NATIONAL ENTERPRISES LIMITED

2019

ANNUAL REPORT

Beyond the Horizon

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 stability and staying power of these enterprises. Today, over 5,000 citizens who benefit from our consistent 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

Ingrid L.A. Lashley

Chairman

By far the most significant aspect of our strategic undertaking for this fiscal year and going forward, is the change in financial reporting reflected in these financial statements. As outlined in our letter to our shareholders dated December 6, 2019, a change in accounting standards allowed for a new look at our financial reporting to more accurately reflect our initial mandate and our strategic plan 2018-2023 which we will continue to share over the coming fiscal years. Market changes nationally and globally give context to the investment entity approach to financial reporting.

The Local Economy

The report of the Central Bank of Trinidad and Tobago (Economic Bulletin: Volume XXII No. 1) indicates that economic activity improved in the third quarter of 2019 compared to the comparative period of the previous year, largely owing to improvement in the non-energy sector. The growth in the non-energy economy was driven by the wholesale and retail trade, financial and insurance activities, and the construction sub-sectors. However, manufacturing activity (excluding refining and petrochemicals) fell by 0.9 per cent during the third quarter of 2019 over the comparative period last year. Capacity utilisation in the manufacturing sector also fell to 63.8 per cent during the first three quarters of 2019, when compared to 64.2 per cent for the same period in 2018.

In the energy sector, economic activity remained relatively flat in the third quarter of 2019 over the comparative period of 2018 after declining in the first and second quarters of 2019. Crude oil output continued its downward trajectory, falling by 7.3 per cent in the third quarter of 2019 while natural gas production recovered from significant downtime in the previous year, increasing by 3.7 per cent. The improved availability of natural gas spurred activity in the midstream and downstream industries. Liquefied natural gas (LNG) output rose by 8.0 per cent in the third quarter of 2019 and petrochemicals by 23.3 per cent. The improvement in petrochemical production reflected significant year-on-year increases in the output of methanol (33.3 per cent) and fertilisers (15.0 per cent), partly due to the shutdowns in the corresponding period of 2018.

These make up the major sectors of our investment portfolio. They also represent the sectors most affected by retrenchment and corporate restructuring to improve efficiency and effectiveness in production and productivity over the calendar year 2019. This coupled with reduction in inflation from 1.1% to 0.4% averaging 0.8% over the six-month period July to December 2019, augurs well for rejuvenation of economic growth and stability going forward.

The Global Economy

The prospects of the global economy slowed in the third quarter of 2019 to date as compared to the comparative period last year. Trade and geopolitical tensions and the recent alert to the spread of the new virus belonging to the coronavirus family, has had impact on global commodity prices and has begun to undermine forecasts for global economic growth.

Against this backdrop, central banks have either maintained or decreased interest rates to allow for reasonable pricing of risk initiatives to improve economic activity. Further, in light of the uncertainties in the global environment, global energy prices declined during the latter half of 2019 and early 2020. Particularly relevant to our portfolio is the decline in natural gas prices over the period averaging US$2.35 per million British Thermal Units (MMBTU) mostly due to the increased supply of shale gas.

Global uncertainty associated with the US/China trade negotiations, Brexit and now the Covid-19 virus will define the flow and determination of economic activity into 2020. For the impact of the international markets on some of our investee companies, we must be prepared for some shocks to our overall revenues and establish a flexible stance in managing the return on our investments.

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. We have attempted to keep our shareholders and other stakeholders apprised every step of the way and thank them for their patience. Such delays are not likely to recur.

It is anticipated that the level of local economic activity will improve arising from the higher trade and production levels associated with increased Government spending as projected in the National Budget 2019 – 2020. Further, given the global impact on our portfolio and, in keeping with our Strategic Plan 2018-2023, we must be poised to diversify accordingly to ensure that our shareholder value is enhanced. Our corporate restructuring will be completed in the final quarter of the fiscal year ended March 31, 2020 to accommodate this new drive.

ILAshley

Ingrid L.A. Lashley

Chairman

Notice of **Meeting**

NOTICE OF MEETING:

NOTICE is hereby given that the Twentieth Annual Meeting of the Shareholders of National Enterprises Limited ("the Company") will be held at the Festival Ballroom, Radisson Hotel, Wrightson Road, Port of Spain on March 26, 2020 commencing at 10:00am for the following purposes:-

1. To receive the Audited Financial Statements of the Company for the year ended March 31, 2019 and the Reports of the Directors and the Auditors thereon.
2. 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.
3. To elect and re-elect Directors.
4. To re-appoint the Auditors, PKF Chartered Accountants and Business Advisors, and to authorize the Directors to fix their remuneration.
5. To amend and restate the existing By-Law of the Company as By- Law No. 1.
6. To transact any other business which may properly be brought before the Meeting.

By order of the Board

AEGIS
BUSINESS SOLUTIONS LIMITED
Secretary

Aegis Business Solutions Limited
Corporate Secretary
Port of Spain
March 2, 2020

NOTES

Persons Entitled to Notice

In accordance with Section 110(2) of the Companies Act 1995, the Directors of the Company have fixed March 11, 2020 as the Record Date for the determination of Shareholders who are entitled to receive notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the office of the Registrar, Trinidad and Tobago Central Depository Limited during their business hours.

Proxies

Shareholders eligible to attend and vote at the Annual Meeting are entitled to appoint one or more proxies to attend, and on a poll, vote instead of them. A proxy need not be a shareholder. Any instrument appointing a proxy must be received at the Registrar's Office not less than 48 hours before the Meeting. Shareholders who submit completed proxy forms are not precluded from attending and voting at the Meeting should they subsequently wish to do so. In the event of a poll, their proxy votes lodged with the Registrar will be excluded.

Dividend

A second interim dividend of $0.11 paid to shareholders on record as at November 15, 2019, declared as the final dividend for the fiscal year ended March 31, 2019.

Documents for Inspection

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

Corporate Information

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

Board of **Directors**

Ingrid L.A. Lashley; Chairman

Vishnu Dhanpaul

Annalean Inniss

Navin Rajkumar

Janet Parks

David Robinson

Conrad Enill

Ferri Hosein

Ross Alexander

Directors' Report

The Directors confirm that, to the best of their knowledge and belief, the Audited Financial Statements for the year ended March 31 2019 comply with the applicable financial reporting standards and present a true and fair view of the financial affairs of the company.

