a proxy is required to visit our website, [www.nationalenterprises@govt.com](mailto:www.nationalenterprises@govt.com) for instructions between the period 19th October 2020 to 30th October, 2020. Shareholders who submit a completed proxy are not precluded from attending and voting at the Meeting **virtually** should they subsequently wish to do so.

A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its Directors or governing body to represent it **virtually** at the Annual Meeting.

#### Dividend

1. To approve the Second Interim dividend of \$0.11 paid to shareholders on record as at November 15, 2019, as the final dividend for the fiscal year ended March 31, 2019, and sanction total dividend for the fiscal year of \$0.22 per share.
2. To approve the First Interim Dividend of \$0.05 paid to shareholders on record as at March 11, 2020 as the final dividend for fiscal year ended March 31, 2020, and sanction total dividend for the fiscal year of \$0.05 per share.

#### Documents for Inspection

No service contracts were granted by the Company to any Director of the Company.

# CORPORATE INFORMATION

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## Board of Directors

Ingrid L-A Lashley – Chairman  
Ross Alexander  
Vishnu Dhanpaul  
Conrad Enill  
Ferri Hosein  
Annalean Inniss  
Janet Parks  
Navin Rajkumar  
David Robinson

## Corporate Secretary

Aegis Business Solutions Limited  
18 Scott Bushe Street,  
Port of Spain

## Registered Office

Level 15, Tower D  
International Waterfront Centre  
Wrightson Road  
Port of Spain  
Trinidad and Tobago  
(868) 612-1705

## Bankers

First Citizens Bank Limited  
50 St. Vincent Street  
Port of Spain  
(868) 624-3178

## Auditors

PKF Chartered Accountants and  
Business Advisors  
111 Eleventh Street  
Barataria  
(868) 235-5063

## Attorneys

LEX Caribbean  
P.O. Box 1165  
First Floor  
5-7 Sweet Briar Road  
St. Clair  
(868) 628-9255

## Registrar

Trinidad and Tobago  
Central Depository  
10th Floor  
Nicholas Towers  
63-65 Independence Square  
Port of Spain  
(868) 625-7288

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# BOARD OF DIRECTORS

NATIONAL ENTERPRISES LIMITED ANNUAL REPORT 2020



Annalean Inniss



Ingrid L-A Lashley; Chairman



Navin Rajkumar



Vishnu Dhanpaul

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# BOARD OF DIRECTORS

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Janet Parks



David Robinson



Conrad Enill



Ferri Hosein



Ross Alexander

# DIRECTORS' REPORT

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The Directors confirm that, to the best of their knowledge and belief, the Audited Financial Statements for the year ended 31st March, 2020 comply with the applicable financial reporting standards and present a true and fair view of the financial affairs of the company.

## 2020 Financial Highlights for the year TT\$ Million

|   |       |
|---|-------|
| Net Loss for the year                   | 327.5 |
| Second interim dividend 2019            | 66    |
| Interim dividend paid 2020              | 30    |
| Total dividend paid for the year        | 96    |
| Retained earnings as at 31st March 2020 | 677.7 |

### Dividend

An interim dividend of \$0.05 per share was paid to shareholders on 26th March, 2020. The Directors recommend that this be considered the final and total dividend for the year ended 31st March, 2020.

### Disclosure of Interest of Directors and Officers in any Material Contract:

(pursuant to section 93(1) of the Company Act Ch 81:01.)

At no time during the current financial year has any Director or Officer been a party to a material contract or a proposed material contract with the company, or been a Director or Officer of any body, or had material interest in any body that was a party to a material contract or a proposed material contract with the company.

### Directors:

Professor Gerry Brooks resigned on 30th June, 2019 and Mr. Conrad Enill was appointed effective 7th October, 2019.

### Auditors:

The Auditors, PKF Chartered Accountant and Business Advisors, retire at the end of the Twentieth Annual Meeting of the Company on 5th November, 2020 and have indicated that they are willing to continue as the Auditors of National Enterprises Limited.



Aegis Business Solutions Limited  
Corporate Secretary  
Port of Spain  
8th October, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

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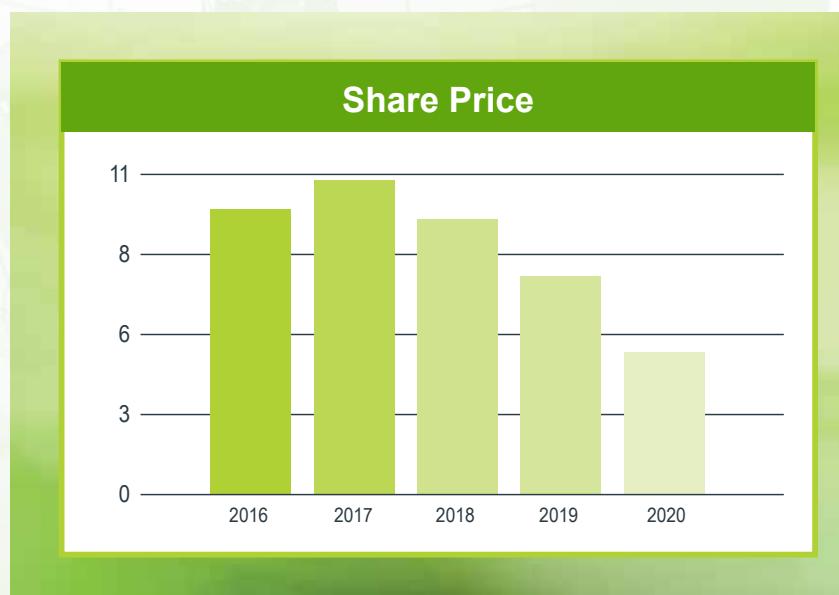
The financial reporting of the performance of National Enterprises Limited (NEL) for the fiscal year ended March 31, 2020 marks the second consecutive year of reporting based on the fair value of the investee companies. The direct impact of the performance of these companies on the financial reporting of NEL is detailed herein. For reflecting the value of the investee companies at their fair value, this approach not only gives shareholders a more transparent view of the performance of the investee company and ultimately of NEL, but also allows for management of these investments as it pertains to decision making in respect of the company's investment policy.

## Financial Performance

The company's net loss for the year ended March 31, 2020 is \$327.5 million, compared to net profit of \$12.5 million for the previous fiscal year. This major difference year over year is occasioned by net decline in the value of Subsidiaries (51%+ ownership) of TT\$133.6 million or 20.1% and decline in the value of Joint Ventures and Associated Companies of TT\$200.0 million or 11.4%. The Telecommunications Services of Trinidad and Tobago (TSTT) was largely accountable for the decline in the Subsidiaries category and NGC NGL Company Limited in the Joint Ventures and Associated Companies group.

At the same time, decline in revenues in the energy sector particularly related to a decline in commodity prices and a cautious approach to cash flow management in the case of other investee companies, resulted in a decline in dividend income by TT\$74.6 million or 75.8%.

NEL's concentration of investment in the Energy Sector has changed its fortunes. At the time that the Sector was at its peak, NEL was formed to give individual investors the opportunity to participate in these fortunes. As the table turns, the focus in this Sector has resulted in a change in the investment horizon for NEL's shares. Thus, NEL must look to diversification of its investment portfolio to climb out of what has become the muddy pond of Energy Sector focus.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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A combination of the overall decline in the fair value of Energy Sector assets and the delayed impact of the corporate restructuring on the part of Telecommunication Services of Trinidad and Tobago Limited(TSTT) contributed to decrease in the share price year over year by TT\$2.60 or 34.2%. The uncertainty associated with the impact of the COVID-19 pandemic on economic ‘wellness’ will not allow for projections on the performance of the NEL’s investment portfolio and ultimately the likelihood of improved dividend income in the short to medium term. However, NEL is an investor in long-term assets in the main. Ours are ‘patient’ investments. We will continue to monitor performance and, as the market will allow, pursue avenues for diversification and investment management that will allow us to manoeuvre this volatile time.

NEL is committed by its original mandate to a dividend pay-out ratio of 90% of net profits after tax. Having declared an interim dividend of \$0.05 per share for this fiscal year which was paid on March 26, 2020, and giving cognizance to the year-end results, the Board of Directors have recommended that the interim dividend be considered the final/total dividend for the financial year 2020 (2019: \$0.22 per share).

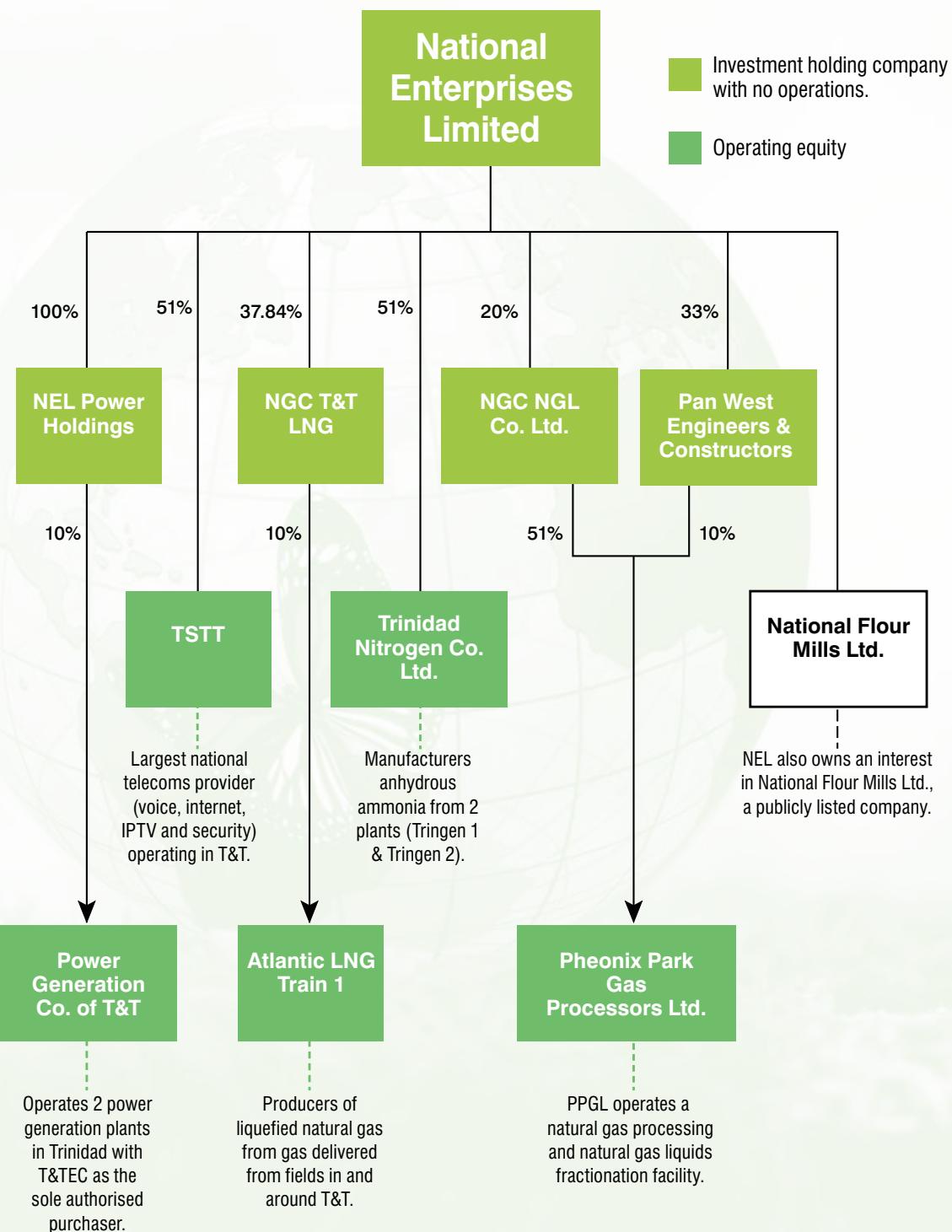
## Outlook

The short-term forecast for the Energy Sector assets are uncertain and guarded. That, combined with the overall economic impact of the COVID-19 pandemic, makes for a cautious approach to the forecast of the performance of our current investment portfolio. Notwithstanding this, we will undertake a more active and focussed approach to ‘Reset, Renew and Rebirth’ of our strategic direction. With planned transformation and a patient understanding of market recovery, NEL will move steadily to the re-establishment of its mandate in providing dividend income payout based on its own receipt of returns.

