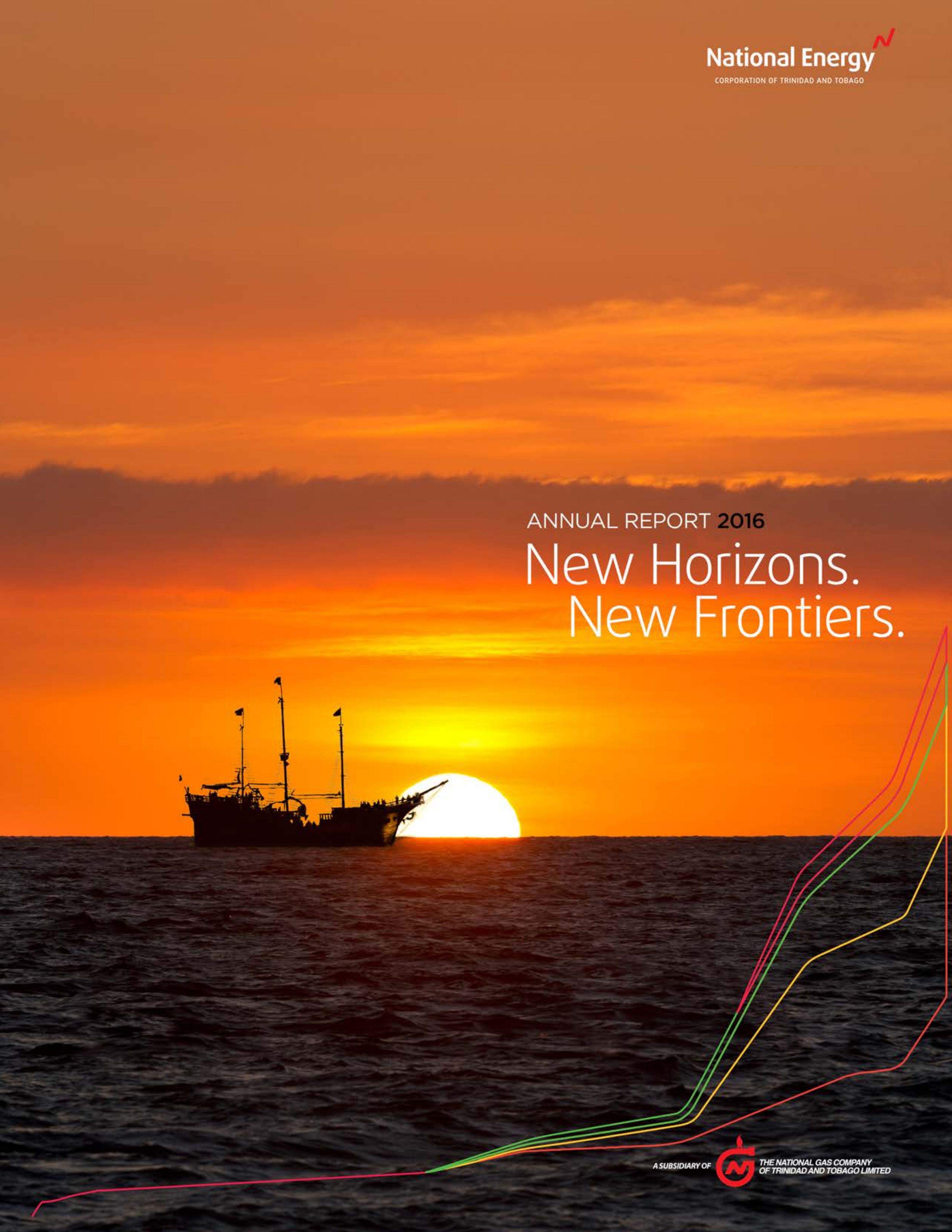
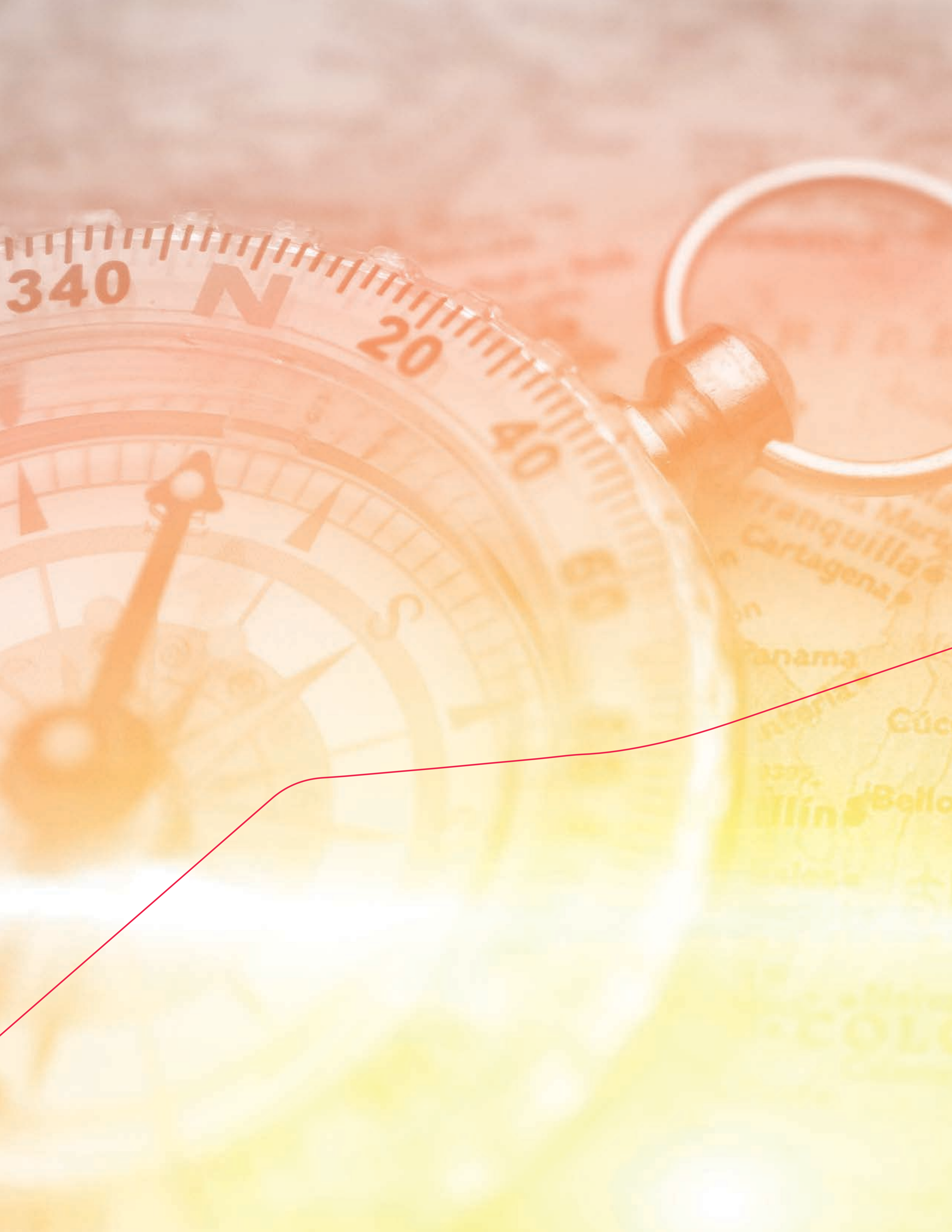
National Energy
CORPORATION OF TRINIDAD AND TOBAGO