2019 Financial Highlights for the year	TT$ Million
Net Profit for the year	12.5
Final dividend 2018	66
Interim dividend paid	66
Total dividend paid for the year	132
Retained earnings as at March 31 2019	1,101

Dividend

An interim dividend of $0.11 per share was paid to shareholders on December 18, 2018. The Directors have declared a second interim dividend of $0.11 per share for the year ended March 31 2019 to shareholders on the Register of Members of the company as at November 15, 2019. This dividend is not reflected in these financial statements.

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:

Subsequent to the Nineteenth Annual Meeting, the following changes occurred to the Board of Directors:

- Professor Gerry Brooks resigned effective June 30, 2019.

In accordance with Clause 4.4.1 and Clause 4.5.1 of the Company's By-Laws, Mr. Conrad Enill was appointed on October 7, 2019 to serve as a Director.

Auditors:

The Auditors, PKF Chartered Accountant and Business Advisors, retire at the end of the Twentieth Annual Meeting of the Company on March 26, 2020 and have indicated that they are willing to continue as the Auditors of National Enterprises Limited.

AEGIS BUSINESS SOLUTIONS LIMITED
Secretary

Aegis Business Solutions Limited
Corporate Secretary
Port of Spain
March 2, 2020

Discussion and Analysis

The financial reporting of the performance of National Enterprises Limited (NEL) for the fiscal year ended March 31, 2019 marks such a significant change that comparison to the previous year(s)' results does not allow for analysis of the company's trending. In previous years, a concept referred to as 'equity accounting' was utilised to account for the company's investment in its investee companies. This, in essence, meant that the value of the investee companies carried in the financial statements of NEL reflected NEL's share of the investee company's operations.

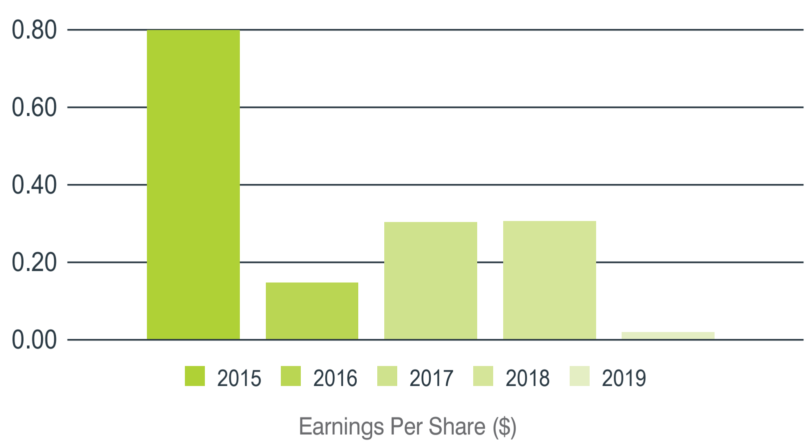
In determining the value of these investments in fiscal 2019, the methodology for financial reporting was changed to that of an investment holding company, the intention for NEL as defined in the mandate at the initial public offering (IPO) of its shares. The value of the investee companies is now carried at their market value i.e. what the shares would sell for on the open market, also referred to as the fair value of the shares. This approach not only gives shareholders a more transparent view of the performance of the investee company and ultimately in 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 profit for the year ended March 31, 2019 is $12.5 million, compared to $151.9 million for the previous fiscal year. This major difference year over year is occasioned by the inclusion last year of 'share of profit of equity accounted investments net of tax' which totalled $128.9 million. Positively, this year's performance reflects revenues, largely made up of dividend income, of $127.1 million compared to $22.6 million in the previous year. This is partially offset by recognition of 'loss on fair value revaluation on investments' of $107.4 million largely in our energy-related assets, reflective of the economic reality of their operating environment.

The net effect of these results was that earnings per share (EPS), which is that portion of comprehensive income attributable to equity holders of the company divided by the number of outstanding shares, which was $0.31 per share in 2018, is reflected at $0.02 per share in 2019. As we move forward, NEL's profits will reflect its dividend income in the main. Compared to its share of the operations of its investee companies, fluctuation in NEL's results going forward will reflect changes in the market value of its investments, whether positive or negative. For this, NEL's investment strategy is integral to its performance.

Earnings Per Share (EPS)



Discussion and Analysis

A combination of the overall decline in the fair value of energy sector assets, corporate restructuring on the part of Telecommunication Services of Trinidad and Tobago Limited(TSTT), and the delays in the publication of NEL's own financial statements, contributed to decrease in the share price year over year. This is not expected to recur. Ongoing negotiations with the National Gas Company Limited (NGC) by some of our investee companies and the positive financial impact of TSTT's restructuring will be reflected in improved performance and ultimately dividend income.

NEL is committed by its original mandate to a dividend pay-out ratio of 90% of net profits after tax. The Board of Directors have declared an interim dividend of $0.11 in December 2018 and a second interim dividend of $0.11 in November 2019, for a total dividend of $0.22 relevant to the financial year 2019.

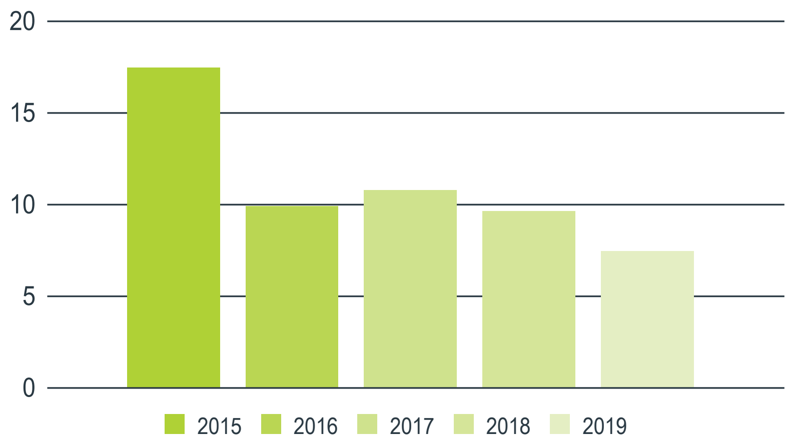
Outlook

The increase in gas production from September 2017 and higher gas production as upstream projects commence operations, are expected to lead to increased output from the petrochemical sector. NEL stands to benefit from such increases in the short to medium term. Further, the wider impact from this increased production would serve the interest of all investee companies in the portfolio as the economy continues to grow once more.

