

Chairman's Report



Kenny Lue Chee Lip
(Chairman)

National Enterprises Limited (NEL) posted an improved performance in the financial year ended March 31 2011 and despite a sluggish local economy and the slow and uncertain global economic recovery NEL was able to return strong profitability in 2010. Two investee companies, Telecommunications Services of Trinidad and Tobago (TSTT) and NGC NGL Company Limited displayed more modest results for the financial year but on a more positive note, National Flour Mills (NFM) was able to return to profitability after incurring operating losses in the previous financial year.

Financial Results and Dividends

NEL's after-tax profits attributable to its shareholders grew by 20.2 percent to \$524.2 million from \$435.9 million recorded in the previous financial year. Subsumed within this strong overall performance were the mixed results of NEL's investee companies as reflected in NEL's share of their after-tax profits which showed:

- An increase of \$130 million from Tringen based on sustained high production levels and a strengthening of international prices of fertilizers
- An increase of \$64.7 million from NGC NGL reflecting favorable global market conditions
- A decline of \$82.9 million from TSTT resulting mainly from higher operating expenses
- A decline of \$19.5 million from NGC LNG.

Notwithstanding the improved overall performance of NEL's investment holdings, dividends received by NEL reflected a marginal decline of 0.5 percent, from \$387.6 million in the previous financial year to \$385.8 million, mainly on account of timing issues with respect to the dividend receipts. However, NEL's earnings per share more consistently reflected the positive financial outturn, increasing by 14 cents from \$0.73 to \$0.87.

The directors of NEL are pleased to declare a final dividend of **\$224.5 million** or **37 cents** per share, in line with NEL's policy of distributing at least **90 percent** of dividends received after adjusting for expenses. This would bring the total dividend for the year to **\$344.5 million** or **57 cents** per share after taking into account an interim dividend of **20 cents** per share paid in **December 2010**. The total dividend matches the dividend of **57 cents** per share paid in respect of the previous financial year.

Performance of the Share Price

As at March 31 2011 the share price of NEL stood at \$11.65 compared with a price of \$10.11 at the close of the previous financial year. The shares traded at a high of \$11.65 and a low of \$9.50 during the financial year. The year-end share price represented a 12-month increase of 15 percent compared with an increase of 6.6 percent in the Composite Stock Price Index over the same period. NEL has therefore managed to maintain its recent record of outperforming the market, remaining attractive to investors by virtue of its solid long-term performance.

Future Prospects

NEL continues to offer positive prospects for investors. Following some recent volatility the outlook for gas-based commodity prices has brightened considerably. At the same time prospects for growth of the global economy have also improved, with some forecasts for 2011 now exceeding 4 percent. These conditions should continue to support strong global demand as well as prices of the energy and energy-based products of NEL's portfolio of energy investee companies.

At the same time rising commodity prices and the limited flexibility of the company in setting product prices will pose challenges for NFM but these are well anticipated and NFM has indicated that it will continue to place emphasis on improving operational efficiencies. TSTT's high operating expenses are proving to be a significant burden on profitability but the company is also committed to undertaking the changes needed to maintain competitiveness and position itself for improved financial performance in the short to medium term.

Under the stewardship of the new board which I lead, you can expect NEL to continue being an excellent company in which to invest. The future of NEL looks bright and our shareholders can expect to continue to benefit from NEL's established ability to deliver stable returns and sound capital appreciation.

Kenny Lue Chee Lip



Chairman

Independent Auditors' Report

The Shareholders

National Enterprises Limited

The accompanying summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 March 2011 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of National Enterprises Limited for the year ended 31 March 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 28 June 2011. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of National Enterprises Limited. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of National Enterprises Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary of the audited consolidated financial statements on the basis of criteria established by management. Under management's established criteria, management discloses only the consolidated statements of financial position, comprehensive income, changes in equity and cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of National Enterprises Limited for the year ended 31 March 2011.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of National Enterprises Limited for the year ended 31 March 2011 are consistent, in all material respects, with the audited consolidated financial statements, on the basis of management's established criteria as described.

PKF

Port-of-Spain

TRINIDAD AND TOBAGO

28 June 2011