ANNUAL REPORT 2016

New Horizons. New Frontiers.



A SUBSIDIARY OF THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED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National Energy

CONTENTS

Our Vision

To be a global leader in the development of sustainable energy-based industries

Our Mission

We leverage our expertise through:

- Ownership and Operation of Assets
- Innovation
- Strategic Alliances
- Market Intelligence

For the benefit of all citizens

National Energy

Core Values

TEAMWORK
We encourage camaraderie and honest communication.

FLEXIBILITY
We must maintain an adaptable and proactive approach in the timely execution of our duties.

INTEGRITY
We demonstrate technical competence, efficiency and professionalism in the execution of our duties.

RESPECT
We value and appreciate each other's views and contributions.

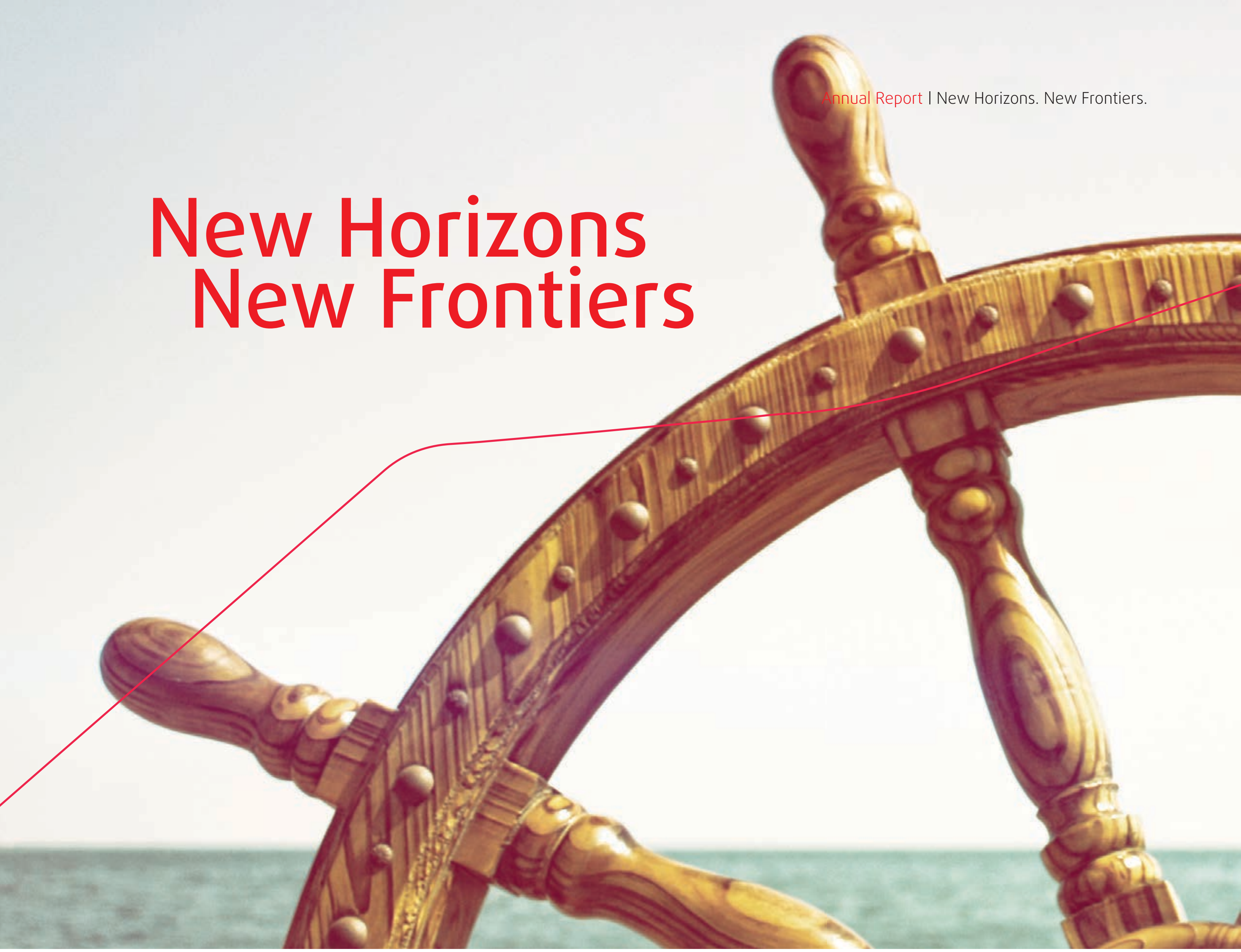
TRANSPARENCY
We govern our operations through transparent practices and adherence to all policies and procedures.

DISCIPLINE
We operate as trustees for national energy development to ensure delivery of the shareholders' expectations.

SAFETY AND ENVIRONMENT
We are committed to conducting our operations in a safe and environmentally sustainable manner.