Fiscal 2020 promises a steady pace of dividend income and, with the first opportunity to provide comparative analysis on the basis of the new financial reporting methodology, the relevance of such analysis in establishing the way forward will become more apparent.

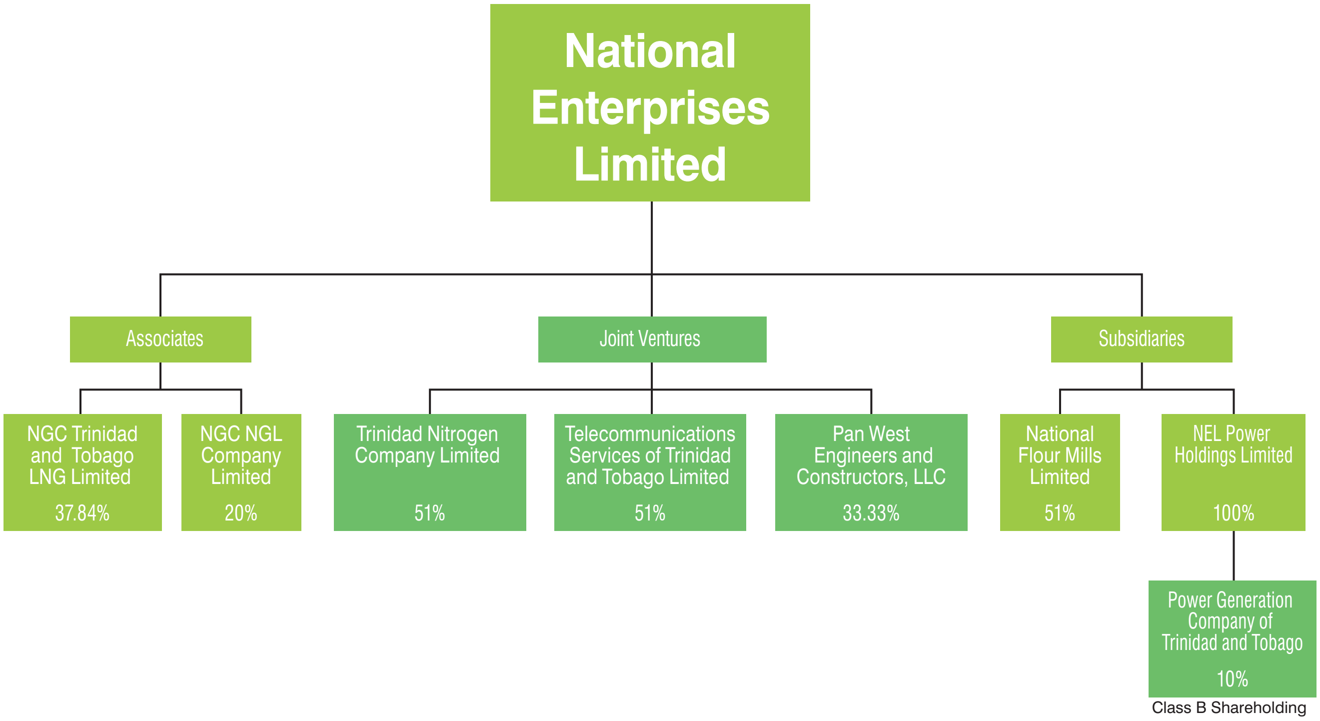
NEL must expand its investment portfolio in order to take advantage of income diversification in the long term. Our strategic plan 2018 – 2023 is underway as reflected in our change in financial reporting.

Share Price



Profit Attributable to Equity Holders ($M)

NEL's Group Structure



- National Flour Mills Limited (NFM)
- NEL Power Holdings Limited (NPHL)
- NGC NGL Company Limited (NGC NGL)
- NGC Trinidad and TobagoLNG Limited (NGC LNG)
- Pan West Engineers and Constructors Limited (Pan West)
- Telecommunications Services of Trinidad and Tobago Limited (TSTT)
- Trinidad Nitrogen Company Limited (TRINGEN)

Investee Companies

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 will concentrate on expansion through strategic partnerships, acquisitions and networks for product diversification as well as geographic diversification.

This publicly traded company was previously accounted for by the equity accounting method as a majority owned subsidiary of National Enterprises Limited (NEL). The investment is now carried in the Audited Financial Statements of NEL as at March 31, 2019 at the market price of the shareholding on the Trinidad and Tobago Stock Exchange as at that date resulting in a fair value adjustment of negative TT$1.5 million for fair value of TT$101 million.

