NATIONAL ENTERPRISES LIMITED

2021 Summary Audited Financial Statements

As at 31 March 2021

CHAIRMAN'S STATEMENT

BALANCE AND VALUE

National Enterprises Limited (NEL) recorded a profit of TT$28.2 million before considering the impact of the results of the fair value of our investee companies. This represented an increase of 9.3% when compared to the results of TT$25.8 million for the previous fiscal year. NEL conducted a review of its investee companies, and the impact of that valuation has resulted in a year end loss of TT$270million.This compares favourably with the reported loss of TT$327.5M for the prior year.

NEL's portfolio of energy investee companies are operating in an industry undergoing rapid transformational change. The focus remains on investments in efficiency and innovation; market positioning for greater participation in the full value chain; and developing forward-looking collaborations/partnerships for competitive clean energy. The completion of negotiations in respect of the gas supply contract between Trinidad Nitrogen Limited (Tringen) and the National Gas Company Limited (NGC) promises a strong rebound for Tringen. Tringen has registered an increase in value of 50% from fiscal year 2020's valuation.

NEL's other energy assets still face some challenges and uncertainty in the near term. Underpinned by the lower-than-expected forecasted sales of Phoenix Park Gas Processors Limited (PPGPL), and the impairment of Atlantic LNG's Train 1, there has been decline in the values of NGC LNG, NGC NGL and Pan West Engineers and Constructors LLC. The reduction in value of these companies account for the majority of the $270M loss posted for fiscal 2021.

NEL's performance this past fiscal year, reflects efforts to protect and preserve shareholder value amidst the general economic and market conditions associated with the extended Covid-19 pandemic and prevailing conditions of the global energy industry. Declining commodity prices and weak market recoveries in the energy sector have given way to rebounding in prices and projected upward market trends worldwide. We are operating with a sense of expectancy regarding the re-opening of the local economy pending a successful vaccination program.
In fiscal 2021, we have seen strong performance in our non-energy portfolio companies. National Flour Mills Limited (NFM) has had an excellent year, increasing its value by 100%. NEL Power Holdings Limited also completed the year with an increase of 34% in value. While the Telecommunications Services of Trinidad and Tobago (TSTT) has experienced 35% reduction in value, the company has embarked on another reorganization exercise, that when successfully implemented, is expected to yield significant profits going forward.

Restructuring for Balance and Value

Going forward in fiscal year 2022, NEL is committed to the restructuring of its portfolio of investee companies and will continue to take the decisive actions during this rebuilding process, to create the balance for increased income and value in our portfolio companies - for both the short and mid-term. Our goal is to build with assets that can deliver consistent dividend income and increased valuation while creating the balance and space for the rationalisation and re-emergence currently underway in the local energy sector. The diversification of NEL's investee portfolio will be instrumental to delivering transformative value to our shareholders in the middle to long term.

Ingrid L-A Lashley
Chairman
25 June 2021

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

The Shareholders
National Enterprises Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 March 2021, the summary statement of comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of National Enterprises Limited for the year ended 31 March 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 22.

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 June 2021. That report also included the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 2.

Auditors' Responsibility

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

PKF

Barataria
TRINIDAD
28 June 2021

NATIONAL ENTERPRISES LIMITED

2021 Summary Audited Financial Statements

As at 31 March 2021

SUMMARY STATEMENT OF FINANCIAL POSITION

ASSETS

	For the year ended 31 March 2021 ($ '000)	2020 ($ '000)
Non-Current Assets:		
Fixed assets	682	439
Investment in subsidiaries	490,815	530,240
Investment in joint ventures and associated companies	1,287,060	1,552,048
Other long-term investments	289,148	283,098
Due from related parties	112,606	111,993
Total Non-Current Assets	2,180,311	2,477,818
Current Assets:		
Accounts receivable and prepayments	2,105	2,635
Short-term investments	15,446	15,153
Cash in hand and at bank	29,878	1,134
Taxation recoverable	372	799
Total Current Assets	47,801	19,721
Total Assets	**2,228,112**	**2,497,539**