CORPORATE SOCIAL RESPONSIBILITY
We create opportunities for developing better communities in which we operate, by working in harmony with all stakeholders.

CUSTOMER FOCUS
We are committed to seeking the customer's interest by consistently delivering excellent service within the shortest possible time.



New Horizons New Frontiers

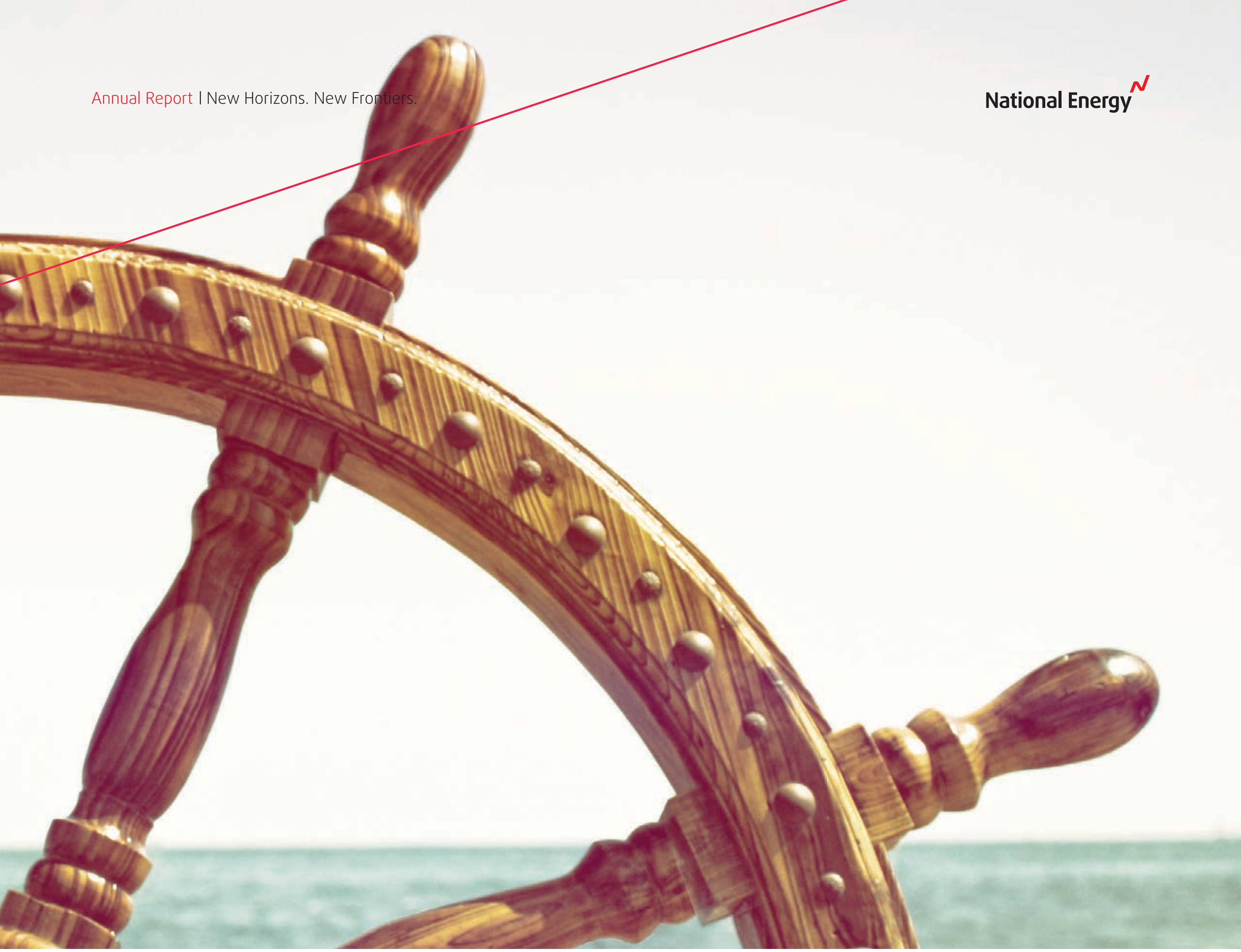
In 1492, Christopher Columbus set sail from Spain in search of a sea route to Asia. His journey required that he dispel the doubts and fears of many in the society and venture out beyond the horizon, into the unknown.