Investee Companies

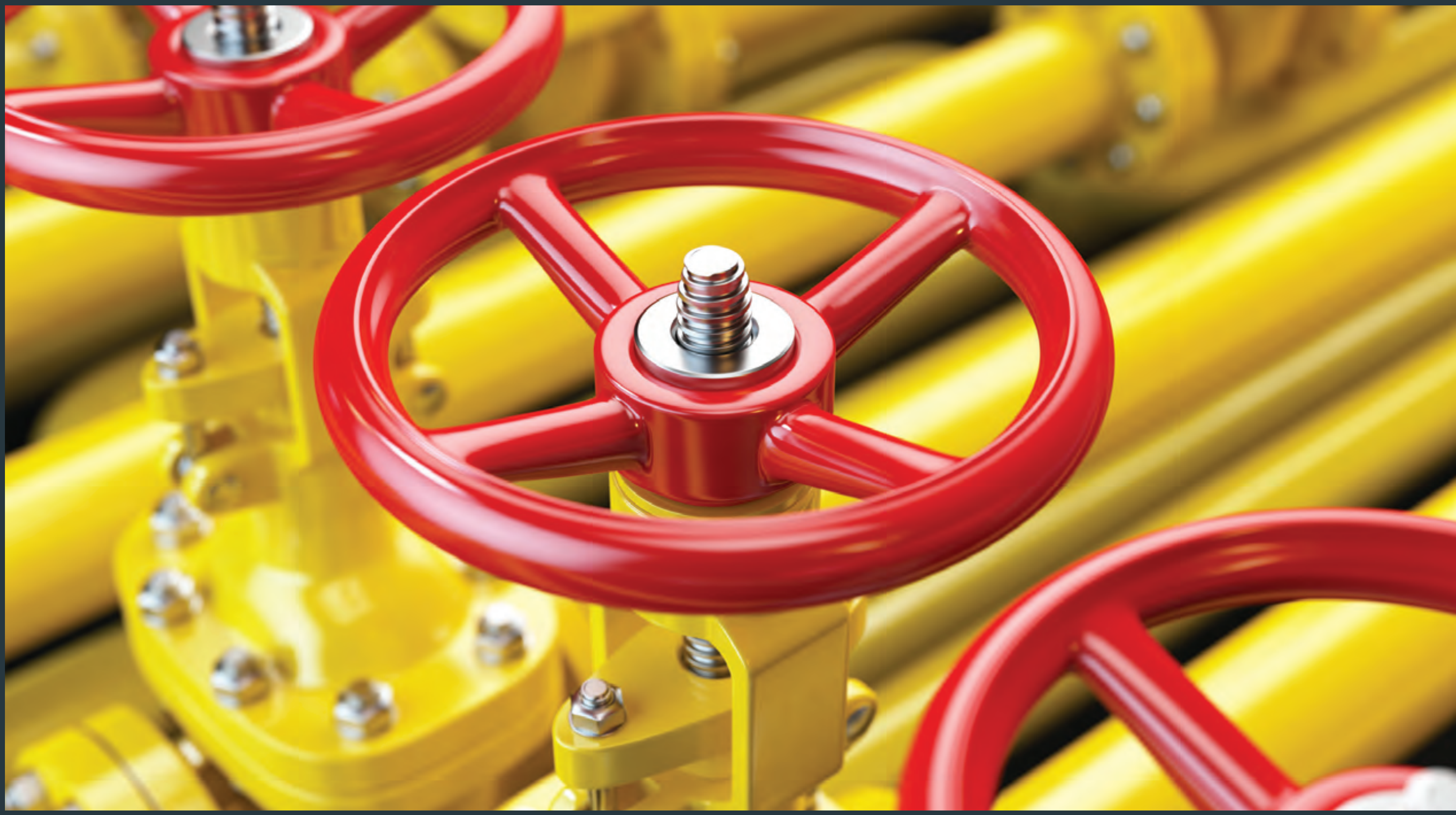
NEL Power Holdings Limited (NPHL)

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 TT$52.6 million.

Investee Companies



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 today 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 adjustment for the shareholding in NGC NGL as at March 31, 2019 is TT$662 million for a fair value of TT$1,036.7 million.

Investee Companies

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

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 has an interim gas supply contract which expires at the end of March 2020 and ALNG shareholders are currently in discussions to put in place further interim gas supply arrangements from April 2020 until the end of the year.

However, post 2020 there is uncertainty regarding the income generating capacity of ALNG-1 as at the valuation date (March 31, 2019). The fair value adjustment for NGC LNG is negative TT$73.8 million. The fair value of the shareholding as at March 31, 2019 is TT$178 million.

Investee Companies

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, 2019 is TT$304.8 million.

Investee Companies

Telecommunications Services of Trinidad and Tobago Limited (TSTT)

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 in Trinidad and Tobago. During the course of fiscal 2018, the Company acquired one of its competitors, Massy Communication Limited, which was a new entrant to the market providing fixed line, broadband and IPTV services. Massy Communications was subsequently renamed 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 offers have 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. For the prospect for future profitability and the change in the financial reporting of NEL's shareholding in TSTT, the fair value of TSTT as at March 31, 2019 is TT$510 million.

Investee Companies

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 and planned and unplanned maintenance of its plants.

For these occurrences, the fair value adjustment for Tringen is negative TT$135.5 million resulting in fair value of TT$232.3 million as at the valuation date (March 31, 2019).

Substantial and Directors' Interests

NATIONAL ENTERPRISES LIMITED
As at March 31 2019

SHAREHOLDERS BY SHAREHOLDINGS IN DESCENDING ORDER
10 largest blocks of shares

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

RANK	COMPANY	Total Shares Held	Holding %
1	Minister of Finance - Corporation Sole	396,324,698	66.05%
2	The National Gas Company of Trinidad and Tobago Limited	100,000,641	16.67%
3	National Insurance Board	25,000,000	4.17%
4	Republic Bank Limited - 1162	7,502,000	1.25%
5	Trintrust Limited A/C 1088	5,342,086	0.89%
6	First Citizens Trust & Asset Mgmt- PT7	3,282,450	0.55%
7	First Citizens Trust & Asset Mgmt- PT36	2,752,522	0.46%
8	Republic Bank Limited A/C 778	2,568,321	0.43%
9	T & T Unit Trust Corporation - FUS	2,355,745	0.39%
10	RBC Trust (Trinidad & Tobago) Limited - T585	2,335,935	0.39%

DIRECTOR'S SHAREHOLDING
as at March 31 2019

NAMES	HOLDINGS
LASHLEY, INGRID LESLIE-ANNE (CHAIRMAN)	-
ALEXANDER, ROSS	2,000
DHANPAUL, VISHNU	1
ENILL, CONRAD	-
HOSEIN, FERRI	-
INNISS, ANNALEAN	-
PARKS, JANET	-
RAJKUMAR, NAVIN	-
ROBINSON, DAVID	-

Audited Financial Statements

31 March 2019

NATIONAL ENTERPRISES LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

January 20, 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 2019, 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 absense of management during the reporting period, the directors have carried out the responsibilities as outlined above.

Ingrid Lashley
Chairman

January 20, 2020

Navin Rajkumar
Director / Chairman - Audit Committee

INDEPENDENT AUDITORS' REPORT

PKF

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 2019, 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 2019 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.

Emphasis of Matter

In previous years, National Enterprises Limited consolidated its subsidiary in accordance with International Accounting Standard 39. During the year under review, National Enterprises Limited adopted the exception offered to investment entities by IFRS 10. IFRS 10 states that an investment entity shall not consolidate its subsidiaries, but rather measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. See **Note 2 (e)** to the financial statements. This resulted in a change in presentation from consolidation to investment entity fair value accounting effective 31 March 2019.

Our audit opinion was not qualified in respect of this matter.

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. At 31 March 2019, these investments totalled **$2.4 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.

