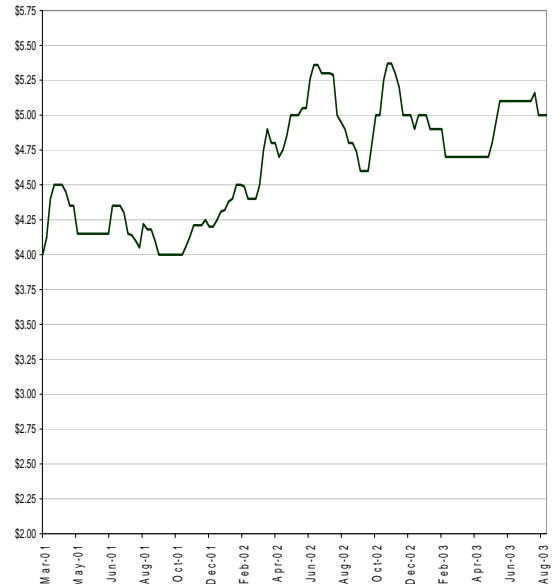


**National Enterprises Limited**

Recent Price	\$ 5.00	EPS(est.2004)	\$ 0.41
52 Wk Range	\$ 4.20 - 5.37	Div.(est.2004)	\$ 0.32
Shares O/S	550,511,540	Yield(est.2004)	6.40%
Float	40,737,854	P/E (est.2004)	12.19 X
Market Cap.	\$ 2,752,557,700	Fiscal Yr End	March
ACTUAL	2003	2002	2001
P/E Ratio	8.71 X	8.04 X	7.94 X
EPS	\$ 0.55	\$ 0.56	\$ 0.57
Div. Payout	50.05%	82.14%	42.86%
ROE%(Avg)	15.92%	18.12%	33.32%
ROA%(Avg)	15.90%	18.09%	33.30%
Net Assets	\$ 1,931,580,000	\$ 1,844,380,000	\$ 1,587,589,000
NAV/ Share	\$ 3.51	\$ 3.35	\$ 2.88
Pref. Equity	Nil	Nil	Nil
Comm. Equity	\$ 1,932,603,000	\$ 1,844,380,000	\$ 1,588,521,000



In looking at future prospects the Chairman has stated that he expects the Company to meet its dividend forecast for 2004 of 32¢ per share. We expect the Company to surpass this forecast. We based this on the current high prices for energy-based products and also TSTT's forecast takes into account competition which has so far fail to materialise. TRINGEN has recorded after tax profits of \$103.9 million for the first five months of 2003; NEL's take is \$52.99 million or 90% of the budget for the entire year of \$58.805 million. Given these positive sentiments we recommend this share as a buy for all classes of investors.

The Company

National Enterprises Limited (NEL) was incorporated in Trinidad and Tobago on August 27, 1999 under the Companies Act, 1995. NEL's main business is that of an Investment Holding Company. The Company was created by the Minister of Finance (Corporation Sole) to hold the 51 per cent shareholding in TSTT, Tringen and NFM of the Government of the Republic of Trinidad and Tobago (GORTT).

As an Investment Holding Company, NEL receives dividend income from its investments in TSTT, Tringen, and NFM. In turn, NEL will declare dividends (usually twice a year) to its shareholders. The overall objective of the Company is to provide investors with a well managed investment designed to meet the specific objectives of income and capital growth with some degree of spread of investment risks. In September of 2002, the GORTT offered a second tranche of NEL shares at \$4.75 to the public with 50,675,300 shares taken up.

The major shareholders in the Company are GORTT 90%, National Gas Company of T&T Ltd. 9.2 %, NIB 1%, Republic Bank 0.8% and the Unit Trust Corporation 0.8%.



National Enterprises Limited

Update – Year Ended March 31, 2003.

As expected National Enterprises Limited (NEL) surpassed its forecast for the year ended March 31, 2003 by \$38.6 million. The Company's operating profit for the year ended March 31, 2003 was \$4.152 million, a decline of 24.93% over the corresponding figure in 2002 of \$5.531 million. This mainly on account of lower interest rates and a smaller cash position.

The contribution from Telecommunications Services of Trinidad and Tobago (TSTT) was higher by 4.67% moving from \$284.095 million in 2002 to \$297.350 million in 2003. It was also much higher than the forecast of \$196.912 million. Trinidad Nitrogen Company Limited (TRINGEN) contributed \$42.752 million which was 74.14% lower than the 2002 figure of \$165.322 million. However it was higher than the forecast of \$24.919 million. National Flour Mills (NFM) contributed \$22.340 million which was 30.11% higher than the 2002 contribution of \$17.170 million. It was also substantially higher than the forecast of \$11.269 million. NGC NGL Limited contributed \$41.032 million which was much higher than the forecast of \$7 million. Overall however NEL's share of profits from the investee companies was down by 13.71% over 2002 moving from \$467.578 million in 2002 to \$403.474 million in 2003, the forecast was \$258.624 million.

The decline in profit after tax was a much lower 3.34% moving from \$310.939 million in 2002 to \$300.559 million in 2003. This was also higher than the forecast of \$261.969 million. The decline was due to a fall in the effective tax rate from 34.28% in 2002 to 26.27% in 2003 which resulted in taxation declining by 33.98%.

The Chairman has stated that the Company would pay a final dividend of 14¢ per share bringing the total dividend for the year to 27¢ per share which is in line with the forecast. TSTT has changed its accounting policy relating to dividends proposed and to that end has not declared a final dividend for the financial year ended March 31, 2003. TSTT has confirmed that it would be paying a final dividend in July 2003 subsequent to which NEL would pay its final dividend. TSTT's dividend would be consistent with its dividend policy of paying at least 50% of after tax profit in dividend.

**National Enterprises Limited****Income Statement Analysis (TT\$ millions)**

	2003	2002	2001
Rev.	403.474	474.665	444.554
Pretax Inc.	407.626	473.109	444.152
Eff. Tax Rate	26.27%	34.28%	35.38%
Net Inc.	300.559	310.939	287.033

Bal. Sheet & Other Fin. Data (TT\$ millions)

Cash	6.090	0.267	0.237
Curr. Assets	57.450	180.800	128.901
Total Assets	1,932.603	1,847.742	1,589.453
Curr. Lia.	0.560	3.362	0.932
LT Debt	0.000	0.000	0.000
Common Eq.	1,929.115	1,706.752	1,478.521
Total Cap.	1,932.603	1,772.507	1,533.691
Cap Exp.	0.000	0.000	0.000
Cash Flow	(56.528)	32.456	275.386

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