

2016

# CONSOLIDATED FINANCIAL STATEMENTS

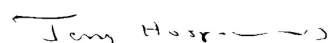


## CHAIRMAN'S REPORT YEAR ENDING MARCH 31 2016

We are pleased to report that the integrated financial and business model represented by the portfolio of National Enterprises Limited (NEL) continues to deliver a consistent and stable dividend income stream to our more than 6,000 shareholders. Despite a decline in both after-tax profits which fell from \$487.8 million to \$109.6 million and earnings per share of \$0.80 cents to \$0.15 cents per share, dividends from our investee companies increased from \$318.0 million to \$362.0 million in the financial year ended March 2016.

The decline in energy prices experienced in September 2014 continued into the financial year ended March 2016 with associated price declines in ammonia and national gas liquids. Significant revenue declines were also experienced at several investee companies including Trinidad Nitrogen Co. Limited (TRINGEN), NGC LNG Company Limited (NGC LNG) and Trinidad and Tobago NGC NGL Limited (NGC NGL). The loss position at Telecommunications Services of Trinidad and Tobago (TSTT) represents a specific one-off circumstance as the company seeks to build a broadband business to improve its medium-term competitive position.

The Board of NEL, upon its constitution in January 2016 has been collaborating with the investee companies with a view to ensuring that they successfully navigate the current economic environment. The Board of NEL is reasonably assured that the strategic plans and initiatives now in place at its investee companies will address the challenges in the current economic and financial environment. Our Board has approved a final dividend of \$0.15 cents per share yielding a total dividend for the year ended March 31 2016 of \$0.50 cents per share which is consistent with the prior year payment.



Jerry Hospedales  
Chairman

## PKF INDEPENDENT AUDITORS' REPORT The Shareholders National Enterprises Limited

We have audited the accompanying consolidated financial statements of National Enterprises Limited, which comprise the statement of financial position as at 31 March 2016, 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.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Enterprises Limited as of 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

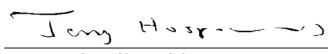


Port-of-Spain  
TRINIDAD AND TOBAGO  
27 June, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	ASSETS		
	2016 (\$'000)	31 March 2015 (\$'000)	2014 (\$'000) (Re-stated)
<b>Non-Current Assets:</b>			
Equity accounted investments	2,318,064	2,675,169	2,336,503
Financial Assets	410,843	275,000	275,691
Fixed Assets	167,376	158,891	146,900
Retirement benefit asset	9,059	10,588	15,193
Trademarks	533	1,765	2,997
Deferred tax asset	11,867	20,100	22,970
Total Non-Current Assets	2,917,742	3,141,513	2,800,254
<b>Current Assets:</b>			
Inventories	78,940	87,986	76,647
Accounts receivable and prepayments	215,526	296,948	155,309
Cash and cash equivalents	391,868	463,893	586,250
Taxation recoverable	626	380	-
Total Current Assets	686,960	849,207	818,206
<b>Total Assets</b>	<b>3,604,702</b>	<b>3,990,720</b>	<b>3,618,460</b>
	<b>LIABILITIES AND EQUITY</b>		
<b>Equity:</b>			
Stated capital	1,736,632	1,736,632	1,736,632
Investment remeasurement reserve	16,349	17,912	16,766
Translation reserve	25,147	19,532	31,979
Retained earnings	1,321,866	1,602,048	1,428,335
Capital and reserves attributable to equity holders	3,099,994	3,376,124	3,213,712
Non-controlling interest	107,229	94,973	88,841
Total Equity	3,207,223	3,471,097	3,302,553
<b>Non-Current Liabilities:</b>			
Non-current portion of long-term borrowings	93,895	95,526	2,553
Non-current portion of finance lease liability	932	1,964	2,064
Deferred tax liability	34,384	35,084	34,719
Medical and Life Insurance	17,194	17,063	16,564
Total Non-Current Liabilities	146,405	149,637	55,900
<b>Current Liabilities:</b>			
Bank overdraft and short-term borrowings	168,021	306,214	217,040
Current portion of long-term borrowings	6,566	6,243	5,109
Current portion of finance lease facility	1,347	1,355	1,901
Taxation payable	26	-	212
Accounts payable and accruals	75,114	56,174	35,745
Total Current Liabilities	251,074	369,986	260,007
Total Liabilities	397,479	519,623	315,907
<b>Total Liabilities and Equity</b>	<b>3,604,702</b>	<b>3,990,720</b>	<b>3,618,460</b>

These financial statements were approved by the Board of Directors and authorised for issue on 29 June 2015 and signed on their behalf by:

Director   
Jerry Hospedales

Director   
Navin Rajkumar

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For The Year Ended 31 March 2016					
	Share Capital (\$'000)	Investment Remeasurement Reserve (\$'000)	Translation Reserve (\$'000)	Retained Earnings (\$'000)	Non- Controlling Interest (\$'000)	Total Equity (\$'000)
<b>Year ended 31 March 2016</b>						
Balance as at 1 April 2015	1,736,632	17,912	19,532	1,602,048	94,973	3,471,097
Total comprehensive income for the year	-	(1,563)	-	91,982	15,790	106,209
Share of translation reserve	-	-	5,615	-	-	5,615
Share of deferred tax on actuarial gain	-	-	-	(1,407)	-	(1,407)
Subsidiary dividend paid on non-controlling interest	-	-	-	-	(3,534)	(3,534)
Dividend refunded	-	-	-	1,243	-	1,243
Dividends paid	-	-	-	(372,000)	-	(372,000)
<b>Balance as at 31 March 2016</b>	<b>1,736,632</b>	<b>16,349</b>	<b>25,147</b>	<b>1,321,866</b>	<b>107,229</b>	<b>3,207,223</b>
<b>Year ended 31 March 2015</b>						
Balance as at 1 April 2014	1,736,632	16,766	31,979	1,450,384	87,896	3,323,657
Restatement	-	-	-	(22,049)	945	(21,104)
Restated balance as at 1 April 2014	1,736,632	16,766	31,979	1,428,335	88,841	3,302,553
Total comprehensive income for the year	-	1,146	-	478,093	9,077	488,316
Share of translation reserve	-	-	(12,447)	-	-	(12,447)
Share of deferred tax on actuarial gain	-	-	-	(25,315)	-	(25,315)
Subsidiary dividend	-	-	-	(3,065)	(2,945)	(6,010)
Dividends paid	-	-	-	(276,000)	-	(276,000)
<b>Balance as at 31 March 2015</b>	<b>1,736,632</b>	<b>17,912</b>	<b>19,532</b>	<b>1,602,048</b>	<b>94,973</b>	<b>3,471,097</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2016 (\$'000)	2015 (\$'000) (Restated)
Turnover	481,214	470,316
Cost of sales	(365,463)	(382,186)
Gross profit	115,751	88,130
Selling and distribution expenses	46,237	35,389
Administrative expenses	41,058	46,484
	87,295	81,873
Operating profit	28,456	6,257
Finance cost	(7,284)	(8,863)
Dividend income	10,808	18,301
Interest income	6,608	6,297
Other income	15,543	14,802
Share of profit of equity accounted investments net of tax	65,385	456,261
Profit before tax	119,516	493,055
Tax expense	(9,931)	(5,238)
Net profit for the year	109,585	487,817
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Unrealised gains	(1,563)	1,146
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of retirement benefit asset, net of tax	(1,813)	(647)
Other comprehensive income for the year	(3,376)	499
Total comprehensive income for the year	106,209	488,316
<b>Attributable to:</b>		
Equity holders of the Company	90,419	479,239
Non-controlling Interest	15,790	9,077
Net profit for the year	106,209	488,316
Earnings per share	\$0.15	\$0.80

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31st March	
	2016 (\$'000)	2015 (\$'000)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	119,516	493,055
Adjustment for non-cash items:		
Share of profit of equity accounted investments net of tax	(65,385)	(456,261)
Depreciation	11,149	2,617
Amortisation of trademarks	1,232	1,232
Loss on disposal of fixed assets	110	-
Restatement of property plant and equipment	-	(187)
Increase in provision for doubtful debts	5,507	2,188
Retirement benefit costs	(758)	4,242
	71,371	46,886
Net change in operating assets and liabilities	140,581	(32,388)
Net change in accounts receivables	18,939	20,429
Net change in accounts payables	9,046	(11,339)
Taxation paid	239,937	23,588
	(2,014)	(2,376)
Cash generated from Operating Activities	237,923	21,212
<b>INVESTING ACTIVITIES</b>		
Purchase of investment	-	(349,636)
Dividends declared and received	362,032	318,028
Change in long-term investments	(137,406)	1,837
Disposal proceeds	80	-
Purchase of fixed assets	(19,824)	(14,421)
Cash generated from investing activities	204,882	(44,192)
<b>FINANCING ACTIVITIES</b>		
Finance lease liability	(1,040)	(646)
Proceeds from/(repayment of) loan	(1,308)	94,107
Dividend refunded	1,243	-
Dividend paid by subsidiary to non-controlling interest	(3,534)	(6,010)
Dividends paid	(372,000)	(276,000)
Cash used in Financing Activities	(376,639)	(188,549)
Net change in Cash Resources	66,166	(211,529)
Net Cash Resources at beginning of year	157,681	369,210
Net Cash Resources at end of year	223,847	157,681