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)

Key Audit Matters (continued)

Valuation of investments in equity interests (continued)

Of the equity interests that are carried at fair value in the Statement of Financial Position, 4% qualified as Level 1 valuations as at 31 March 2019. 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.

The remaining 96 per cent **($2.3 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 2019, 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).

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Measurement of other long-term investments (continued)

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;
- 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.

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.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (continued)

Responsibilities of Management for the Financial Statements (continued)

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
20 January 2020

STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31 March 2019 ($'000)	31 March 2018 ($'000)
Non-Current Assets:			
Fixed assets	5	541	652
Investment in subsidiaries	6	663,786	102,654
Investment in joint ventures and associated companies	7	1,752,064	2,421,943
Other long-term investments	8	302,985	303,242
Due from related parties	9	98,255	96,316
Total Non-Current Assets		2,817,631	2,924,807
Current Assets:			
Accounts receivables and prepayments	10	17,006	14,091
Short-term investments	11	23,024	104,322
Cash in hand and at bank	12	75,045	43,589
Taxation recoverable		-	2,558
Total Current Assets		115,075	164,560
Total Assets		**2,932,706**	**3,089,367**

LIABILITIES AND EQUITY

	Notes	2019 ($'000)	2018 ($'000)
Equity:			
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		1,101,238	1,237,892
Total Equity		2,918,158	3,054,812
Non-Current Liabilities:			
Non-current portion of long-term borrowings	16	-	10,766
Total Non-Current Liabilities		-	10,766
Current Liabilities:			
Current portion of long-term loan facility	16	10,807	20,812
Taxation payable		472	-
Accounts payable and accruals	17	3,269	2,977
Total Current Liabilities		14,548	23,789
Total Liabilities		14,548	34,555
Total Liabilities and Equity		**2,932,706**	**3,089,367**

These financial statements were approved by the Board of Directors and authorised for issue on 20 January 2020 and signed on their behalf by:

ILAshley

Director

Ingrid L.A. Lashley

Director

Navin Rajkumar

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

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 March 2019 ($'000)	2018 ($'000)
Revenue			
Interest income		7,727	8,580
Dividend income	18	98,392	14,028
Other income		4,020	42
Gain on expected credit loss		17,013	-
		127,152	22,650
Operating Expenses			
Accounting and audit fees		941	347
Administrative services		486	910
Bank charges		11	9
Consulting fees		(1,265)	771
Depository fees		148	128
Depreciation		121	138
Directors' fees		540	518
Loss on fair value revaluation on investments		107,362	-
Publication fees		552	540
Staff salaries and benefits		1,664	1,817
T&T Securities and Exchange Commission		-	8
		110,560	5,186
Operating profit		16,592	17,464
Finance costs		(759)	(1,201)
		15,833	16,263
Share of profit of equity accounted investments net of tax		-	128,884
Net profit before tax		15,833	145,147
Taxation	19	(3,334)	(523)
Net profit for the year		12,499	144,624
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Unrealised gains		-	7,233
Total comprehensive income for the year		**12,499**	**151,857**

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

STATEMENT OF CHANGES IN EQUITY

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

	Stated Capital ($'000)	Translation Reserve ($'000)	Investment Remeasurement Reserve ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Year ended 31 March 2018 (Re-Stated)					
Balance as at 1 April 2017	1,736,632	61,576	9,189	1,304,232	3,243,825
Total comprehensive income for the year	-	-	7,233	144,624	151,857
Share of deferred tax on actuarial gain	-	-	-	(24,964)	(24,964)
Share of translation reserve	-	2,290	-	-	2,290
Dividend paid **(Note 20)**	-	-	-	(186,000)	(186,000)
Balance as at 31 March 2018	**1,736,632**	**63,866**	**16,422**	**1,237,892**	**3,054,812**

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

STATEMENT OF CASH FLOWS

	For the year ended 31st March	
	2019 ($'000)	**2018 ($'000) (Re-stated)**
OPERATING ACTIVITIES		
Net Profit before taxation	15,833	145,147
Adjustment to reconcile net profit before taxation to cash provided by operating activities:		
Loss on fair value revaluation on investments	107,362	-
Gain on expected credit loss	(17,013)	17,153
Share of associates and joint venture net tax	-	(128,884)
Depreciation	121	138
Net change in accounts receivable and prepayments	(2,915)	5,336
Net change in accounts payable and accruals	292	2,078
Due from NPHL	(1,939)	(1,702)
Operation profit before working capital	101,741	39,266
Taxes paid (net)	(303)	(469)
Cash provided by Operating Activities	101,438	38,797
INVESTING ACTIVITIES		
Net change in fixed assets	(10)	(2)
Net change in other long-term investments	1,500	(16,657)
Dividends declared and received	-	93,724
Cash provided by Investing Activities	1,490	77,065
FINANCING ACTIVITIES		
Dividends paid	(132,000)	(186,000)
Dividend refunded	-	-
Repayment of short-term loan facility	(20,770)	(20,428)
Cash used in Financing Activities	(152,770)	(206,428)
Net change in cash and cash equivalents	(49,842)	(90,566)
Cash and cash equivalents, beginning of year	147,911	238,477
Cash and cash equivalents, end of year	**98,069**	**147,911**
Represented by:		
Short term investments	23,024	104,322
Cash in hand and at bank	75,045	43,589
	98,069	**147,911**

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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.

(i) The company has applied the following standards, revised standards and interpretations for the first time for their annual reporting.

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

(b) New Accounting Standards and Interpretations

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

IFRS 9 Financial Instruments Part 1: Classification and measurement - (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements – As it relates to Investment Entities.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).

IAS 28 Investments in Associates and Joint Ventures – Election to measure an investment in an associate or joint venture that is held by a venture capital or qualifying entity at fair value through profit or loss.

With the exception of the material impact of IFRS 9 Financial Instruments and IFRS 10 Consolidated Financial Statements, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods. Other standards, amendments and interpretations which are effective for the financial year beginning 1 January 2018 are not applicable.

(ii) The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).

IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

(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

2. Summary of Significant Accounting Policies (continued)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

(c) Fixed assets and depreciation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. Summary of Significant Accounting Policies: (continued)

(d) Financial instruments (continued)

Fair Value measurement (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. Summary of Significant Accounting Policies: (continued)

(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 and 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 align with NEL's presentation as an Investment Entity per **Note 2(d)**.