At the dawn of 2016, the local energy environment was characterised by rapid change in all directions as a new government was elected, new policy directions issued and a new Board of Directors appointed. The international environment also continued to churn, resulting in persistent economic decline as gas prices remained low. Locally, issues related to gas curtailment, closing down of some plant operations and reduced revenue streams heightened the challenge.

In this unprecedented scenario of lower for longer, The NGC Group (The National Gas Company of Trinidad and Tobago Limited; Phoenix Park Gas Processors Limited; NGC CNG Limited, Trinidad and Tobago NGL Limited and National Energy) was forced to embrace new mindsets and fresh approaches to doing business. The Group altered its strategy based on four (4) pillars:

1. Develop the organisation
2. Secure current business
3. Grow locally and internationally
4. Increase national contribution

Guided by these pillars, The NGC Group is charting a new course which will result in a more resilient organisation, capable of not only withstanding economic shocks, but also capitalising on growth prospects within the evolving environment. This focus was emphasised by the Chairman of The NGC Group, Mr. Gerry C. Brooks, as he addressed the Caribbean Shipping Association Conference held in October 2016:



"THIS IS NOT A TIME TO DESPAIR, BUT A TIME TO REIMAGINE AND REINVENT OUR SECTOR. WE MUST RESTRATEGISE AND RE-ENERGISE; BECOME 'STRONGER FOR LONGER'."

"This is not a time to despair, but a time to reimagine and reinvent our sector. We must restrategise and re-energise; become 'stronger for longer'."

In support of the Group's vision, National Energy continued to provide vital support to the NGC Group through its core function of conceptualisation, facilitation, promotion and development of new energy-based projects. The Company has played an integral role in Group negotiations and discussions with both local and international investors. National Energy was also a partner in the pursuit of opportunities in new jurisdictions including Africa, the Americas and the Caribbean.

At the close of 2016, the external environment continued to be demanding. Nevertheless, based on our strategic focus, the commitment of our employees and the leveraging of our strengths to meet opportunities, National Energy has recorded noteworthy achievements during the year.

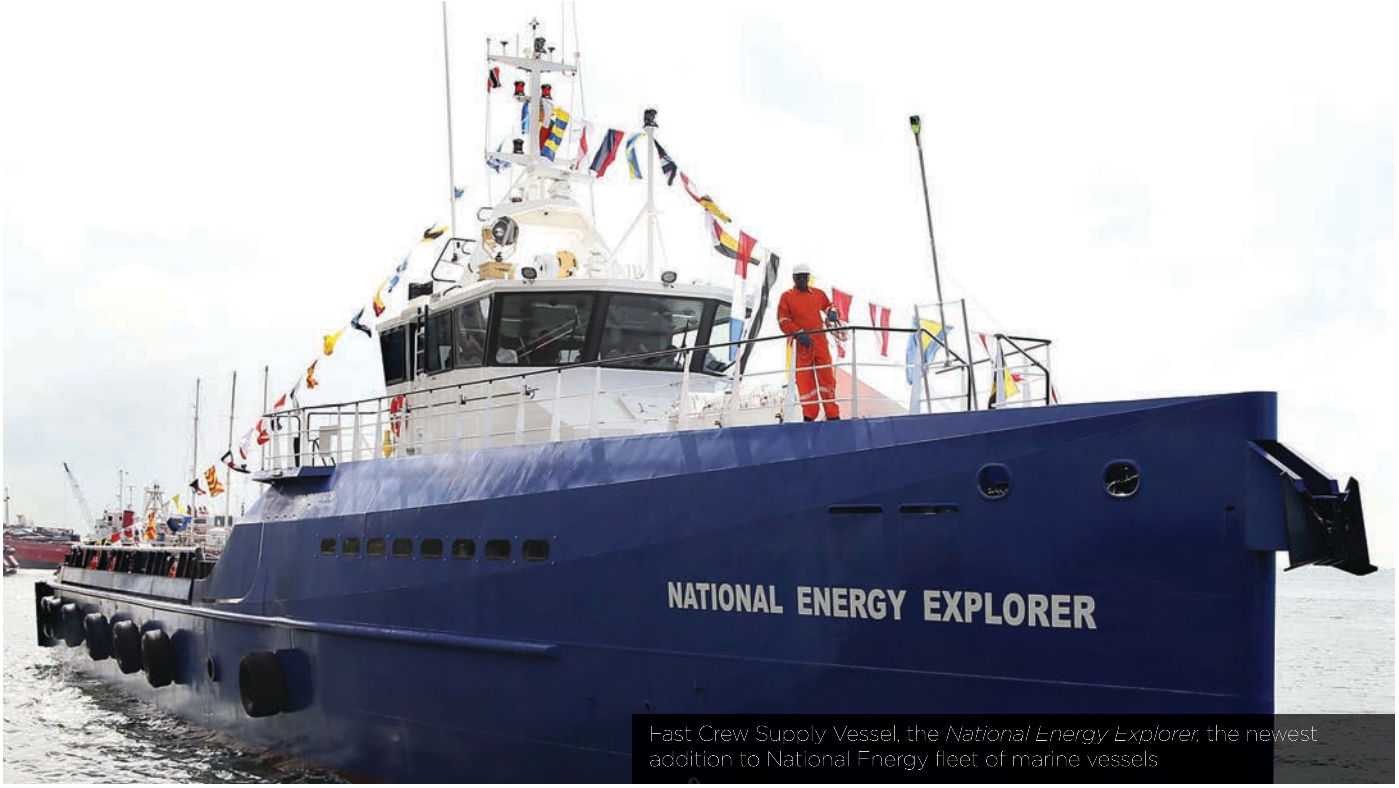
With a new vision and the strength of a united NGC Group, National Energy will continue to expand its horizons and uncover new frontiers. We look forward to 2017 with hope and excitement like the adventurers of old, eager to unearth a new world of possibility and prosperity for the benefit of the people of Trinidad and Tobago.