# NEL'S GROUP STRUCTURE

NATIONAL ENTERPRISES LIMITED ANNUAL REPORT 2020

**NEL'S** is an investment holding company which holds a number of direct and indirect investments in companies considered to be key contributors to the T&T economy

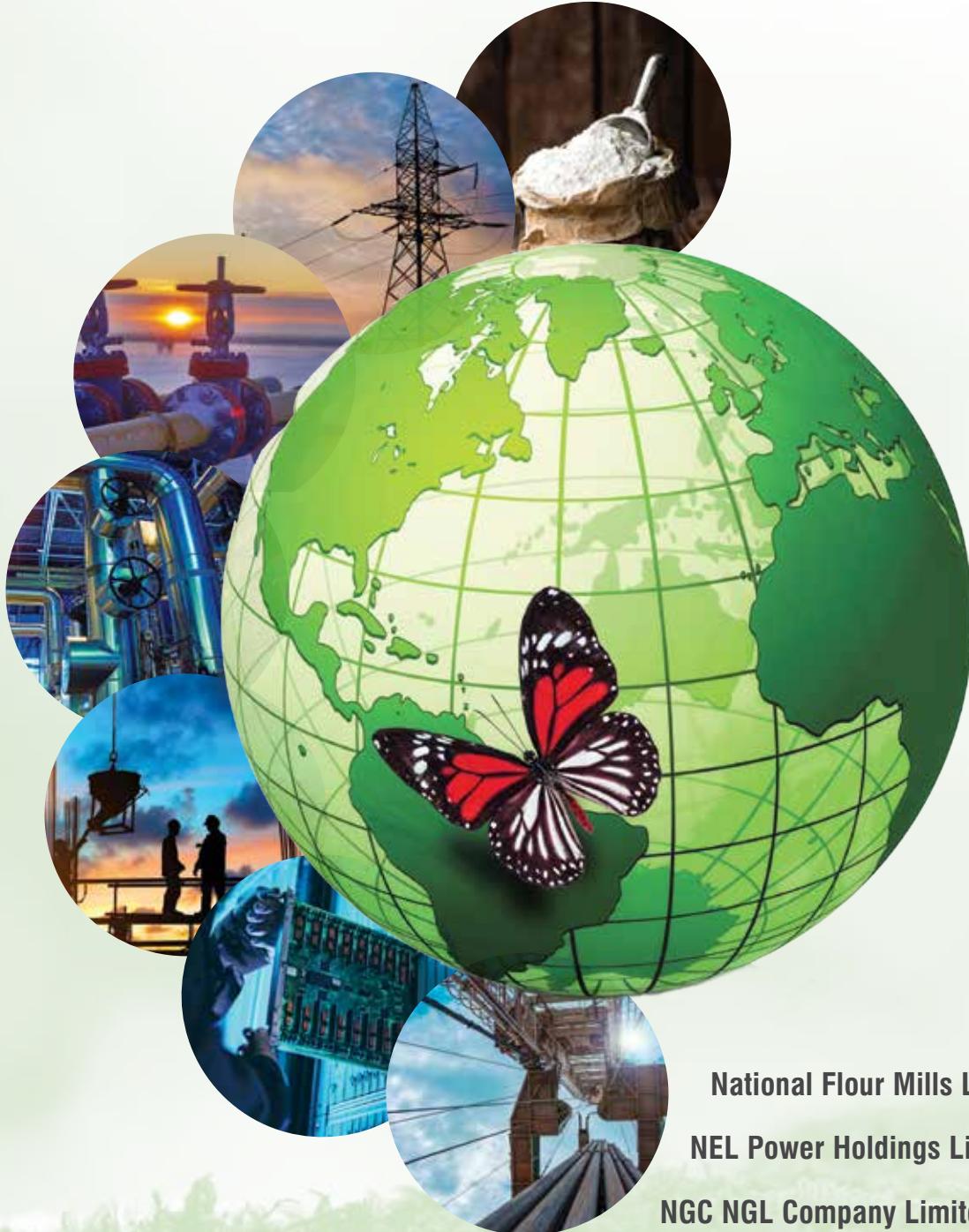


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# INVESTEE COMPANIES



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**National Flour Mills Limited (NFM) •**

**NEL Power Holdings Limited (NPHL) •**

**NGC NGL Company Limited (NGC NGL) •**

**NGC Trinidad and Tobago LNG Limited (NGC LNG) •**

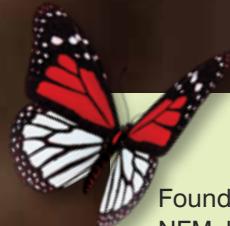
**Pan West Engineers and Constructors Limited (Pan West) •**

**Telecommunications Services of Trinidad and Tobago Limited (TSTT) •**

**Trinidad Nitrogen Company Limited (TRINGEN) •**



## National Flour Mills Limited (NFM)



Founded in 1972 as a trading company, NFM has since been accredited as the leader in flour milling, rice packaging, feed milling and dry mixing activities across Trinidad and Tobago.

With shares being sold on the open market after becoming a limited liability company in 1995, NFM has undertaken to focus on diversifying its revenue base and developing forward and backward linkages. Particular emphasis will be placed on innovating processes and incorporating technology to increase productivity and reconfigure the present day NFM into a modern and efficient manufacturing company.

This investment is carried at the market price of NEL's 51% shareholding on the Trinidad and Tobago Stock Exchange (TTSE). As at March 31, 2020, the fair value of this investment was TT\$67.4 million (2019: TT\$101.1 million).



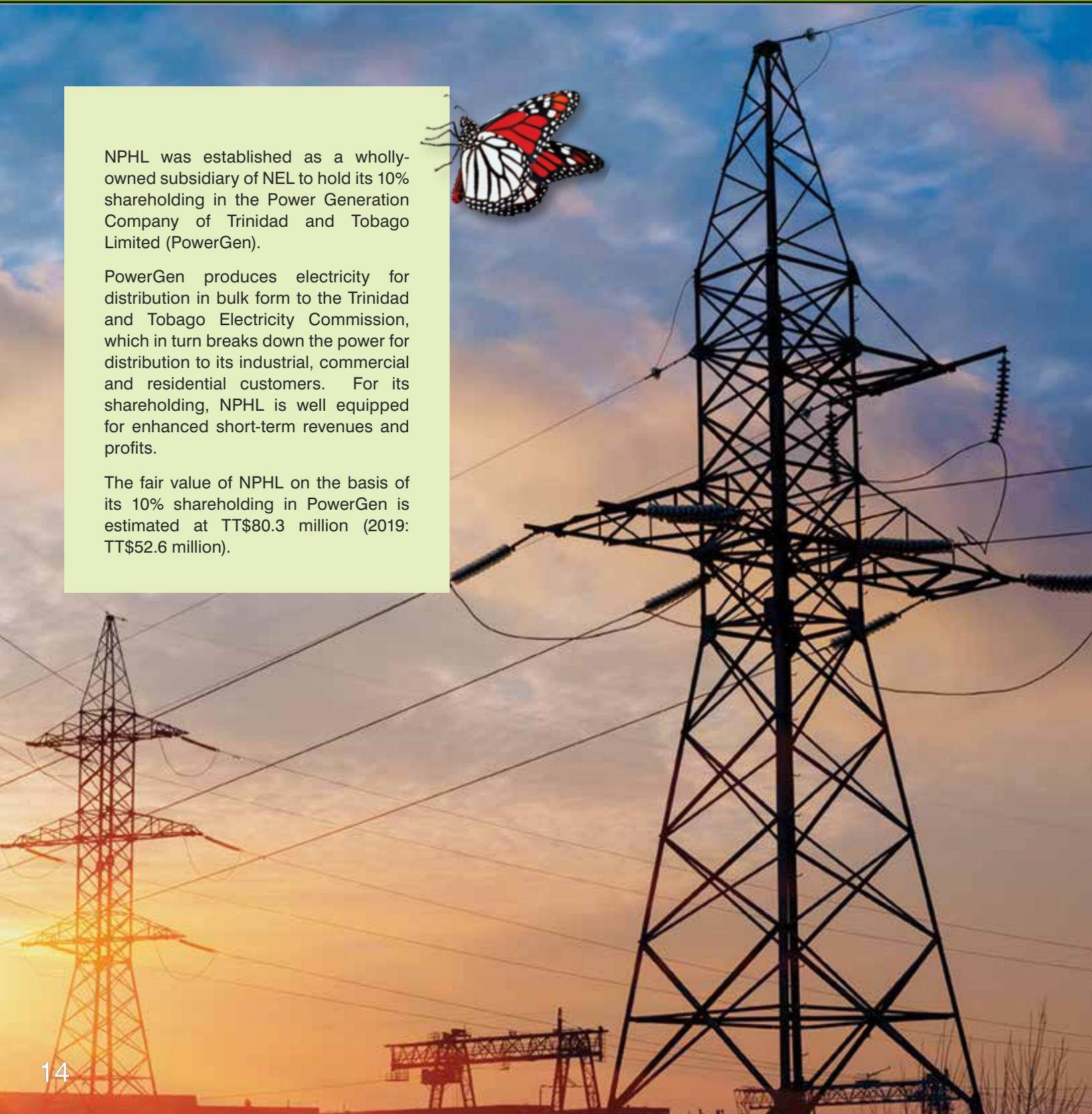


## NEL Power Holdings Limited (NPHL)

NPHL was established as a wholly-owned subsidiary of NEL to hold its 10% shareholding in the Power Generation Company of Trinidad and Tobago Limited (PowerGen).

PowerGen produces electricity for distribution in bulk form to the Trinidad and Tobago Electricity Commission, which in turn breaks down the power for distribution to its industrial, commercial and residential customers. For its shareholding, NPHL is well equipped for enhanced short-term revenues and profits.

The fair value of NPHL on the basis of its 10% shareholding in PowerGen is estimated at TT\$80.3 million (2019: TT\$52.6 million).



# INVESTEE COMPANIES

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## NGC NGL Company Limited (NGC NGL)



Incorporated in August 1975, the National Gas Company of Trinidad and Tobago Limited (NGC) is an energy company whose fundamental business is the aggregation, purchase, sale, transmission and distribution of gas.

NGC NGL has a 51% shareholding in Phoenix Park Gas Processors Limited (PPGPL), which is considered the largest and most ingenious gas processing facility in the Americas. NEL in turn, holds 20% shareholding in NGC NGL and, through a joint venture with the Trinidad and Tobago Unit Trust Corporation and the National Insurance Board of Trinidad and Tobago in Pan West Engineers and Constructors LLC, holds 10% of the 33% investment of PanWest in NGC NGL.

Through its subsidiaries, National Energy Corporation of Trinidad and Tobago Limited (NEC), PPGPL, and NGC CNG Company Limited, NGC has a dynamic association within the downstream and upstream sectors and leads a diversified cluster of companies that is advancing into a world business entity through valued alliances and provisions.

NGC NGL is an investment holding company which is completely reliant on dividend distribution from PPGPL to generate earnings. The fair value of NEL's shareholding in NGC NGL as at March 31, 2020 is TT\$861.4 million (2019: TT\$1,036.7 million).



## NGC Trinidad and Tobago Limited (NGC LNG)

In July of 1995, NGC participated in the creation of Atlantic LNG (ALNG), which was formed to manage the proposed LNG processing facility and terminal at Point Fortin. As one of the subsidiary companies of NGC, NGC LNG has a 10% shareholding in Train 1 and 11.1% in Train 4.

The value of NGC LNG is primarily derived from the value of the investment held in ALNG-1, which is indirectly held via Atlantic 1 Holdings Limited. Like NGC LNG, Atlantic 1 Holdings is a non-operating investment holding company. NEL effectively holds shareholding of 37.84% in NGC LNG.

ALNG-1 does not currently have an agreed gas supply contract. This has led to uncertainty regarding the income generating capacity of ALNG-1 in the foreseeable future. The fair value of the shareholding as at March 31, 2020 is TT\$192.5 million (2019: TT\$178.2 million).





## Pan West Engineers and Constructors LLC (Pan West)



In December 2014, NEL as a member of a conglomerate, which included Trinidad and Tobago Unit Trust Corporation (TTUTC) and the National Insurance Board of Trinidad and Tobago (NIBTT), acquired Pan West Engineers and Constructors LLC who were 10% shareholders in Phoenix Park Gas Processors Limited (PPGPL). Thus, like NGC NGL, the value of Pan West is primarily derived from the value of the investment held in PPGPL.

The fair value of Pan West as at March 31, 2020 is TT\$257.2 million (2019: TT\$304.8 million).



## Telecommunications Services of Trinidad and Tobago Limited (TSTT)

The Telecommunications Services of Trinidad and Tobago Limited (TSTT) is jointly owned by NEL and Cable & Wireless (West Indies) Limited (C&W), with NEL holding 51% shareholding, and C&W, 49%. TSTT's principal activity is the provision of mobile, fixed line, broadband, pay TV, security and other related services either directly or through its wholly owned subsidiary, Amplia Communications Limited.

In March 2015 following its acquisition of Columbus Communications (FLOW) operations in the Caribbean (including Trinidad and Tobago), C&W agreed to suspension of its shareholder rights and jointly with NEL, initiated a sale process. To date, no offer has been received.

In November 2018, TSTT embarked on a Group restructuring exercise with a goal of retaining market share and improving profitability with cost savings in excess of TT\$230 million. The improvement in financial performance expected for fiscal 2020 was not as initially expected owing primarily to delays in the implementation of the plan. The forecasts were therefore subsequently revised. The fair value of TSTT as at March 31, 2020 is thus estimated at TT\$382.5 million (2019: TT\$510 million).