EQUITY AND LIABILITIES

Equity:		
Stated capital	1,736,632	1,736,632
Translation Reserve	63,866	63,866
Investment Remeasurement Reserve	16,422	16,422
Retained earnings	407,267	677,698
Total Equity	2,224,187	2,494,618
Current Liabilities:		
Accounts payable and accruals	3,925	2,921
Total Current Liabilities	3,925	2,921
Total Liabilities	3,925	2,921
Total Equity and Liabilities	**2,228,112**	**2,497,539**

These financial statements were approved by the Board of Directors and authorised for issue on 23rd June 2021 and signed on their behalf by:

Director _____ Director _____

Ingrid L-A Lashley Navin Rajkumar

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March 2021 ($ '000)	2020 ($ '000)
Revenue		
Interest income	6,621	7,263
Dividend income	25,969	23,834
Other income	663	171
Reversal on expected credit loss	24	-
	33,277	31,268
Operating Expenses		
Accounting and audit fees	1,146	1,749
Administrative services	837	934
Bank charges	7	11
Consulting fees	1,078	847
Depository fees	175	28
Depreciation	137	102
Directors' fees	540	526
Expected credit loss	-	15
Publication fees	371	443
Staff salaries and benefits	577	669
T&T Securities and Exchange Commission	125	125
	4,993	5,449
Operating profit	28,284	25,819
Loss on fair value revaluation on investments	(296,934)	(351,232)
Net loss before interest and tax	(268,650)	(325,413)
Finance costs	-	(96)
Net loss before taxation	(268,650)	(325,509)
Taxation	(1,781)	(2,031)
Net loss for the year	(270,431)	(327,540)
Total Comprehensive Loss	**(270,431)**	**(327,540)**

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 21.

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

2. 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.

NATIONAL ENTERPRISES LIMITED

2021 Summary Audited Financial Statements

As at 31 March 2021

SUMMARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital ($'000)	Translation Reserve ($'000)	Investment Remeasurement Reserve ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Year ended 31 March 2021					
Balance as at 1 April 2020	1,736,632	63,866	16,422	677,698	2,494,618
Total comprehensive loss for the year	-	-	-	(270,431)	(270,431)
Dividend paid	-	-	-	-	-
Balance as at 31 March 2021	**1,736,632**	**63,866**	**16,422**	**407,267**	**2,224,187**
Year ended 31 March 2020					
Balance as at 1 April 2019	1,736,632	63,866	16,422	1,101,238	2,918,158
Total comprehensive loss for the year	-	-	-	(327,540)	(327,540)
Dividend paid	-	-	-	(96,000)	(96,000)
Balance as at 31 March 2020	**1,736,632**	**63,866**	**16,422**	**677,698**	**2,494,618**

SUMMARY STATEMENT OF CASH FLOWS

	For the year ended 31 March 2021 ($ '000)	2020 ($ '000)
OPERATING ACTIVITIES		
Net (loss)/profit before taxation	(268,650)	(325,509)
Adjustment to reconcile net profit before taxation to cash provided by operating activities:		
Loss on fair value revaluation on investments	296,934	351,232
(Reversal)/expected credit loss	(24)	15
Depreciation	137	102
Net change in accounts receivable and prepayments	530	14,371
Net change in accounts payable and accruals	1,004	(348)
Net change in due from related parties	(613)	(13,738)
Operation profit before working capital	29,318	26,125
Taxes paid (net)	(1,354)	(3,300)
Cash provided by Operating Activities	27,964	22,825
INVESTING ACTIVITIES		
Net change in fixed assets	(380)	-
Net change in other long-term investments	1,453	2,200
Cash provided by Investing Activities	1,073	2,200
FINANCING ACTIVITIES		
Dividends paid	-	(96,000)
Repayment of short-term loan facility	-	(10,807)
Cash used in Financing Activities	-	(106,807)
Net change in cash and cash equivalents	29,037	(81,782)
Cash and cash equivalents, beginning of year	16,287	98,069
Cash and cash equivalents, end of year	**45,324**	**16,287**
Represented by:		
Short term investments	15,446	15,153
Cash in hand and at bank	29,878	1,134
	45,324	**16,287**