(g) 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

(h) 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.

(i) 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 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. Summary of Significant Accounting Policies: (continued)

(k) Dividend

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.

(l) 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:

	2019 ($'000) Carrying Value	2019 ($'000) Fair Value
Financial Assets		
Investment in subsidiaries	663,786	663,786
Investments in associates and joint ventures	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
Financial Liabilities		
Accounts payable and accruals	3,269	3,269
Loan facility	10,807	10,807

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Financial Risk Management (continued)

Financial risk factors (continued)

	2018 ($'000) (Re-Stated)	
	Carrying Value	Fair Value
Financial Assets		
Investment in subsidiaries	102,654	102,654
Investments in associates and joint ventures	2,421,943	2,421,943
Other long-term investments	303,242	303,242
Due from related parties	96,316	96,316
Accounts receivable and prepayments	14,091	14,091
Short-term investments	104,322	104,322
Cash in hand and at bank	43,589	43,589
Financial Liabilities		
Loan facility	31,578	31,578
Accounts payable and accruals	2,977	2,977

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Financial Risk Management: (continued)

(a) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

2019 ($'000)

	Effective Rate	Up to 1 year	1 to 5 years	Over 5 years	Non-Interest Bearing	Total
Financial Assets						
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
Financial Liabilities						
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

2018 ($'000) (Re-Stated)

	Effective Rate	Up to 1 year	1 to 5 years	Over 5 years	Non-Interest Bearing	Total
Financial Assets						
Investments in subsidiaries	0%	-	-	-	102,654	102,654
Investments in associates and joint ventures	0%	-	-	-	2,421,943	2,421,943
Other investments	2 - 7%	-	98,112	39,665	165,465	303,242
Due from related parties	0%	-	-	-	96,316	96,316
Accounts receivable and prepayments	0%	-	-	-	14,091	14,091
Short-term investments	0.8-2.9%	104,322	-	-	-	104,322
Cash in hand and at bank	0%	-	-	-	43,589	43,589
		104,322	98,112	39,665	2,844,058	3,086,157
Financial Liabilities						
Short-term loan facility	2-3.17%	20,812	10,766	-	-	31,578
Accounts payables and accruals	0%	-	-	-	2,977	2,977
		20,812	10,766	-	2,977	34,555

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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 intuitions 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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 Per IAS 39 1 April 2018 ($'000)	Opening ECL IFRS 9 ($'000)	Fair Value Per IFRS 9 1 April 2018 ($'000)
Financial asset - Bonds			
National Housing Authority TT40M 7% FXRB due 2025	39,665	(36)	39,629
Home Mortgage Bank TT20M series B 2% FXRB 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
	137,777	(142)	137,635
Financial asset - Other Debt			
Due from NPHL	96,252	(17,011)	79,241
	96,252	(17,011)	79,241
Total ECL:		**(17,153)**	

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Financial Risk Management: (continued)

(b) Credit risk (continued)

Financial Assets – Bonds (continued)

2019

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

2018

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)
Financial assets			
National Housing Authority TT40M 7% FXRB due 2025	39,629	-	-
Home Mortgage Bank TT20M series B 2% FXRB due 2022	10,549	-	-
First Citizens Bank Loan Note	53,813	-	-
ANSA Merchant Bank Limited USD Loan Note	33,644	-	-
Due from related parties	-	**79,304**	-
	137,635	79,304	-

(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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Financial Risk Management: (continued)

(c) Liquidity Risk (continued)

	2019 ($'000)			
	Up to 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Financial Assets				
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
	115,075	96,401	2,720,689	2,932,165
Financial Liabilities				
Short-term loan facility	10,807	-	-	10,807
Accounts payables and accruals	3,269	-	-	3,269
	14,076	-	-	14,076

	2018 ($'000) (Re-Stated)			
	Up to 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Financial Assets				
Investments in subsidiaries	-	-	102,654	102,654
Investments in associates and joint ventures	-	-	2,421,943	2,421,943
Other investments through profit and loss	-	98,112	205,130	303,242
Due from related parties	-	-	96,316	96,316
Accounts receivable and prepayments	14,091	-	-	14,091
Short-term investments	104,322	-	-	104,322
Cash in hand and at bank	43,589	-	-	43,589
	162,002	98,112	2,826,043	3,086,157
Financial Liabilities				
Short-term loan facility	20,812	10,766	-	31,578
Accounts payables and accruals	2,977	-	-	2,977
	23,789	10,766	-	34,555

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Financial Risk Management: (continued)

(c) 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;

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

5. Fixed Assets (continued)

	Office Furniture and Fittings ($'000)	Computer Equipment ($'000)	Leasehold Improvements ($'000)	Office Equipment ($'000)	Computer Software ($'000)	Total ($'000)
31 March 2018 - (Re-Stated)						
Opening net book value	325	97	331	24	11	788
Additions	-	8	-	-	-	8
Depreciation	(41)	(41)	(41)	(11)	(5)	(139)
Disposal	-	(5)	-	-	-	(5)
Closing net book value	284	59	290	13	6	**652**
Cost	405	147	404	32	20	1,021
Accumulated depreciation	(121)	(88)	(114)	(45)	(14)	(369)
Closing net book value	284	59	290	13	6	**652**

6. Investments in Subsidiaries

	2019 ($'000)	2018 ($'000)
Subsidiaries		
National Flour Mills Limited	101,148	102,653
NEL Power Holdings Limited	52,638	1
Telecommunications Services of Trinidad and Tobago (TSTT)	510,000	-
	663,786	**102,654**

	No. of Shares	Fair Value Per IAS 39 1 April 2018 ($'000)	Reclass IFRS 10 Investment in Subsidiary ($'000)	Reclass IFRS 10 Fair Value Adjustment ($'000)	Fair Value Per IFRS 10 31 March 2019 ($'000)
31 March 2019					
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
		102,654			**663,786**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

7. Investments in Associates and Joint Ventures

	2019 ($'000)	2018 ($'000)
Joint Ventures		
Tringen	232,369	367,893
Pan West	304,798	349,636
Telecommunications Services of Trinidad and Tobago (TSTT)	-	1,077,697
Associated Companies		
NGCLNG	178,188	251,951
NGCNGL	1,036,709	374,766
	1,752,064	**2,421,943**