# INVESTEE COMPANIES

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## Trinidad Nitrogen Company Limited (TRINGEN)



Trinidad Nitrogen Company Limited (TRINGEN) is a limited liability company established in 1974 and is a joint venture between the Government of the Republic of Trinidad and Tobago (GORTT) and YARA Caribbean with NEL holding 51% shareholding on behalf of the Corporation Sole.

In two autonomous plants, Tringen I and Tringen II, the company manufactures anhydrous ammonia with more than 95% of the company's annual production being exported and sold through sales agencies, making Trinidad and Tobago the world's leading exporter of ammonia. Tringen's financial results are mainly impacted by falling global commodity prices.

The fair value of TRINGEN is estimated at TT\$241.0 million as at the valuation date, March 31, 2020 (2019: TT\$232.4 million).

# SUBSTANTIAL AND DIRECTORS' INTERESTS

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**NATIONAL ENTERPRISES LIMITED  
As at March 31 2020**

## SHAREHOLDERS BY SHAREHOLDINGS IN DESCENDING ORDER 10 largest blocks of shares

*Issued Share Capital:* **600,000,641**

| SHAREHOLDER'S NAMES                                     | Shares Held | Percentage % |
|---|-------------|--------------|
| MINISTER OF FINANCE - CORPORATION SOLE                  | 396,324,698 | 66.05%       |
| THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED | 100,000,641 | 16.67%       |
| NATIONAL INSURANCE BOARD                                | 25,000,000  | 4.17%        |
| REPUBLIC BANK LIMITED - 1162                            | 7,502,000   | 1.25%        |
| TRINTRUST LIMITED A/C 1088                              | 5,342,086   | 0.89%        |
| REPUBLIC BANK LIMITED - 0778                            | 3,829,261   | 0.64%        |
| FIRST CITIZENS ASSET MANAGEMENT LTD. PT7                | 3,282,450   | 0.55%        |
| FIRST CITIZENS ASSET MANAGEMENT LTD. PT36               | 2,752,522   | 0.46%        |
| RBC TRUST (TRINIDAD & TOBAGO) LIMITED - T585            | 2,335,935   | 0.39%        |
| GUARDIAN LIFE OF THE CARIBBEAN LTD.                     | 2,192,867   | 0.37%        |

## DIRECTOR'S SHAREHOLDING as at March 31 2020

| DIRECTOR'S NAMES   | SHAREHOLDING | CONNECTED PERSONS | RELATIONSHIP          |
|--------------------|--------------|-------------------|-----------------------|
| Ingrid L-A Lashley | Nil          | Nil               |                       |
| Vishnu Dhanpaul    | 1            | Nil               |                       |
| Navin Rajkumar     | Nil          | Nil               |                       |
| Annalean Inniss    | Nil          | Nil               |                       |
| Ferri Hosein       | Nil          | Nil               |                       |
| Janet Parks        | Nil          | Nil               |                       |
| Ross Alexander     | 2,000        | 3,000             | Wife – Lisa Alexander |
| David Robinson     | 1,000        | Nil               |                       |
| Conrad Enill       | Nil          | Nil               |                       |

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**FINANCIAL STATEMENTS  
31 MARCH 2020**

# STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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NATIONAL ENTERPRISES LIMITED ANNUAL REPORT 2020



August 28, 2020

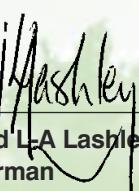
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2020, 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's operational efficiencies;
- Ensuring that the system of internal control operating 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.

In absence of management during the reporting period, the directors have carried out the responsibilities as outlined above.

  
Ingrid L-A Lashley  
Chairman

August 28, 2020

  
Navin Rajkumar  
Director / Chairman - Audit Committee

# INDEPENDENT AUDITORS' REPORT



**The Shareholders**  
National Enterprises Limited

## Opinion

We have audited the financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as at 31 March 2020 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 financial statements of the current period. Those matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

### Valuation of investments in equity interests

As an investment company under IFRS 10, National Enterprises Limited is required to carry its significant investments in subsidiaries, associates and joint ventures at fair value. As at 31 March 2020, these investments totalled **\$2.08 billion**. See **Notes 6 and 7** to the financial statements.

The risk is that the investments may not be appropriately priced in the Statement of Financial Position.

Of the equity interests that are carried at fair value in the Statement of Financial Position, 3% qualified as Level 1 valuations as at 31 March 2020. Level 1 valuations are those based on quoted prices in active markets. As these investments are valued using prices that were observable in the market, the valuation risk is low.

Our procedures in relation to the valuation of these investments included verification of the market prices actively traded on the Trinidad and Tobago Stock Exchange.

Telephone: (868) 235-5063  
 Address: 111 Eleventh Street, Barataria, Trinidad, West Indies  
 Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

# INDEPENDENT AUDITORS' REPORT (CONTINUED)

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## Key Audit Matters (continued)

### Valuation of investments in equity interests (continued)

The remaining 97 per cent (**\$2.01 billion**) are classed as Level 2 or Level 3. Level 2 valuations are based values that are observable either directly or indirectly. Level 3 valuations are based on unobservable inputs for the investment. The determination of these prices is considerably more subjective since these are valued using inputs other than quoted prices in an active market. Because the amount is significant to the financial statements, and the fair value exercise involves the use of estimates and judgements, we consider the valuation of these investments to be a significant key audit matter.

Our procedures in relation to the valuation of these investments included the following:

- Evaluating the independent professional valuer's competence, capabilities and objectivity.
- Assessing the accuracy of key inputs used in the valuation and checking that they were externally sourced and correctly inserted into pricing models.
- Evaluating the reasonableness of the assumptions used and the appropriateness of the valuation models.
- Assessing the sensitivities of key inputs by considering the potential impact of reasonably possible upside or downside changes in key assumptions.
- Testing the appropriateness of the comparable entities used in the valuation models.
- Testing the mathematical accuracy of the valuation computation.
- Determining the completeness and accuracy of disclosures relating to investments.

Based on the audit procedures performed, the auditors determined the valuation methodologies to be sound and the resulting valuations, reasonable.

### Measurement of other long-term investments

IFRS 9 introduced a new measurement and classification approach for financial assets, reflecting both the business model in which financial assets are managed and the underlying cash flow characteristics. The three (3) principal classifications of financial assets, required by IFRS 9 are:

- measured at amortised cost;
- at fair value through other comprehensive income; and
- at fair value through profit and loss.

The measurement and classification of financial assets under IFRS 9 is considered a key audit matter because its application requires significant judgement, particularly in the determination of:

- whether financial assets should be subsequently measured at amortised cost or at fair value; and
- the impact of forward-looking estimates of macro-economic factors.

As at 31 March 2020, the company's Other Long-Term Investments included four (4) bond instruments and five (5) equity instruments. See **Note 8** to the financial statements.

IFRS 9 requires equity investments to be measured at fair value with gains/losses recognised in profit or loss, except for those equity investments for which the company has elected to present gains/losses through Other Comprehensive Income (OCI).

IFRS 9 requires bond investments are to be measured at amortised cost. IFRS 9 introduced an expected credit loss (ECL) impairment model exclusively for the determination of impairment of financial assets measured at amortised cost. This model results in the early recognition of impairment. ECL is:

- an unbiased;
- probability-weighted amount;

# INDEPENDENT AUDITORS' REPORT (CONTINUED)

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## Key Audit Matters (continued)

### **Measurement of other long-term investments (continued)**

- that reflects a range of possible outcomes;
- and the time value of money;
- based on reasonable and supportable information;
- about past events, current conditions and forecasts of future conditions; and
- that is available without undue cost or effort.

In the audit of the company's application of IFRS 9 to its financial assets, our procedures focussed on the following:

- an assessment of the company's business model, as well as the classification and valuation of financial assets; and
- a review of management's assessment of impairment of financial assets and determination of ECL.

Based on the procedures outlined above, the auditors noted no material exceptions in the company's application of IFRS 9 to the measurement and classification of its other long-term investments.

## **Other Information Included in the Company's Annual Report**

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 auditors' 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 for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

# INDEPENDENT AUDITORS' REPORT (CONTINUED)

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## Key Audit Matters (continued)

### Responsibilities of Management for the Financial Statements (continued)

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 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 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 controls.
- 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Renée-Lisa Philip.

PKF

Barataria  
TRINIDAD

28 August 2020

# STATEMENT OF FINANCIAL POSITION

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## ASSETS

|   | Notes | For the year ended<br>31 March | 2020<br>(\$'000)        | 2019<br>(\$'000)        |
|---|-------|--------------------------------|-------------------------|-------------------------|
| <b>Non-Current Assets:</b>                            |       |                                |                         |                         |
| Fixed assets  | 5     |                                | 439                     | 541                     |
| Investment in subsidiaries                            | 6     |                                | 530,240                 | 663,786                 |
| Investment in joint ventures and associated companies | 7     |                                | 1,552,048               | 1,752,064               |
| Other long-term investments                           | 8     |                                | 283,098                 | 302,985                 |
| Due from related parties                              | 9     |                                | 111,993                 | 98,255                  |
| Total Non-Current Assets                              |       |                                | <u>2,477,818</u>        | <u>2,817,631</u>        |
| <b>Current Assets:</b>                                |       |                                |                         |                         |
| Accounts receivables and prepayments                  | 10    |                                | 2,635                   | 17,006                  |
| Short-term investments                                | 11    |                                | 15,153                  | 23,024                  |
| Cash in hand and at bank                              | 12    |                                | 1,134                   | 75,045                  |
| Taxation recoverable                                  |       |                                | 799                     | -                       |
| Total Current Assets                                  |       |                                | <u>19,721</u>           | <u>115,075</u>          |
| <b>Total Assets</b>                                   |       |                                | <u><u>2,497,539</u></u> | <u><u>2,932,706</u></u> |

## LIABILITIES AND EQUITY

|  |    |  |                         |                         |
|--|----|--|-------------------------|-------------------------|
| <b>Equity:</b>                             |    |  |                         |                         |
| Stated capital                             | 13 |  | 1,736,632               | 1,736,632               |
| Translation reserve                        | 14 |  | 63,866                  | 63,866                  |
| Investment Remeasurement Reserve           | 15 |  | 16,422                  | 16,422                  |
| Retained earnings                          |    |  | <u>677,698</u>          | <u>1,101,238</u>        |
| Total Equity                               |    |  | <u>2,494,618</u>        | <u>2,918,158</u>        |
| <b>Current Liabilities:</b>                |    |  |                         |                         |
| Current portion of long-term loan facility | 16 |  | -                       | 10,807                  |
| Taxation payable                           |    |  | -                       | 472                     |
| Accounts payable and accruals              | 17 |  | <u>2,921</u>            | <u>3,269</u>            |
| Total Current Liabilities                  |    |  | <u>2,921</u>            | <u>14,548</u>           |
| Total Liabilities                          |    |  | <u>2,921</u>            | <u>14,548</u>           |
| <b>Total Liabilities and Equity</b>        |    |  | <u><u>2,497,539</u></u> | <u><u>2,932,706</u></u> |

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

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

# STATEMENT OF COMPREHENSIVE INCOME

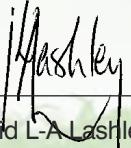
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|   |       | For the year ended<br>31 March |                      |
|---|-------|--------------------------------|----------------------|
|   | Notes | 2020<br>(\$'000)               | 2019<br>(\$'000)     |
| <b>Revenue</b>                                |       |                                |                      |
| Interest income                               |       | 7,263                          | 7,727                |
| Dividend income                               | 18    | 23,834                         | 98,392               |
| Other income                                  |       | 171                            | 4,020                |
| Gain on expected credit loss                  |       | -                              | 17,013               |
|   |       | <u>31,268</u>                  | <u>127,152</u>       |
| <b>Operating Expenses</b>                     |       |                                |                      |
| 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                |
|   |       | <u>356,681</u>                 | <u>110,560</u>       |
| Operating (loss)/profit                       |       | (325,413)                      | 16,592               |
| Finance costs                                 |       | <u>(96)</u>                    | <u>(759)</u>         |
| Net (loss)/profit before tax                  |       | (325,509)                      | 15,833               |
| Taxation                                      | 19    | <u>(2,031)</u>                 | <u>(3,334)</u>       |
| Net (loss)/profit for the year                |       | <u>(327,540)</u>               | <u>12,499</u>        |
| <b>Total Comprehensive (loss)/Income</b>      |       | <b><u>(327,540)</u></b>        | <b><u>12,499</u></b> |