Company Profile

National Energy is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and for more than thirty-five (35) years, has been committed to the development of infrastructure to support the energy industry while providing quality service in the area of natural gas-based development.

The Company's core business is "the conceptualisation, promotion, development and facilitation of new energy-based and downstream industries in Trinidad and Tobago." In keeping with its mandate, National Energy provides energy services which include but are not limited to:

- Project development
- Project appraisal and evaluation
- Facilitation of negotiations and discussions between investors and state agencies
- Facilitation of discussion for gas requirements
- Feasibility studies
- Provision of site and related infrastructure
- Provision of marine services



Fast Crew Supply Vessel, the *National Energy Explorer*, the newest addition to National Energy fleet of marine vessels

Directors' Report

YEAR ENDED DECEMBER 31, 2016
(Expressed in Trinidad and Tobago dollars)

The Directors are pleased to submit their Report together with the Financial Statements for the year ended December 31, 2016.

1. ACTIVITIES

National Energy Corporation of Trinidad and Tobago Limited (National Energy) is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC). Its assets include the Point Lisas Channel, turning basins, tugs, workboats and launch vessels as well as the ISCOTT Dock and four (4) multiuser pier facilities comprising six (6) berths at the Point Lisas port. National Energy's marine infrastructure facilities are used to facilitate the loading and offloading of iron ore and bulk oil, as well as for the export of petrochemicals (methanol, ammonia, urea), steel products and hot briquetted iron.

The mandate of National Energy includes:

i) Conceptualising, promoting, developing and facilitating new energy-based and downstream industries in Trinidad and Tobago.

ii) Identifying and developing new industrial estates.

iii) Identifying and Developing new industrial deepwater ports to facilitate these estates.

iv) Owning and Operating marine and other infrastructural assets to facilitate all gas-based petrochemical and metal plants.

v) Developing and managing the La Brea Industrial Estate and Union Industrial Estate.

vi) Towage and harbour operations.

vii) Managing the environment sustainably.

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2016.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2016 $000	2015 $000
Profit before Tax	103,200	101,621
Provision for Tax	(48,368)	(33,701)
Net Profit	54,832	67,920
Retained Earnings	54,832	67,920
Retained Earnings – At Beginning of Year	494,139	426,219
Retained Earnings – At End of Year	548,971	494,139

In 2016, National Energy's total income decreased by 8.8% to TT$321.56 million from the 2015 amount of TT$352.66 million. In 2015, National Energy benefited from a one-off payment of TT$26.40 million relating to Estate site clearance. This had a significantly positive impact on the prior year's revenue.