31 March 2019	No. of Shares	Fair Value Per IAS 39 1 April 2018 ($'000)	Reclass IFRS 10 Investment in Subsidiary ($'000)	Reclass IFRS 10 Fair Value Adjustment ($'000)	Fair Value Per IFRS 10 31 March 2019 ($'000)
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 Limited	9,406,950	374,766	-	661,943	1,036,709
NGC Trinidad and Tobago LNG Limited	9,226	251,951	-	(73,763)	178,188
Pan West Engineers and Construction, LLC		349,636	-	(44,838)	304,798
		2,421,943			**1,752,064**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

8. Other Long-Term Investments

	2019 ($'000)	2018 ($'000)
Investments are amortised costs:		
National Housing Authority TT40M 7% FXRB due 2025	39,700	39,665
Home Mortgage Bank TT20M Series B 2% FXRB due 2022	8,662	10,555
First Citizens Bank Loan Note	53,988	53,881
ANSA Merchant Bank Limited USD Loan Note	33,754	33,676
Investments at fair value through profit and loss:		
CLICO Investment Fund	22,140	20,160
First Citizens Bank Limited	57,215	51,753
Trinidad and Tobago Stock Exchange	224	224
Trinidad and Tobago National Gas Limited	58,382	52,368
UTC Calypso Index Fund	28,920	40,960
	302,985	**303,242**

	Fair Value Per IAS 39 31 March 2018 ($'000)	ECL IFRS 9 ($'000)	Revised Fair Value Per IAS 39 31 March 2018 ($'000)	Net Movement for the year ($'000)	ECL IFRS 9 ($'000)	Reclass IFRS 9 Fair Value Adjustment to profit and loss ($'000)	Fair Value Per IFRS 10 31 March 2019 ($'000)
Investments at amortised cost - Bonds							
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 Loan Note	53,881	(68)	53,813	175	-	-	53,988
ANSA Merchant Bank Limited Loan Note	33,676	(32)	33,644	110	-	-	33,754
	137,777	(142)	137,635	(1,533)	2	-	136,104

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

8. Other Long-Term Investments (continued)

	Fair Value Per IAS 39 31 March 2018 ($'000)	ECL IFRS 9 ($'000)	Revised Fair Value Per IAS 39 31 March 2018 ($'000)	Net Movement for the year ($'000)	ECL IFRS 9 ($'000)	Reclass IFRS 9 Fair Value Adjustment to profit and loss ($'000)	Fair Value Per IFRS 10 31 March 2019 ($'000)
Other investments at fair value through profit and loss							
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
	303,242	**(142)**	**303,100**	**(1,533)**	**2**	**1,416**	**302,985**

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

10. Accounts Receivable and Prepayments

	2019 ($'000)	2018 ($'000)
Dividends declared but not received	13,597	12,459
Sundry receivables	3,409	1,632
	17,006	**14,091**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

11. Short-Term Investments

	2019 ($'000)	2018 ($'000)
Republic Bank Limited – Money Market Fund	22	22
Guardian Asset Management	1,665	23,190
Trinidad and Tobago Unit Trust Corporation	105	104
CLICO Investment Bank - Investment note	3,038	5,435
Republic Bank Limited - Fixed deposit	-	5,000
First Citizens Bank Limited - Fixed deposit	20,271	20,674
Bourse Securities	-	10,000
Home Mortgage Money Mutual Fund	714	703
First Citizens Bank Limited - Paria Income Fund	247	244
JMMB Group Limited	-	23,506
Development Finance Limited	-	20,879
	26,062	109,757
Less: Provision for uncollectible investment	(3,038)	(5,435)
	23,024	**104,322**

12. Cash in Hand and at Bank

	2019 ($'000)	2018 ($'000)
Republic Bank Limited	347	835
First Citizens Bank Limited	74,697	43,589
Petty cash	1	2
	75,045	**43,589**

13. Stated Capital

	2019 ($'000)	2018 ($'000)
Authorised		
Unlimited number of shares of no par value		
Issued and fully paid		
600,000,641 ordinary shares of no par value		
	1,736,632	**1,736,632**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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 Remeasurement 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**.

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	31 March 2018 ($'000)	Cash Flows ($'000)	Foreign Exchange Movement ($'000)	31 March 2019 ($'000)
Long term borrowings	31,578	(20,931)	160	10,807

17. Accounts Payable and Accruals

	2019 ($'000)	2018 ($'000) (Re-Stated)
Dividends payable	1,940	2,005
Accruals	1,329	972
	3,269	**2,977**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

18. Dividend Income

	2019 ($'000)	2018 ($'000)
National Flour Mills Limited	10,421	6,130
Republic Financial Holdings Ltd (RFHL)	38	-
Trinidad Nitrogen Company Ltd	20,654	-
NGC NGL	40,274	-
PanWest Constructors LLC	17,147	-
Telecommunications Services of Trinidad and Tobago (TSTT)	2,158	-
Trinidad and Tobago Stock Exchange	109	44
First Citizens Bank	2,580	2,803
Clico Investment Fund	1,000	1,000
Trinidad and Tobago National Gas Limited	2,891	2,891
UTC Calypso Index Fund	1,120	1,160
	98,392	**14,028**

19. Taxation

	2019 ($'000)	2018 ($'000) (Re-Stated)
Corporation Tax	3,012	204
Green Fund Levy	322	319
	3,334	**523**

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

	2019 ($'000)	2018 ($'000) (Re-Stated)
Net profit before taxation	15,833	145,147
Tax at statutory rate	(4,750)	(43,544)
Exempt Income	28,297	42,995
Net items deductible/(not deductible) for tax purposes	(26,687)	(99)
Deferred tax on excess of net book value over written down tax value	-	(29)
Taxes utilized	128	473
Green Fund Levy	(322)	(319)
	(3,334)	**(523)**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

20. Dividends Paid

	2019 ($'000)	2018 ($'000)
2018 final dividend - **$0.10** per share (2017 - **$0.20** per share)	66,000	120,000
2019 interim dividend - **$0.11** per share (2018 - **$0.11** per share)	66,000	66,000
	132,000	**186,000**

A second interim dividend in respect of the year ended 31 March 2019 of **$0.11** per share (2018 - **$0.11**) was paid on 11 November 2019. These financial statements do not reflect this dividend.