Director

  
Ingrid L-A Lashley

Director

  
Navin Rajkumar

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

# STATEMENT OF CHANGES IN EQUITY

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|                                       | Stated Capital (\$'000) | Translation Reserve (\$'000) | Investment Remeasurement Reserve (\$'000) | Retained Earnings (\$'000) | Total Equity (\$'000) |
|---------------------------------------|-------------------------|------------------------------|---|----------------------------|-----------------------|
| <b>Year ended 31 March 2020</b>       |                         |                              |   |                            |                       |
| 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)             |
| Dividend paid <b>(Note 20)</b>        | -                       | -                            | -   | (96,000)                   | (96,000)              |
| <b>Balance as at 31 March 2020</b>    | <b>1,736,632</b>        | <b>63,866</b>                | <b>16,422</b>                             | <b>677,698</b>             | <b>2,494,618</b>      |

|   | Stated Capital (\$'000) | Translation Reserve (\$'000) | Investment Remeasurement Reserve (\$'000) | Retained Earnings (\$'000) | Total Equity (\$'000) |
|---|-------------------------|------------------------------|---|----------------------------|-----------------------|
| <b>Year ended 31 March 2019</b>         |                         |                              |   |                            |                       |
| Balance as at 1 April 2018              | 1,736,632               | 63,866                       | 16,422                                    | 1,237,892                  | 3,054,812             |
| Re-statement <b>(Note 3(b))</b>         | -                       | -                            | -   | (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                |
| Dividend paid <b>(Note 20)</b>          | -                       | -                            | -   | (132,000)                  | (132,000)             |
| <b>Balance as at 31 March 2019</b>      | <b>1,736,632</b>        | <b>63,866</b>                | <b>16,422</b>                             | <b>1,101,238</b>           | <b>2,918,158</b>      |

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

# STATEMENT OF CASH FLOWS

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For the year ended  
31st March

|  | 2020<br>(\$'000) | 2019<br>(\$'000) |
|--|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |                  |                  |
| 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  | <u>(13,738)</u>  | <u>(1,939)</u>   |
| Operation profit before working capital  | 26,125           | 101,741          |
| Taxes paid (net)   | <u>(3,300)</u>   | <u>(303)</u>     |
| Cash provided by Operating Activities  | <u>22,825</u>    | <u>101,438</u>   |
| <b>INVESTING ACTIVITIES</b>  |                  |                  |
| Net change in fixed assets   | -                | (10)             |
| Net change in other long-term investments  | <u>2,200</u>     | <u>1,500</u>     |
| Cash provided by Investing Activities  | <u>2,200</u>     | <u>1,490</u>     |
| <b>FINANCING ACTIVITIES</b>  |                  |                  |
| Dividends paid   | (96,000)         | (132,000)        |
| Repayment of short-term loan facility  | <u>(10,807)</u>  | <u>(20,770)</u>  |
| 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   | <u>98,069</u>    | <u>147,911</u>   |
| Cash and cash equivalents, end of year   | <u>16,287</u>    | <u>98,069</u>    |
| <b>Represented by:</b>   |                  |                  |
| Short term investments   | 15,153           | 23,024           |
| Cash in hand and at bank   | <u>1,134</u>     | <u>75,045</u>    |
|  | <u>16,287</u>    | <u>98,069</u>    |

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



## 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 December 14, 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 December 8, 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 principal business activities of the company's subsidiaries, joint ventures and associated companies are disclosed in **Note 22**.

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 Financial Statements Preparation

These financial statements 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.

### (b) New Accounting Standards and Interpretations

- (i) The company has applied the following standards, revised standards and interpretations for the first time in its accounting period.

IAS 28 Investments in Associates and Joint Ventures (Long-term interests)

IFRS 9 Financial Instruments (amendment) – Prepayment features with Negative compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

IAS 19 Employee Benefits (amendment) – Plan amendment, curtailment or settlement

IFRS 16 Leases - New standard supersedes IAS 17 Leases and related interpretation

IFRIC 23 Uncertainty over income tax treatments – The interpretation addresses the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.



## **2. Summary of Significant Accounting Policies (continued):**

### **(b) New Accounting Standards and Interpretations (continued)**

With the exception of IFRS 16 Leases; the adoption of these new standards, amendments to standards 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 2019 are not applicable to the company.

- (ii) The Company has not applied the following standards, revised standards and interpretations that were issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements:

|   |   |
|---|---|
| IAS 1                                   | Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates – Clarification on the definition of “material” (effective for accounting periods beginning on or after 1st January 2020) |
| IFRS 3                                  | Business combinations – Amendments to the definition of “business” - (effective for accounting periods beginning on or after 1st January 2020)  |
| IFRS 7, 9<br>and IAS 39<br>(amendments) | Interest Rate Benchmark Reform “IBOR” (effective for accounting periods beginning on or after 1st January 2020)   |
| IFRS 17                                 | Insurance Contracts (effective for accounting periods beginning on or after 1st January 2021). New standard on accounting for insurance contracts, replacing IFRS 4 Insurance Contracts.                                      |

### **(c) Fixed assets and depreciation**

- (i) Fixed assets are stated at historical cost or valuation less related accumulated depreciation.
- (ii) Depreciation is calculated on the straight-line basis at varying rates, which are estimated to be sufficient to write down the cost of the assets to residual value by the expiration of their useful lives.

Depreciation is charged on a pro-rata basis for assets purchased or sold during the year, except in cases of complete plants where depreciation is charged from commissioning of operations.

The rates used are as follows:-

% per annum

|                               |      |
|-------------------------------|------|
| Office furniture and fittings | 10.0 |
| Computer equipment            | 25.0 |
| Leasehold improvements        | 10.0 |
| Office equipment              | 25.0 |
| Computer software             | 25.0 |

Increases in the carrying amount arising on revaluation of land and buildings are credited to Capital Revaluation Reserve in Equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from Capital Revaluation Reserve to Retained Earnings. When revalued assets are sold, the amounts included in reserves are transferred to Retained Earnings.

The assets' residual values and useful lives are reviewed at each year-end date, and adjusted as appropriate. 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.



## 2. Summary of Significant Accounting Policies (continued):

### (c) **Fixed assets and depreciation (continued)**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the “Gain/Loss on Disposal” account in the Statement of Comprehensive Income.

### (d) **Financial instruments**

#### Financial Assets

Financial assets are classified and subsequently measured by determining the entity’s business model for managing financial assets and the contractual terms of the cashflows. These categories are:

1. Hold to collect or Amortised cost
2. Hold to collect and sell or Fair value through other comprehensive income (FVOCI)
3. Fair value through profit and loss (FVTPL)

The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end. Reclassifications occur only when the business model for managing the asset changes. The entity is not permitted, however, to reclassify equity investments that have been irrevocably elected by Management to be presented as FVOCI.

#### Financial Liabilities

All financial liabilities are classified and subsequently measured at amortised cost, except for:

1. At fair value through profit or loss.
2. Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
3. Financial liabilities that are financial guarantee contracts
4. Loans provided below-market interest rates
5. Contingent consideration recognised in a business combination to which IFRS 3 applies.

#### *Fair Value measurement*

The fair value of investments that are traded in active markets is determined by reference to quoted market prices at the close of business on the reporting date. Where there is no active market, fair values are determined using valuation techniques such as recent arm’s length market transactions or reference to current market values of another instrument which is substantially the same; discounted cash flow analysis or other valuation practices.

Purchases and sales of investments are recognized on the date the company commits to purchase or sell the asset (trade date). Investments are initially recognized at fair value plus or minus, in the case of financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to its acquisition.

Changes in the fair value of financial assets are recognised in profit and loss unless the financial asset is measured at FVOCI.

#### *Impairment of financial assets*

Impairment of financial assets is assessed at each reporting date.

Impairment of financial assets carried at amortised cost are recognised using the expected credit loss model. The impairment methodology used depends on the Company’s analysis of whether there has been a significant increase in the investment’s credit risk. The amount of the loss shall be recognised in the statement of profit or loss.



## 2. Summary of Significant Accounting Policies (continued):

### (d) **Financial instruments (continued)**

*Derecognition of financial assets and liabilities*

#### Financial Assets

A financial asset is derecognised when:

1. The contractual rights to the cash flows from the financial assets have expired;
2. The Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;
3. The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of ownership, but has transferred control of the asset.

#### Financial Liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### (e) **Investment in Subsidiary**

National Enterprises Limited owns 100% of NEL Power Holding Limited and 51% in National Flour Mills (NFM) and Telecommunications Services of Trinidad and Tobago Limited (TSTT).

Although these companies are subsidiaries of NEL, its financial statements were not consolidated with those of the Company in accordance with the requirements of IFRS 10 - Consolidated Financial Statements. IFRS 10 states that a company classified as an investment entity shall not consolidate a subsidiary company and would measure the investment at fair value through the profit and loss.

An investment entity refers to an entity whose business purpose is to invest funds obtained from investors solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis.

NEL meets the definition of an investment entity under IFRS 10 and therefore has modified its reporting as at 31 March 2019.

### (f) **Investment in Associates and Joint Arrangements**

National Enterprises Limited ("the Company" or "NEL") owns 51% of Trinidad Nitrogen co. Limited ("TRINGEN"). Although NEL is the majority shareholder in this entity, shareholder agreements with the minority shareholders of both companies establish joint control by the joint venture partners. Additionally, NEL owns 33.33% – Pan West Engineers Constructors, LLC. Both investments are accounted for in accordance with International Accounting Standard No. 31 – Interests in Joint Ventures.

NGC NGL Company Limited ("NGCNGL") and NGC Trinidad and Tobago LNG Limited ("NGCLNG") in which the Company has a 20% and 37.84% interest respectively, are associates and are accounted for in accordance with International Accounting Standard No. 28 – Investments in Associates.

In both instances the method of accounting for these investments have been modified from the equity accounting method under International Accounting Standard No. 31 – Interests in Joint Ventures and 28 – Investments in Associates to fair value measurement in line with NEL's presentation as an Investment Entity per **Note 2(d)**.



## 2. Summary of Significant Accounting Policies: (continued):

### (g) IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 supersedes the current lease accounting and guidance under IAS 17 Leases and any other related interpretations.

IFRS 16 uses a single lease accounting model that recognises and measures assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Under IFRS 16 leased assets are recognised as right-of-use assets representing its right to use and control the underlying leased asset and a lease liability representing its obligation to make lease payments.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of lease payments to be made over the remaining lease term. Lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate if the former is not readily determinable.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications e.g. changes in lease term or in the assessment of an option to purchase the underlying asset. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

The Company applies recognition and measurement exemptions of low-value assets and short-term leases. Lease payments on leases of low value and short-term leases are recognised as an expense on a straight-line basis over the lease term.

### (h) Stated Capital

Stated Capital is 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.

### (i) Taxation

The company 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 Statement of Financial Position and their tax basis, using tax rates that have been enacted or substantially enacted by the year-end 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.

### (j) Provisions

Provisions are recognised when the company 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



## **2. Summary of Significant Accounting Policies: (continued):**

### **(j) Provisions (continued)**

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 Statement of Comprehensive Income.

### **(k) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of activities. Interest income is recognised on the accruals basis and dividend income is accrued for when the right to receive payment is established.

### **(l) Dividends**

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

### **(m) Comparative information**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. Adjustments to previously reported results were made in accordance with International accounting Standards No. 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

## **3. Financial Risk Management**

### **Financial risk factors**

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

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

|  | 2020<br>(\$'000) | Carrying<br>Value | Fair<br>Value |
|--|------------------|-------------------|---------------|
| <b>Financial Assets</b>                      |                  |                   |               |
| Investment in subsidiaries                   | 530,240          | 530,240           | 530,240       |
| Investments in associates and joint ventures | 1,552,048        | 1,552,048         | 1,552,048     |
| Other long-term investments                  | 283,098          | 283,098           | 283,098       |
| Due from related parties                     | 111,993          | 111,993           | 111,993       |
| Accounts receivable and prepayments          | 2,635            | 2,635             | 2,635         |
| Short-term investments                       | 15,153           | 15,153            | 15,153        |
| Cash in hand and at bank                     | 1,134            | 1,134             | 1,134         |
| <b>Financial Liabilities</b>                 |                  |                   |               |
| Accounts payable and accruals                | 2,921            | 2,921             | 2,921         |

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### **3. Financial Risk Management (continued):**

#### **Financial risk factors (continued)**

|  | 2019<br>(\$'000) | Carrying<br>Value | Fair<br>Value |
|--|------------------|-------------------|---------------|
| <b>Financial Assets</b>                      |                  |                   |               |
| Investment in subsidiaries                   | 663,786          | 663,786           | 663,786       |
| Investments in associates and joint ventures | 1,752,064        | 1,752,064         | 1,752,064     |
| Other long-term investments                  | 302,985          | 302,985           | 302,985       |
| Due from related parties                     | 98,255           | 98,255            | 98,255        |
| Accounts receivable and prepayments          | 17,006           | 17,006            | 17,006        |
| Short-term investments                       | 23,024           | 23,024            | 23,024        |
| Cash in hand and at bank                     | 75,045           | 75,045            | 75,045        |
| <b>Financial Liabilities</b>                 |                  |                   |               |
| Accounts payable and accruals                | 3,269            | 3,269             | 3,269         |
| Loan facility                                | 10,807           | 10,807            | 10,807        |

The company 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 company to manage these risks are discussed below:

#### **(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 company 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 company'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.

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### 3. Financial Risk Management: (continued):

#### (a) Interest rate risk (continued)

##### Interest rate sensitivity analysis (continued)

|  |                |              |              | 2020<br>(\$'000) |                      |           |
|--|----------------|--------------|--------------|------------------|----------------------|-----------|
|  | Effective Rate | Up to 1 year | 1 to 5 years | Over 5 years     | Non-Interest Bearing | Total     |
| <b>Financial Assets</b>                      |                |              |              |                  |                      |           |
| Investments in subsidiaries                  | 0%             | -            | -            | -                | 530,240              | 530,240   |
| Investments in joint ventures and associates | 0%             | -            | -            | -                | 1,552,048            | 1,552,048 |
| Other investments                            | 2 - 7%         | -            | 94,138       | 39,754           | 149,206              | 283,098   |
| Due from related parties                     | 0%             | -            | -            | -                | 111,993              | 111,993   |
| Accounts receivable and prepayments          | 0%             | -            | -            | -                | 2,635                | 2,635     |
| Short-term investments                       | 0.05-1.59%     | 15,153       | -            | -                | -                    | 15,153    |
| Cash in hand and at bank                     | 0%             | -            | -            | -                | 1,134                | 1,134     |
|  |                | 15,153       | 94,138       | 39,754           | 2,347,256            | 2,496,301 |
| <b>Financial Liabilities</b>                 |                |              |              |                  |                      |           |
| Accounts payables and accruals               | 0%             | -            | -            | -                | 2,921                | 2,921     |
|  |                | -            | -            | -                | 2,921                | 2,921     |

|  |                |              | 2019<br>(\$'000) |              |                      |           |
|--|----------------|--------------|------------------|--------------|----------------------|-----------|
|  | Effective Rate | Up to 1 year | 1 to 5 years     | Over 5 years | Non-Interest Bearing | Total     |
| <b>Financial Assets</b>                      |                |              |                  |              |                      |           |
| Investments in subsidiaries                  | 0%             | -            | -                | -            | 663,786              | 663,786   |
| Investments in associates and joint ventures | 0%             | -            | -                | -            | 1,752,064            | 1,752,064 |
| Other investments                            | 2 - 7%         | -            | 96,401           | 39,701       | 166,883              | 302,985   |
| Due from related parties                     | 0%             | -            | -                | -            | 98,255               | 98,255    |
| Accounts receivable and prepayments          | 0%             | -            | -                | -            | 17,006               | 17,006    |
| Short-term investments                       | 0.8-2.1%       | 23,024       | -                | -            | -                    | 23,024    |
| Cash in hand and at bank                     | 0%             | -            | -                | -            | 75,045               | 75,045    |
|  |                | 23,024       | 96,401           | 39,701       | 2,773,039            | 2,932,165 |
| <b>Financial Liabilities</b>                 |                |              |                  |              |                      |           |
| Short-term loan facility                     | 2-3.9%         | 10,807       | -                | -            | -                    | 10,807    |
| Accounts payables and accruals               | 0%             | -            | -                | -            | 3,269                | 3,269     |
|  |                | 10,807       | -                | -            | 3,269                | 14,076    |



### 3. Financial Risk Management (continued):

#### (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 company has policies in place to ensure that all amounts due are collected within specified credit period.

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

##### *Expected credit loss (ECL) model*

IFRS 9 outlines a “three stage” forward looking approach for impairment of financial assets based on changes in credit risk from initial recognition to the reporting date. The three-stage approach is as follows:

- (i) Stage 1: The ECL of these financial instruments are measured at an amount equal to the portion of lifetime ECLs within the next 12 months.
- (ii) Stage 2: These financial assets are considered to be underperforming and have been assessed as having a significant increase in credit risk. Impairment is based on lifetime ECL.
- (iii) Stage 3: This stage refers to financial instruments that are credit impaired (non-performing assets) and are currently in default. Impairment is based on lifetime ECL.

ECL is valued at the probability of default (PD) by exposure at default (EAD) applied to the loss given default (LGD) of the instrument.

##### *Measuring ECL – Bond impairment*

The following are the key considerations in the ECL methodology for NEL's investment in bonds:

- PDs are calculated using the cumulative number of defaults by instrument rating over the total number of bonds in issue. These are further adjusted to arrive at independent / unconditional probabilities.
- Forward looking PDs are determined using three independent macroeconomic variables. The scenarios are weighted using a normal distribution curve and linear regression is applied against predicted values to arrive at a forward multiple.
- The EADs are the future monthly balances on the bond until maturity, which essentially remains the same for non-amortizing bonds. For amortizing bonds, the future balances are net of future principal repayments.
- ECLs are calculated for each month over the remaining life of the bond and discounted using the effective interest rate on the bond.

The forward-looking approach requires a discount to be applied to the remaining cash flows to the net book value of the bond.

##### *Measuring ECL – Intercompany impairment*

The liquidation method evaluates the ability of the intercompany company NPHL to repay its debt in the instance of an immediate recall by NEL.

The following are the key considerations in this ECL methodology for the impairment of NEL's intercompany asset.

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### **3. Financial Risk Management (continued):**

#### **(b) Credit risk (continued)**

NPHL's ability to repay its debt is dependent on the company's ability to receive sustainable dividend income from PowerGen its investment company. An analysis of the Company's cashflows sees dividends received being materially consumed by principal and interest payments due to its secured debtholders. The PD is therefore 100%.

To settle this debt NPHL would have to sell its 10% investment in PowerGen and in the liquidation hierarchy settle its obligations. Any residual funds after this process will be used to pay NEL. This difference represents the LGD of this financial asset.

#### **Impact ECL opening balances**

|   | Fair Value<br>Per IAS 39<br>1 April 2018<br>(\$'000) | Opening<br>ECL<br>IFRS 9<br>(\$'000) | Fair Value<br>Per IFRS 9<br>1 April 2018<br>(\$'000) |
|---|--|--------------------------------------|--|
| <b>Financial asset - Bonds</b>                        |  |                                      |  |
| National Housing Authority TT40M 7% FXRB due 2025     | 39,665   | (36)                                 | 39,629   |
| Home Mortgage Bank TT20M series B 2% FXRB<br>due 2022 | 10,555   | (6)                                  | 10,549   |
| First Citizens Bank Loan Note                         | 53,881   | (68)                                 | 53,813   |
| ANSA Merchant Bank Limited USD Loan Note              | 33,676   | (32)                                 | 33,644   |
|   | <u>137,777</u>                                       | <u>(142)</u>                         | <u>137,635</u>                                       |
| <b>Financial asset - Other Debt</b>                   |  |                                      |  |
| Due from NPHL   | <u>96,252</u>  | <u>(17,011)</u>                      | <u>79,241</u>  |
| <b>Total ECL:</b>                                     |  | <b><u>(17,153)</u></b>               |  |

#### **Financial Assets – Bonds**

Bonds issued by Home Mortgage Bank, First Citizens Bank and Ansa Merchant bank have been categorised in stage 1 on the basis of evaluating the financial performance of the institutions and their credit ratings where available over the past five years.

The National Housing Authority's bond has been assessed as having low risk of default (Stage 1) on the basis the bond is fully guaranteed by the Government of the Republic of Trinidad and Tobago.

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### 3. Financial Risk Management (continued):

#### (b) Credit risk (continued)

##### Financial Assets – Bonds (continued)

**2020**

|   | Stage 1<br>(\$'000) | Stage 2<br>(\$'000) | Stage 3<br>(\$'000) |
|---|---------------------|---------------------|---------------------|
| <b>Financial assets</b>                               |                     |                     |                     |
| National Housing Authority TT40M 7% FXRB due 2025     | 39,754              | -                   | -                   |
| Home Mortgage Bank TT20M series B 2% FXRB<br>due 2022 | 6,775               | -                   | -                   |
| First Citizens Bank Loan Note                         | 53,760              | -                   | -                   |
| ANSA Merchant Bank Limited USD Loan Note              | 33,600              | -                   | -                   |
| Due from related parties                              | <u>111,993</u>      | <u>-</u>            | <u>-</u>            |
|   | <u>245,882</u>      | <u>-</u>            | <u>-</u>            |

**2019**

|   | Stage 1<br>(\$'000) | Stage 2<br>(\$'000) | Stage 3<br>(\$'000) |
|---|---------------------|---------------------|---------------------|
| <b>Financial assets</b>                               |                     |                     |                     |
| National Housing Authority TT40M 7% FXRB due 2025     | 39,700              | -                   | -                   |
| Home Mortgage Bank TT20M series B 2% FXRB<br>due 2022 | 8,662               | -                   | -                   |
| First Citizens Bank Loan Note                         | 53,988              | -                   | -                   |
| ANSA Merchant Bank Limited USD Loan Note              | 33,754              | -                   | -                   |
| Due from related parties                              | <u>98,255</u>       | <u>-</u>            | <u>-</u>            |
|   | <u>234,359</u>      | <u>-</u>            | <u>-</u>            |

#### (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 company 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 company'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.

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### 3. Financial Risk Management (continued):

#### (c) Liquidity Risk (continued)

|  | Up to<br>1 year | 1 to<br>5 years | Over<br>5 years  | 2020<br>(\$'000) | Total |
|--|-----------------|-----------------|------------------|------------------|-------|
| <b>Financial Assets</b>                      |                 |                 |                  |                  |       |
| Investments in subsidiaries                  | -               | -               | 530,240          | 530,240          |       |
| Investments in associates and joint ventures | -               | -               | 1,552,048        | 1,552,048        |       |
| Other investments through profit and loss    | -               | 94,138          | 188,960          | 283,098          |       |
| Due from related parties                     | -               | -               | 111,993          | 111,993          |       |
| Accounts receivable and prepayments          | 2,635           | -               | -                | 2,635            |       |
| Short-term investments                       | 15,153          | -               | -                | 15,153           |       |
| Cash in hand and at bank                     | 1,134           | -               | -                | 1,134            |       |
|  | <u>18,922</u>   | <u>94,138</u>   | <u>2,383,241</u> | <u>2,496,301</u> |       |

#### Financial Liabilities

|                                |              |          |          |              |
|--------------------------------|--------------|----------|----------|--------------|
| Accounts payables and accruals | 2,921        | -        | -        | 2,921        |
|                                | <u>2,921</u> | <u>-</u> | <u>-</u> | <u>2,921</u> |

|  | Up to<br>1 year | 1 to<br>5 years | Over<br>5 years  | 2020<br>(\$'000) | Total |
|--|-----------------|-----------------|------------------|------------------|-------|
| <b>Financial Assets</b>                      |                 |                 |                  |                  |       |
| Investments in subsidiaries                  | -               | -               | 663,786          | 663,786          |       |
| Investments in associates and joint ventures | -               | -               | 1,752,064        | 1,752,064        |       |
| Other investments through profit and loss    | -               | 96,401          | 206,584          | 302,985          |       |
| Due from related parties                     | -               | -               | 98,255           | 98,255           |       |
| Accounts receivable and prepayments          | 17,006          | -               | -                | 17,006           |       |
| Short-term investments                       | 23,024          | -               | -                | 23,024           |       |
| Cash in hand and at bank                     | 75,045          | -               | -                | 75,045           |       |
|  | <u>115,075</u>  | <u>96,401</u>   | <u>2,720,689</u> | <u>2,932,165</u> |       |

#### Financial Liabilities

|                                |               |          |          |               |
|--------------------------------|---------------|----------|----------|---------------|
| Short-term loan facility       | 10,807        | -        | -        | 10,807        |
| Accounts payables and accruals | 3,269         | -        | -        | 3,269         |
|                                | <u>14,076</u> | <u>-</u> | <u>-</u> | <u>14,076</u> |

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### 3. Financial Risk Management (continued):

#### (d) **Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The company'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 company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously.

#### (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 Trinidad and Tobago Securities and Exchange Commission, as well as by the monitoring of controls applied by the company.

#### (g) **Reputation Risk**

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company applies procedures to 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 company'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 company 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 recognised in the 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 recognised in the financial statements, are as follows:

- (i) Whether investments are classified as Fair Value Through Profit and Loss (FVTPL), Fair Value Through Other Comprehensive Income (FVOCI) or Amortised Cost;
- (ii) Whether financial liabilities are measured at Fair Value Through Profit and Loss (FVTPL) or Amortised Cost;

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## 4. Critical Accounting Estimates and Judgements (continued):

- (iii) Whether NEL is considered an investment entity in accordance with IFRS 10 Consolidated Financial Statements. This is required for the classification and measurement of the investments in NPHL, NFM and TSTT; and
- (iv) Which depreciation method for plant and equipment is used.

All equity financial assets are measured at FVTPL (see Note 6-8) and the Company considers itself an investment entity in accordance with IFRS 10- Consolidated Financial Statements on the following basis:

- Funds are obtained from one or more investors for the purpose of providing those investors with investment management services;
- It commits to invest solely for returns from capital appreciation, investment income or both; and
- All of its investments are measured at fair value through the profit and loss.

The key assumptions concerning the future and other key sources of estimation uncertainty at the year-end 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 year-end 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 capitalised and in estimating the useful lives and residual values of these assets.