21. Related Party Transactions

	2019 ($'000)	2018 ($'000) (Re-Stated)
Due from NPHL	98,254	96,252
Due from PANWEST	1	64
Key management compensation:		
Salaries and other short-term benefits	1,220	1,345

22. Principal Business Activities

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

Investment	Incorporated	Activity	% Interest
Unconsolidated Subsidiaries			
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%
Joint Ventures			
Trinidad Nitrogen Co., Limited	Trinidad and Tobago	Manufacturer of ammonia	51.00%
Pan West Engineers and Contractors, LLC	Delaware, USA	Investment holding company	33.33%
Associates			
NGC NGL Company Limited	Trinidad and Tobago	Investment holding company	20.00%
NGC Trinidad and Tobago LNG Limited	Trinidad and Tobago	Investment holding company	37.84%

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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.

	2019			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial Assets				
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
	101,147	-	2,831,017	2,932,165

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

23. Fair Value of Financial Instruments (continued)

(a) Valuation models (continued)

	2018			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Investments in subsidiaries	102,653	-	1	102,654
Investments on joint ventures and associated companies	-	-	2,421,943	2,421,943
Other long-term investments	-	-	303,100	303,100
Due from related parties	-	-	79,304	79,304
Accounts receivable and prepayments	-	-	14,091	14,091
Short-term investments	-	-	104,322	104,322
Cash in hand and at bank	-	-	43,589	43,589
	102,653	-	2,966,350	3,069,003

(b) Valuation technique -

The company's investments are valued using the average of the capitalised maintainable earning, market approach and where appropriate the discounted cashflow model.

Capitalised maintainable earnings approach uses an estimation of the investments maintainable earnings (the lowest value the after-tax profits of the business are expected to fall in the foreseeable future) and applies a capitalisation rate to obtain the enterprise value. Surplus assets, liabilities and/or net debt are added or deducted to arrive at the company's equity value.

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 – 31 MARCH 2019

23. Fair Value of Financial Instruments (continued)

(c) Fair value sensitivity

Fair value sensitivity is evaluated on changes to unobservable inputs.

Capitalised maintainable earnings

Sensitivity	Fair Value 31 March 2019	Impact +1% $'000	%	Impact -1% $'000	%
Value of Tringen	365,172	(104,031)	-28.49%	135,095	36.99%
Value of TSTT	668,917	(298,877)	-44.68%	361,144	53.99%

Discounted Cashflow

Sensitivity	Fair Value 31 March 2019	Impact +1% $'000	%	Impact -1% $'000	%
Value of TSTT	1,274,045	2,558,101	200.79%	3,677,963	288.68%

Notes:

Notes:

Notes:

NATIONAL ENTERPRISES LIMITED

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:**
   Annual Meeting to be held at Radisson Hotel, Wrightson Road, Port of Spain on **March 26, 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 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
March 2nd, 2020	Aegis Business Solutions Limited Corporate Secretary	AEGIS BUSINESS SOLUTIONS LIMITED Secretary

NATIONAL ENTERPRISES LIMITED

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 authorised officer of the company shall sign the circular.

NATIONAL ENTERPRISES LIMITED

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 at Radisson Hotel, Wrightson Road, Port of Spain on March 26th, 2020 at 10:00am.

I/We (block letters please) ______________________________

of ______________________________

being Shareholder(s) of National Enterprises Limited hereby appoint the Chairman of the Meeting or

failing her appoint(s) ______________________________

of ______________________________

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/her discretion as to how he/she votes or whether he/she abstains from voting.

		For	Against
Resolution 1	That the financial statements of the company for the year ended March 31, 2019 and the reports of the Directors and Auditors thereon be received and adopted.		
Resolution 2	That the second Interim Dividend of $0.11 per share declared payable to shareholders on record as at November 15, 2019 be approved as the final dividend for the fiscal year ended March 31, 2019.		
Resolution 3	That the following persons retire by rotation and being eligible offer themselves for re-election as Directors of the company for a period of three (3) years. • Mr. Navin Rajkumar • Mr. David Robinson		

NATIONAL ENTERPRISES LIMITED

		For	Against
Resolution 4	That Mr. Conrad Enill, having been appointed since the last Annual Meeting is be elected as a Director for a period of three (3) years.		
Resolution 5	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 21st Annual Meeting of the Company.		
Resolution 6	That the existing Company's By-Law be amended by deleting Clause 21.1.2 and substituting therefore the following: "In addition to the methods of giving notice contained in paragraph 21.1.1 of the By-Laws, any notice or other document required by the Act, the Regulations, the articles or the By-Laws to be sent to any shareholder, debenture holder, director or auditor may be delivered by means of any electronic means of communication or by publication in any two daily newspapers making reference to its website".		

Signature(s) ____________________________ Witness (es) ______________________________

____________________________ ______________________________

Date ____________________________ ______________________________

NOTES

1. In the case of a joint holding, the signature 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. To be valid, this form must be completed and deposited at the Company's Registrar Office at the address below not less than forty-eight (48) hours before the time fixed for holding the meeting or adjourned meeting.

THE REGISTRAR
TRINIDAD AND TOBAGO CENTRAL DEPOSITORY LIMITED
10th FLOOR, NICHOLAS TOWER
63-65 INDEPENDENCE SQUARE
PORT-OF-SPAIN

NATIONAL ENTERPRISES LIMITED

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. **Kindly advise by ticking your agreed payment method.**

Cheque Payment ☐

Shareholder Dividend Address ____________________

Contact Information ____________________

Direct Deposit (via ACH) ☐

Bank of Choice ____________________

Account Number ____________________

Shareholder Comments: ____________________

____

____

____

____

____

Signature of Shareholder: ____________________ ____________________

Date: ____________________

NEL

NATIONAL ENTERPRISES LIMITED

National Enterprises Limited,

Level 15, Tower D,

International Waterfront Centre,

Wrightson Road,

Port of Spain, Trinidad & Tobago.

T: 1(868) 625-0015

F: 1(868) 624-3029

E: info.nel@gov.tt

W: www.nel.co.tt

THE NATIONAL GAS COMPANY OF TRINIDAD & TOBAGO LIMITED

NATIONAL FLOUR MILLS LIMITED

NGC LNG

Telecommunications Services of Trinidad and Tobago Limited

TRINGEN
TRINIDAD NITROGEN CO., LIMITED