### (iii) Fair Values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date. Management uses discounted cash flow analyses for an investment in subsidiary that is not traded in active markets. The assumptions and amounts subject to fair value measurements are shown in **Note 23**.

## 5. Fixed Assets:

|                               | Office Furniture and Fittings<br>(\$'000) | Computer Equipment<br>(\$'000) | Leasehold Improvements<br>(\$'000) | Office Equipment<br>(\$'000) | Computer Software<br>(\$'000) | Total<br>(\$'000) |
|-------------------------------|---|--------------------------------|------------------------------------|------------------------------|-------------------------------|-------------------|
| <b>31 March 2020</b>          |   |                                |                                    |                              |                               |                   |
| Opening net book value        | 252                                       | 33                             | 250                                | 1                            | 5                             | 541               |
| Depreciation                  | (41)                                      | (17)                           | (41)                               | (1)                          | (2)                           | (102)             |
| <b>Closing net book value</b> | <b>211</b>                                | <b>16</b>                      | <b>209</b>                         | <b>-</b>                     | <b>3</b>                      | <b>439</b>        |
| Cost                          | 414                                       | 142                            | 405                                | 44                           | 25                            | 1,030             |
| Accumulated depreciation      | (203)                                     | (126)                          | (155)                              | (44)                         | (22)                          | (591)             |
| <b>Closing net book value</b> | <b>211</b>                                | <b>16</b>                      | <b>209</b>                         | <b>-</b>                     | <b>3</b>                      | <b>439</b>        |

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## 5. Fixed Assets (continued):

|                               | Office<br>Furniture<br>and Fittings<br>(\$'000) | Computer<br>Equipment<br>(\$'000) | Leasehold<br>Improvements<br>(\$'000) | Office<br>Equipment<br>(\$'000) | Computer<br>Software<br>(\$'000) | Total<br>(\$'000) |
|-------------------------------|---|-----------------------------------|---------------------------------------|---------------------------------|----------------------------------|-------------------|
| <b>31 March 2019</b>          |   |                                   |                                       |                                 |                                  |                   |
| Opening net book value        | 284   | 59                                | 290                                   | 13                              | 6                                | 652               |
| Additions                     | 9   | -                                 | -                                     | -                               | 5                                | 14                |
| Depreciation                  | (41)  | (22)                              | (40)                                  | (12)                            | (6)                              | (121)             |
| Disposal                      | -   | (4)                               | -                                     | -                               | -                                | (4)               |
| <b>Closing net book value</b> | <b>252</b>                                      | <b>33</b>                         | <b>250</b>                            | <b>1</b>                        | <b>5</b>                         | <b>541</b>        |
| Cost                          | 414   | 142                               | 405                                   | 44                              | 25                               | 1,030             |
| Accumulated depreciation      | (162)   | (109)                             | (155)                                 | (43)                            | (20)                             | (489)             |
| <b>Closing net book value</b> | <b>252</b>                                      | <b>33</b>                         | <b>250</b>                            | <b>1</b>                        | <b>5</b>                         | <b>541</b>        |

## 6. Investments in Subsidiaries:

| Subsidiaries  | 2020<br>(\$'000) | 2019<br>(\$'000) |
|---|------------------|------------------|
| National Flour Mills Limited                              | 67,432           | 101,148          |
| NEL Power Holdings Limited                                | 80,308           | 52,638           |
| Telecommunications Services of Trinidad and Tobago (TSTT) | 382,500          | 510,000          |
|   | <b>530,240</b>   | <b>663,786</b>   |

| 31 March 2020   | No. of<br>Shares | Fair Value<br>1 April 2019<br>(\$'000) | Fair Value<br>Gain/(Loss)<br>(\$'000) | Fair Value<br>31 March 2020<br>(\$'000) |
|---|------------------|--|---------------------------------------|---|
| Telecommunications Services of<br>Trinidad and Tobago Limited<br>("A" shares) | 144,238,384      | 510,000                                | (127,500)                             | 382,500                                 |
| National Flour Mills  | 1,301,998        | 101,148                                | (33,716)                              | 67,432                                  |
| NEL Power Holdings Ltd  | 1                | 52,638                                 | 27,670                                | 80,308                                  |
|   |                  | <b>663,786</b>                         |                                       | <b>530,240</b>                          |

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## 6. Investments in Subsidiaries (continued):

|   | No. of Shares | Fair Value Per IAS 39<br>1 April 2018<br>(\$'000) | Reclass IFRS 10<br>Investment in<br>Subsidiary<br>(\$'000) | Reclass IFRS 10<br>Fair Value<br>Adjustment<br>(\$'000) | Fair Value Per IFRS 10<br>31 March<br>2019<br>(\$'000) |
|---|---------------|---|--|---|--|
| <b>31 March 2019</b>  |               |   |  |   |  |
| NEL Power Holdings Ltd  | 1             | 1   | -  | 52,637  | 52,638   |
| National Flour Mills  | 61,301,998    | 102,653   | -  | (1,505)   | 101,148  |
| Telecommunications Services of Trinidad and Tobago Limited ("A" shares) | 144,238,384   | —   | 1,077,697  | (567,697)   | 510,000  |
|   |               | <b>102,654</b>                                    |  |   | <b>663,786</b>   |

## 7. Investments in Associates and Joint Ventures:

|                             |  | 2020<br>(\$'000) | 2019<br>(\$'000) |
|-----------------------------|--|------------------|------------------|
| <b>Joint Ventures</b>       |  |                  |                  |
| Tringen                     |  | 240,975          | 232,369          |
| Pan West                    |  | 257,234          | 304,798          |
| <b>Associated Companies</b> |  |                  |                  |
| NGCLNG                      |  | 192,458          | 178,188          |
| NGCNGL                      |  | 861,381          | 1,036,709        |
|                             |  | <b>1,552,048</b> | <b>1,752,064</b> |

|  | No. of Shares | Fair Value<br>1 April 2019<br>(\$'000) | Fair Value<br>Gain/(Loss)<br>(\$'000) | Fair Value<br>31 March 2020<br>(\$'000) |
|--|---------------|--|---------------------------------------|---|
| <b>31 March 2020</b>                           |               |  |                                       |   |
| Pan West Engineers and Constructors LLC        |               | 304,798                                | (47,564)                              | 257,234                                 |
| Trinidad Nitrogen Company Limited ("A" shares) | 306,000       | 232,369                                | 8,606                                 | 240,975                                 |
| <b>Associated Companies</b>                    |               |  |                                       |   |
| NGC NGL Company Limited                        | 9,406,950     | 1,036,709                              | (175,328)                             | 861,381                                 |
| NGC Trinidad and Tobago LNG                    | 9,226         | 178,188                                | 14,270                                | 192,458                                 |
|  |               | <b>1,752,064</b>                       |                                       | <b>1,552,048</b>                        |

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## 7. Investments in Associates and Joint Ventures (continued):

|   | No. of Shares | Fair Value Per IAS 39<br>1 April 2018<br>(\$'000) | Reclass IFRS 10<br>Investment in Subsidiary<br>(\$'000) | Reclass IFRS 10<br>Fair Value Adjustment<br>(\$'000) | Fair Value Per IFRS 10<br>31 March 2019<br>(\$'000) |
|---|---------------|---|---|--|---|
| <b>31 March 2019</b>  |               |   |   |  |   |
| Telecommunications Services of Trinidad and Tobago Limited ("A" shares) | 144,238,384   | 1,077,697   | (1,077,697)   | -  | -   |
| Trinidad Nitrogen Co. Limited ("A" shares)                              | 306,000       | 367,893   | -   | (135,524)  | 232,369   |
| NGC NGL Company Ltd.  | 9,406,950     | 374,766   | -   | 661,943  | 1,036,709   |
| NGC Trinidad and Tobago LNG Ltd.  | 9,226         | 251,951   | -   | (73,763)   | 178,188   |
| Pan West Engineers and Construction, LLC                                |               | <u>349,636</u>                                    | -   | (44,838)   | <u>304,798</u>                                      |
|   |               | <u>2,421,943</u>                                  |   |  | <u>1,752,064</u>                                    |

## 8. Other Long-Term Investments

|   | 2020<br>(\$'000) | 2019<br>(\$'000) |
|---|------------------|------------------|
| <b>Investments are amortised costs:</b>                   |                  |                  |
| National Housing Authority TT40M 7% FXRB due 2025         | 39,754           | 39,700           |
| Home Mortgage Bank TT20M Series B 2% FXRB due 2022        | 6,775            | 8,662            |
| First Citizens Bank Loan Note                             | 53,760           | 53,988           |
| ANSA Merchant Bank Limited USD Loan Note                  | 33,600           | 33,754           |
| <b>Investments at fair value through profit and loss:</b> |                  |                  |
| CLICO Investment Fund                                     | 21,560           | 22,140           |
| First Citizens Bank Limited                               | 60,973           | 57,215           |
| Trinidad and Tobago Stock Exchange                        | 224              | 224              |
| Trinidad and Tobago National Gas Limited                  | 38,452           | 58,382           |
| UTC Calypso Index Fund                                    | <u>28,000</u>    | <u>28,920</u>    |
|   | <u>283,098</u>   | <u>302,985</u>   |

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## 8. Other Long-Term Investments (continued)

|  | Fair Value<br>April 2019<br>(\$'000) | Net<br>Movement<br>for the year<br>(\$'000) | Expected<br>Credit Loss<br>IFRS 9<br>(\$'000) | Fair Value<br>Gain/(Loss)<br>(\$'000) | Fair Value<br>31 March 2020<br>(\$'000) |
|--|--------------------------------------|---|---|---------------------------------------|---|
| <b>Investments at amortised cost - Bonds</b>                   |                                      |   |   |                                       |   |
| National Housing Authority                                     | 39,700                               | 41  | 13  | -                                     | 39,754                                  |
| Home Mortgage Bank   | 8,662                                | (1,889)                                     | 2   | -                                     | 6,775                                   |
| First Citizens Bank Loan Note                                  | 53,988                               | (216)                                       | (12)  | -                                     | 53,760                                  |
| ANSA Merchant Bank Limited<br>Loan Note                        | 33,754                               | (136)                                       | (18)  | -                                     | 33,600                                  |
|  | 136,104                              | (2,200)                                     | (15)  | -                                     | 133,889                                 |
| <b>Other investments at fair value through profit and loss</b> |                                      |   |   |                                       |   |
| CLICO Investment Fund  | 22,140                               | -   | -   | (580)                                 | 21,560                                  |
| First Citizens Bank Limited                                    | 57,215                               | -   | -   | 3,758                                 | 60,973                                  |
| Trinidad and Tobago Stock Exchange                             | 224                                  | -   | -   | -                                     | 224                                     |
| Trinidad and Tobago National Gas Limited                       | 58,382                               | -   | -   | (19,930)                              | 38,452                                  |
| UTC Calypso Index Fund   | 28,920                               | -   | -   | (920)                                 | 28,000                                  |
|  | 166,881                              | -   | -   | (17,672)                              | 149,209                                 |
|  | 302,985                              | (2,200)                                     | (15)  | (17,672)                              | 283,098                                 |

|  | Fair Value<br>Per<br>IAS 39<br>31 March<br>2018<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Revised<br>Fair Value<br>Per<br>IAS 39<br>31 March<br>2018<br>(\$'000) | Net<br>Movement<br>for the year<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Reclass<br>IFRS 9<br>Fair Value<br>Adjustment<br>to profit<br>and loss<br>(\$'000) | Fair Value<br>Per<br>IFRS 10<br>31 March<br>2019<br>(\$'000) |
|--|---|---------------------------|--|---|---------------------------|--|--|
| <b>Investments at amortised cost - Bonds</b> |   |                           |  |   |                           |  |  |
| National Housing Authority                   | 39,665  | (36)                      | 39,629   | 71  | -                         | -  | 39,700   |
| Home Mortgage Bank                           | 10,555  | (6)                       | 10,549   | (1,889)                                     | 2                         | -  | 8,662  |
| First Citizens Bank<br>Loan Note             | 53,881  | (68)                      | 53,813   | 175   | -                         | -  | 53,988   |
| ANSA Merchant Bank<br>Limited Loan Note      | 33,676  | (32)                      | 33,644   | 110   | -                         | -  | 33,754   |
|  | 137,777   | (142)                     | 137,635  | (1,533)                                     | 2                         | -  | 136,104  |

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## 8. Other Long-Term Investments (continued)

|  | Fair Value<br>Per<br>IAS 39<br>31 March<br>2018<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Revised<br>Fair Value<br>Per<br>IAS 39<br>31 March<br>2018<br>(\$'000) | Net<br>Movement<br>for the<br>year<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Reclass<br>IFRS 9<br>Fair Value<br>Adjustment<br>to profit<br>and loss<br>(\$'000) | Fair Value<br>Per<br>IFRS 10<br>31 March<br>2019<br>(\$'000) |
|--|---|---------------------------|--|--|---------------------------|--|--|
| <b>Other investments at fair value through profit and loss</b> |   |                           |  |  |                           |  |  |
| CLICO Investment Fund  | 20,160  | -                         | 20,160   | -  | -                         | 1,980  | 22,140   |
| First Citizens Bank Limited                                    | 51,753  | -                         | 51,753   | -  | -                         | 5,462  | 57,215   |
| Trinidad and Tobago Stock Exchange                             | 224   | -                         | 224  | -  | -                         | -  | 224  |
| Trinidad and Tobago National Gas Limited                       | 52,368  | -                         | 52,368   | -  | -                         | 6,014  | 58,382   |
| UTC Calypso Index Fund   | 40,960  | -                         | 40,960   | -  | -                         | (12,040)   | 28,920   |
|  | 165,465   | -                         | 165,465  | -  | -                         | 1,416  | 166,881  |
|  | <b>303,242</b>  | <b>(142)</b>              | <b>303,100</b>   | <b>(1,533)</b>                                 | <b>2</b>                  | <b>1,416</b>   | <b>302,985</b>   |

## 9. Due from Related Parties

This represents amounts advanced to NPHL to facilitate the acquisition of the Powergen Shareholding, Debenture and Loan stock.

|                                     | Fair Value<br>1 April 2019<br>(\$'000) | Movement<br>for the year<br>(\$'000) | Expected<br>Credit Loss<br>IFRS 9<br>(\$'000) | Fair Value<br>31 March 2019<br>(\$'000) |
|-------------------------------------|--|--------------------------------------|---|---|
| <b>Financial asset – Other debt</b> |  |                                      |   |   |
| Due from NPHL                       | 98,254                                 | 13,571                               | -   | 111,825                                 |
| Due from Pan West                   | 1                                      | 167                                  | -   | 168                                     |
|                                     | <b>98,255</b>                          | <b>13,738</b>                        | <b>-</b>                                      | <b>111,993</b>                          |

|                                     | Fair Value<br>Per<br>IAS 39<br>31 March<br>2018<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Fair Value<br>Per<br>IAS 9<br>31 March<br>2018<br>(\$'000) | Movement<br>for the<br>period<br>(\$'000) | ECL<br>IFRS 9<br>(\$'000) | Fair Value<br>Per<br>IFRS 10<br>31 March<br>2019<br>(\$'000) |
|-------------------------------------|---|---------------------------|--|---|---------------------------|--|
| <b>Financial asset – Other debt</b> |   |                           |  |   |                           |  |
| Due from NPHL                       | 96,252  | (17,011)                  | 79,241   | 2,002                                     | 17,011                    | 98,254   |
| Due from Pan West                   | 64  | -                         | 64   | (63)                                      | -                         | 1  |
|                                     | <b>96,316</b>   | <b>(17,011)</b>           | <b>79,305</b>  | <b>1,939</b>                              | <b>17,011</b>             | <b>98,255</b>  |

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## 10. Accounts Receivable and Prepayments:

|                                     | 2020<br>(\$'000)    | 2019<br>(\$'000)     |
|-------------------------------------|---------------------|----------------------|
| Dividends declared but not received | 1,041               | 13,597               |
| Sundry receivables                  | <u>1,594</u>        | <u>3,409</u>         |
|                                     | <u><u>2,635</u></u> | <u><u>17,006</u></u> |

## 11. Short-Term Investments:

|   | 2020<br>(\$'000)     | 2019<br>(\$'000)     |
|---|----------------------|----------------------|
| Republic Bank Limited – Money Market Fund       | 23                   | 22                   |
| Guardian Asset Management                       | 14,151               | 1,665                |
| Trinidad and Tobago Unit Trust Corporation      | 6                    | 105                  |
| CLICO Investment Bank - Investment note         | 3,038                | 3,038                |
| First Citizens Bank Limited - Fixed deposit     | -                    | 20,271               |
| Home Mortgage Money Mutual Fund                 | 725                  | 714                  |
| First Citizens Bank Limited - Paria Income Fund | <u>248</u>           | <u>247</u>           |
|   | <u><u>18,191</u></u> | <u><u>26,062</u></u> |
| Less: Provision for uncollectible investment    | <u>(3,038)</u>       | <u>(3,038)</u>       |
|   | <u><u>15,153</u></u> | <u><u>23,024</u></u> |

## 12. Cash in Hand and at Bank:

|                             | 2020<br>(\$'000)    | 2019<br>(\$'000)     |
|-----------------------------|---------------------|----------------------|
| Republic Bank Limited       | 166                 | 347                  |
| First Citizens Bank Limited | 967                 | 74,697               |
| Petty cash                  | <u>1</u>            | <u>1</u>             |
|                             | <u><u>1,134</u></u> | <u><u>75,045</u></u> |

## 13. Stated Capital:

|   | 2020<br>(\$'000)        | 2019<br>(\$'000)        |
|---|-------------------------|-------------------------|
| <b>Authorised</b>                           |                         |                         |
| Unlimited number of shares of no par value  |                         |                         |
| <b>Issued and fully paid</b>                |                         |                         |
| 600,000,641 ordinary shares of no par value | <u><u>1,736,632</u></u> | <u><u>1,736,632</u></u> |

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## **14. 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).

## **15. Investment Re-measurement Reserve:**

In accordance with IAS 39, an investment re-measurement reserve was created to capture unrealized gains/losses on available-for-sale investments. However, IFRS 9 no longer utilizes the available-for-sale classification.

## **16. Loan Facility:**

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 plus 1.4% that is 3.1778% per annum for the time being, payable in three 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 cash **TT\$65,000,000** held on the Second Unit Scheme account held with the Trinidad and Tobago Unit Trust Corporation and a lien over the Republic Bank of Trinidad and Tobago TTD bank account for **\$3,655,302**.

### **IAS 7 disclosure**

|                      | 31 March<br>2019<br>(\$'000) | Cash Flows<br>(\$'000) | Foreign<br>Exchange<br>Movement<br>(\$'000) | 31 March<br>2020<br>(\$'000) |
|----------------------|------------------------------|------------------------|---|------------------------------|
| Long term borrowings | <u>10,807</u>                | <u>(10,779)</u>        | <u>(28)</u>                                 | <u>-</u>                     |
|                      |                              |                        |   |                              |
|                      | 31 March<br>2018<br>(\$'000) | Cash Flows<br>(\$'000) | Foreign<br>Exchange<br>Movement<br>(\$'000) | 31 March<br>2019<br>(\$'000) |
| Long term borrowings | <u>31,578</u>                | <u>(20,931)</u>        | <u>160</u>                                  | <u>10,807</u>                |

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## **17. Accounts Payable and Accruals:**

|                   | 2020<br>(\$'000)    | 2019<br>(\$'000)    |
|-------------------|---------------------|---------------------|
| Dividends payable | 1,881               | 1,940               |
| Accruals          | <u>1,040</u>        | <u>1,329</u>        |
|                   | <b><u>2,921</u></b> | <b><u>3,269</u></b> |

## **18. Dividend Income:**

|   | 2020<br>(\$'000)     | 2019<br>(\$'000)     |
|---|----------------------|----------------------|
| National Flour Mills Limited                              | -                    | 10,421               |
| Republic Financial Holdings Ltd (RFHL)                    | -                    | 38                   |
| Trinidad Nitrogen Company Ltd                             | -                    | 20,654               |
| NGC NGL   | 13,059               | 40,274               |
| PanWest Constructors LLC                                  | 4,067                | 17,147               |
| Telecommunications Services of Trinidad and Tobago (TSTT) | -                    | 2,158                |
| Trinidad and Tobago Stock Exchange                        | 59                   | 109                  |
| First Citizens Bank Limited                               | 2,803                | 2,580                |
| Clico Investment Fund                                     | 1,020                | 1,000                |
| Trinidad and Tobago National Gas Limited                  | 1,446                | 2,891                |
| UTC Calypso Index Fund                                    | <u>1,380</u>         | <u>1,120</u>         |
|   | <b><u>23,834</u></b> | <b><u>98,392</u></b> |

## **19. Taxation:**

|                 | 2020<br>(\$'000)      | 2019<br>(\$'000)    |
|-----------------|-----------------------|---------------------|
| Corporation Tax | (1,938)               | 3,012               |
| Green Fund Levy | <u>(93)</u>           | <u>322</u>          |
|                 | <b><u>(2,031)</u></b> | <b><u>3,334</u></b> |

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

|  |                       |                       |
|--|-----------------------|-----------------------|
| Net (loss)/profit before taxation                                    | <u>(325,509)</u>      | <u>15,833</u>         |
| Tax at statutory rate  | 97,653                | (4,750)               |
| Exempt Income  | 7,150                 | 28,297                |
| Net items deductible/(not deductible) for tax purposes               | (106,649)             | (26,687)              |
| Deferred tax on excess of net book value over written down tax value | -                     | 128                   |
| Taxes utilized   | (92)                  | -                     |
| Green Fund Levy  | <u>(93)</u>           | <u>(322)</u>          |
|  | <b><u>(2,031)</u></b> | <b><u>(3,334)</u></b> |

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## 20. Dividends Paid:

|  | 2020<br>(\$'000)     | 2019<br>(\$'000)      |
|--|----------------------|-----------------------|
| 2018 final dividend - <b>\$0.11</b> per share                                    | -                    | 66,000                |
| 2019 2 <sup>nd</sup> interim dividend - <b>\$0.11</b> per share                  | 66,000               | -                     |
| 2020 interim dividend - <b>\$0.05</b> per share (2019 - <b>\$0.11</b> per share) | <u>30,000</u>        | <u>66,000</u>         |
|  | <b><u>96,000</u></b> | <b><u>132,000</u></b> |

A second interim dividend in respect of the year ended 31 March 2019 of **\$0.11** per share was paid on 11 November 2019. A first interim dividend for the year ended 31 March 2020 of **\$0.05** per share (2019 - **\$0.11**) was declared and paid. This payment is reflected in these financial statements.

## 21. Related Party Transactions:

|  | 2020<br>(\$'000) | 2019<br>(\$'000) |
|--|------------------|------------------|
| Due from NPHL                          | 111,825          | 98,254           |
| Due from PANWEST                       | 168              | 1                |
| <b>Key management compensation:</b>    |                  |                  |
| Salaries and other short-term benefits | 944              | 1,220            |

## 22. Principal Business Activities:

The principal business activities of the subsidiaries and other investee companies are:

| <u>Investment</u>  | <u>Incorporated</u> | <u>Activity</u>             | <u>% Interest</u> |
|--|---------------------|-----------------------------|-------------------|
| <b>Unconsolidated Subsidiaries</b>                         |                     |                             |                   |
| National Flour Mills Limited                               | Trinidad and Tobago | Food processing             | 51.00%            |
| NEL Power Holdings Limited                                 | Trinidad and Tobago | Investment holding company  | 100.00%           |
| Telecommunications Services of Trinidad and Tobago Limited | Trinidad and Tobago | Telecommunications Provider | 51.00%            |
| <b>Joint Ventures</b>                                      |                     |                             |                   |
| Trinidad Nitrogen Co., Limited                             | Trinidad and Tobago | Manufacturer of ammonia     | 51.00%            |
| Pan West Engineers and Contractors, LLC                    | Trinidad and Tobago | Investment holding company  | 33.33%            |
| <b>Associates</b>  |                     |                             |                   |
| 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%            |



## **23. Fair Value of Financial Instruments:**

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

### **(a) Valuation models**

The Company measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Company is the current close price.

Level 2: Inputs, other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include inputs used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduce the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

|  | 2020                 |                      |                      |                 |
|--|----------------------|----------------------|----------------------|-----------------|
|  | Level<br>1<br>\$'000 | Level<br>2<br>\$'000 | Level<br>3<br>\$'000 | Total<br>\$'000 |
| <b>Financial Assets</b>                                |                      |                      |                      |                 |
| Investments in subsidiaries                            | 67,432               | -                    | 462,808              | 530,240         |
| Investments on joint ventures and associated companies | -                    | -                    | 1,552,048            | 1,552,048       |
| Other long-term investments                            | 149,209              | -                    | 133,889              | 283,098         |
| Due from related parties                               | -                    | -                    | 111,993              | 111,993         |
| Accounts receivable and prepayments                    | -                    | -                    | 2,635                | 2,635           |
| Short-term investments                                 | -                    | -                    | 15,153               | 15,153          |
| Cash in hand and at bank                               | -                    | -                    | 1,134                | 1,134           |
|  | 216,641              | -                    | 2,279,660            | 2,496,301       |

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

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## **23. Fair Value of Financial Instruments (continued):**

### **(a) Valuation models (continued) -**

|  | 2019           |            |                  |                  |
|--|----------------|------------|------------------|------------------|
|  | Level<br>1     | Level<br>2 | Level<br>3       | Total            |
|  | \$'000         | \$'000     | \$'000           | \$'000           |
| <b>Financial Assets</b>                                |                |            |                  |                  |
| Investments in subsidiaries                            | 101,147        | -          | 562,638          | 663,786          |
| Investments on joint ventures and associated companies | -              | -          | 1,752,064        | 1,752,064        |
| Other long-term investments                            | -              | -          | 302,985          | 302,985          |
| Due from related parties                               | -              | -          | 98,255           | 98,255           |
| Accounts receivable and prepayments                    | -              | -          | 17,006           | 17,006           |
| Short-term investments                                 | -              | -          | 23,024           | 23,024           |
| Cash in hand and at bank                               | -              | -          | 75,045           | 75,045           |
|  | <b>101,147</b> | <b>-</b>   | <b>2,831,017</b> | <b>2,932,165</b> |

### **(b) Valuation technique -**

The company's investments are valued using an assessment of the outputs derived from the capitalised maintainable earning, market approach and where appropriate the discounted cashflow models.

Capitalised maintainable earnings approach uses the following factors to estimate the equity value of the investee companies'.

- a) Maintainable Earnings: The maintainable earnings being the normalised level below which, in the normal course of business and all other things being equal, the after-tax profits of the business are not expected to fall in the foreseeable future;
- b) Capitalisation rate; and
- c) Surplus assets, liabilities and/or net debt which is added or deducted on the basis that these items do not form part of the Companies' core operations and do not contribute to the generation of maintainable earnings.

Market approach involves the use of comparable publicly traded companies to determine multiples or other financial ratios. Market multiples are ideally derived from trading prices of shares of companies that are (1) engaged in similar lines of business and (2) are actively traded in a free and open market.

Adjustments were made to market multiples for company specific risks with consideration for:

- Relative size of the target operations in relation to the peers;
- The companies are not a publicly listed entity;
- The difference in cost of funding and capital structures;
- The companies' comparatively limited product offering;
- Local market leader position; and
- Receipt of dividends in US dollars.

Discounted cashflow approach is represented by the present value of the Company's forecasted free cash flow over the next five years.

# NOTES TO THE FINANCIAL STATEMENTS

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## **23. Fair Value of Financial Instruments (continued):**

### **(c) Fair value sensitivity**

Fair value sensitivity is evaluated on changes to unobservable inputs.

#### **Discounted Cash Flow Sensitivity:**

| TT\$'000                                      | Financial statements | Fair Value per method | Sensitivity +1% | %        | Sensitivity -1% | %        |
|---|----------------------|-----------------------|-----------------|----------|-----------------|----------|
| Telecommunication Service Trinidad and Tobago | 382,500              | 305,491               | 823,120         | ↑ 53.53% | 1,219,381       | ↑ 68.63% |
| PanWest                                       | 257,234              | 320,579               | 512,506         | ↑ 49.81% | 573,536         | ↑ 61.81% |
| NGCNGL  | 861,381              | 1,051,257             | 1,638,552       | ↑ 47.43% | 2,131,305       | ↑ 59.58% |

#### **Capitalised maintainable earnings:**

| TT\$'000 | Financial statements | Fair Value per method | Sensitivity +1% | %        | Sensitivity -1% | %        |
|----------|----------------------|-----------------------|-----------------|----------|-----------------|----------|
| TRINGEN  | 240,975              | 203,682               | 156,919         | ↓ 53.57% | 264,405         | ↑ 8.86%  |
| NPHL     | 80,308               | 105,669               | 75,947          | ↓ 5.74%  | 144,678         | ↑ 44.49% |
| PanWest  | 257,234              | 274,165               | 235,186         | ↓ 9.37%  | 328,429         | ↑ 21.68% |
| NGCNGL   | 861,381              | 909,228               | 789,954         | ↓ 9.04%  | 1,075,277       | ↑ 19.89% |

## NOTES

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THE REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CHAPTER 81:01  
(SECTION 144)

## Management Proxy Circular

1. **Name of Company:** National Enterprises Limited **Company No.:** N-735 (95)
2. **Particulars of Meeting:**  
Twentieth Annual Meeting to be held **virtually** and from Radisson Hotel, Wrightson Road, Port of Spain on 5th November, 2020 **at 10:00am.**
3. **Solicitation:**  
The management of the Company is required by the Companies Act, Chapter 81:01 of the laws of Trinidad and Tobago ("the Act") to send forms of proxy together with the notice convening the meeting. By complying with the Act, management is deemed to be soliciting proxies within the meaning of the Act. This *Management Proxy Circular* accompanies the Notice of the Annual Meeting and is furnished in connection with the solicitation, by the management of the Company, of proxies for use at the meeting or any adjournment thereof.
4. **Any director's statement submitted pursuant to section 76 (2):**  
No statement has been received from any director pursuant to section 76(2) of the Companies Act, Chapter 81:01.
5. **Any auditor's statement submitted pursuant to section 171 (1):**  
Not Applicable.
6. **Any shareholder's proposal and/or statement submitted pursuant to sections 166(a) and 117(2):**  
No proposals have been submitted.

| DATE              | NAME AND TITLE  | SIGNATURE  |
|-------------------|---|--|
| 8th October, 2020 | Aegis Business Solutions Limited<br>Corporate Secretary | <br><br><small>Secretary</small> |



## INSTRUCTIONS

- Item 1:** Set out the full legal name of the company and, except where a number has not been assigned, state the company number.
- Item 2:** State full particulars of the meeting including the date, place and time.
- Item 3:** Set out the solicitation being made by management of the company.
- Item 4:** Any Director's statement submitted pursuant to section 76(2) shall, unless it is included in or attached to a *Management Proxy Circular*, be sent to every shareholder entitled to receive notice of the meeting and to the registrar; section 76(3).
- Item 5:** Any Auditor's statement submitted pursuant to section 171(1) shall, unless it is included in or attached to a *Management Proxy Circular*, be sent to every shareholder entitled to receive notice of the meeting and to the Registrar; section 171(2).
- Item 6:** Any proposal submitted by a Shareholder pursuant to section 116(a) and any statement pursuant to section 117(2) must be set out in the *Management Proxy Circular* or attached thereto.

**Signature:** A Director or authorized officer of the company shall sign the circular.

# **THE COMPANIES ACT, CHAPTER 81:01 (Section 143 (1))**

# FORM OF PROXY

1. Name of Company: National Enterprises Limited Company No.: N-735 (95)
  2. Particulars of Meeting: Twentieth Annual Meeting of Shareholders to be held **virtually** and from Radisson Hotel, Wrightson Road, Port of Spain on 5th November, 2020 at 10:00am.

I/We (block letters please) \_\_\_\_\_

Shareholder(s) in the above Company, appoint(s) \_\_\_\_\_

of \_\_\_\_\_

or falling him \_\_\_\_\_

to be my/our proxy to vote for me/us and on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

Please indicate, with an "X" in the spaces below, how you wish your proxy to vote on the Resolutions referred to. If no such indication is given, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.

|              | <b>Special Business</b>   | For | Against |
|--------------|---|-----|---------|
| Resolution 1 | <p>That the existing By-Law of the Company be amended as follows:</p> <p>1. Delete Clauses 14.1 and 14.2 in their entirety and replace them with:</p> <p><b>14.1 Annual Meeting</b></p> <p>14.1.1 The Annual Meeting of the shareholders shall be held on such day, at such time and place within Trinidad and Tobago as the Directors may by resolution determine, provided always that the date of the Annual Meeting shall not be later than fifteen months after the holding of the last preceding annual meeting.</p> <p>14.1.2 If shareholders holding seventy-five percent of the issued and outstanding ordinary shares of the Company consent, a meeting of shareholders may be held by means of such telephone, or other communication facilities as permit persons participating in the meeting to hear each other, and every reference in this By-Law to a show of hands shall be construed in the case of such a meeting as requiring an oral or written indication by a shareholder of his vote.</p> <p><b>14.2 Special Meetings</b></p> <p>14.2.1. Special Meetings of the shareholders may be convened at any date, at such time and place within Trinidad and Tobago that the Directors determine.</p> <p>14.2.2. If shareholders holding seventy-five percent of the issued and outstanding ordinary shares of the Company consent, a meeting of shareholders may be held by means of such telephone, or other communication facilities as permit persons participating in the meeting to hear each other, and every reference in this By-Law to a show of hands shall be construed in the case of such a meeting as requiring an oral or written indication by a shareholder of his vote.</p> <p>2. Re-number the existing Clause 14.2.1 as Clause 14.2.3"</p> |     |         |



|               | <b>Ordinary Business</b>   | <b>For</b> | <b>Against</b> |
|---------------|--|------------|----------------|
| Resolution 1  | That the financial statements of the company for the year ended 31st March, 2019 and the reports of the Directors and Auditors be received and adopted.  |            |                |
| Resolution 2  | That the financial statements of the company for the year ended 31st March 2020 and the reports of the Directors and Auditors be received and adopted.   |            |                |
| Resolution 3  | To approve the Second Interim dividend of \$0.11 paid to shareholders on record as at November 15, 2019, as the final dividend for the fiscal year ended 31st March 2019, and sanction total dividend for the fiscal year of \$0.22 per share.                   |            |                |
| Resolution 4  | To approve the First Interim Dividend of \$0.05 paid to shareholders on record as at March 11, 2020 as the final dividend for fiscal year ended 31st March 2020, and sanction total dividend for the fiscal year of \$0.05 per share.                            |            |                |
| Resolution 5  | That Mr Navin Rajkumar be appointed as a Director to the Board of National Enterprises Limited for a period of two (2) years with effect from 5th November 2020.   |            |                |
| Resolution 6  | That Mr David Robinson be appointed as a Director to the Board of National Enterprises Limited for a period of two (2) years with effect from 5th November 2020.   |            |                |
| Resolution 7  | That Mr Conrad Enill be appointed as a Director to the Board of National Enterprises Limited for a period of two (2) years with effect from 5th November 2020.   |            |                |
| Resolution 8  | That Ms Janet Parks be appointed as a Director to the Board of National Enterprises Limited for a period of three (3) years with effect from 5th November 2020.  |            |                |
| Resolution 9  | That Ms Ferri Hosein be appointed as a Director to the Board of National Enterprises Limited for a period of three (3) years with effect from 5th November 2020.   |            |                |
| Resolution 10 | That Ms Annalean Innis be appointed as a Director to the Board of National Enterprises Limited for a period of three (3) years with effect from 5th November 2020.   |            |                |
| Resolution 11 | That PKF, Chartered Accountants and Business Advisors, be re-appointed as the Auditors and the Directors be empowered to determine the Auditors' remuneration in respect of the period ending at the conclusion of the Nineteenth Annual Meeting of the Company. |            |                |

Signature(s) \_\_\_\_\_

Witness (es) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_

**NOTES**

1. In the case of a joint holding, the signature of any of any is sufficient, but the names of all joint holders should be stated.
2. If the appointer is a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
3. Any shareholder who wishes to appoint a proxy is required to visit our website, [www.nationalenterprises@govt.com](http://www.nationalenterprises@govt.com) for instructions between the period 19th October 2020 to 30th October, 2020. Shareholders who submit a completed proxy are not precluded from attending and voting at the Meeting **virtually** should they subsequently wish to do so.

**THE CORPORATE SECRETARY**  
**NATIONAL ENTERPRISES LIMITED**  
**LEVEL 15, TOWER D**  
**INTERNATIONAL WATERFRONT CENTRE**  
**WRIGHTSON ROAD**  
**PORT-OF-SPAIN**



## CHANGE OF ADDRESS FORM

Please complete all information requested in this form.

When completed in its entirety and signed, please return this form along with a copy of a utility bill and two forms of valid national identification to:

Private and Confidential

**The Registrar Department  
The Trinidad and Tobago Central Depository  
10th Floor Nicholas Tower  
63-65 Independence Square  
Port of Spain**

### Section 1 – Shareholder's Current Information

Current Name: \_\_\_\_\_

Current Address: \_\_\_\_\_

Contact Number: \_\_\_\_\_

### Section 2 - Shareholder's New Information (if any changes)

Changed Name: \_\_\_\_\_

Changed Address: \_\_\_\_\_  
\_\_\_\_\_

Contact Number: \_\_\_\_\_

Email Address: \_\_\_\_\_



### Section 3 - Dividend Payment Instructions

Dividends are paid semi-annually, through the Trinidad and Tobago Central Depository, via cheque or direct deposit via ACH to a commercial bank of your choice. If you do not provide a dividend address, the dividend cheques will be mailed to the Shareholder's current address on record on the payment date each year. **Payment via direct deposit to a commercial bank is preferred.**

Shareholder Address \_\_\_\_\_

Contact Information (telephone and email address) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### Direct Deposit (via ACH)

Bank and Branch of Choice \_\_\_\_\_

Account Number \_\_\_\_\_

Savings or Chequing \_\_\_\_\_

Signature of Shareholder: \_\_\_\_\_

Date: \_\_\_\_\_



National Enterprises Limited,  
Level 15, Tower D,  
International Waterfront Centre,  
Wrightson Road,  
Port of Spain, Trinidad & Tobago.  
T: 1(868) 625-0015; 612-1705  
F: 1(868) 624-3029  
E: info.nel@gov.tt  
W: www.nel.co.tt



NGC LNG



**TRINGEN**  
TRINIDAD NITROGEN CO., LIMITED