Expenses for 2016 totalled TT$218.36 million (2015: TT$251.04 million), a reduction of 13.0%. In 2015, salary costs were impacted by the payment of retroactive market adjustment amounts. In 2016, there were no exceptional expenditure items which, coupled with cost savings and efficiency strategies, resulted in a favourable performance compared to 2015.

National Energy recorded a profit before tax of TT$103.2 in 2016 as compared to a profit of TT$101.62 million for 2015. This improvement in performance was driven by lower operating expenses, coupled with lower interest costs due to restructuring of the Company's debt portfolio in 2016. Profit after tax of TT$54.83 million was 19.3% lower than the TT$67.92 million recorded for 2015. This reduction was a result of the impact of higher deferred tax provisions coming out of the increase in the corporation tax rate from 25% to 30% for 2017.

3. DIRECTORS

During 2016, the Board of Directors comprised Messrs. Gerry C. Brooks – Chairman, Kenneth Allum, Arnold de Four, Marcus Ganness, Hadyn Gittens, Wade Hamilton and Sham Mahabir. Mr. Hadyn Gittens joined the Board on November 29, 2016.

Directors' Report (continued)

YEAR ENDED DECEMBER 31, 2016
(Expressed in Trinidad and Tobago dollars)

4. SIGNIFICANT EVENTS

ENERGY INDUSTRY DEVELOPMENT

- In April 2016, a cross-functional team comprising representatives of NGC, Ministry of Energy and Energy Industries (MEEI), CGCL, Ube Industries Ltd., Massy Energy Trinidad Ltd, Mitsubishi Corporation and National Energy completed a preliminary feasibility study into the establishment of Dimethyl Carbonate Project in Trinidad.

- In May 2016, National Energy assumed leadership in developing the Solar Energy Park Project and in September 2016, Sitek Limited, a locally based renewable energy consultancy firm, was engaged to update the 2014 feasibility study for the project. The update was completed in November 2016 and submitted to the Board, with the aim of executing an investor engagement strategy in 2017.

- In September 2016, a team comprising of representatives of NGC, Phoenix Park Gas Processors Limited (PPGPL), MEEI and National Energy was formed to evaluate the possible construction of an LNG Import/Export Terminal; an LNG Re-gasification Plant; and a gas pipeline hook-up for delivery of gas to the domestic gas market to solve the gas curtailment issue facing Trinidad.

- National Energy signed a Memorandum of Understanding with a a project development company to collaborate on the evaluation and development of a methanol to olefins facility.

- A prefeasibility study which assessed viability of establishing a 50,000 tonne-per-year standalone Maleic Anhydride (MAN) facility, was completed towards an investment engagement strategy for 2017.

- National Energy, as part of the NGC Group of Companies, participated in exploratory missions to Ghana, Guyana and Suriname to assess and develop possible business opportunities for the Group.

OPERATIONS

- The Repairs to Berth 2 Quay Wall project construction works, which commenced in July 2015 were substantially completed in 2016. Section 2a – Heavy Lift Platform and 200m of quay wall – which will facilitate the loading-out for bpTT's Juniper deck in January 2017, was completed.

- Work commenced in June 2016 on the Reconstruction of LABIDCO Corridor and Pipeline ROW. The project involves realignment and widening of the main corridor at La Brea Industrial Estate and construction of an embankment to accommodate the pipeline for the CGCL Natural Gas to Petrochemicals Complex.

- New sources of revenue were developed in 2016 through Long-term and Spot Hire Agreements utilising the company's towage vessels. Additionally, following the closure of ArcelorMittal's operations in Trinidad, Agreements were executed for use of ISCOTT Dock for import of grains and wheat. Agreements were also signed for the use of the Port of Galeota as well as the *National Energy Explorer.*

- In May 2016, National Energy engaged the services of Det Norkse Veritas (DNV) Global to undertake an Audit of its facilities at Point Lisas, Berth 3 La Brea, and Port of Galeota. The aim of the audit was to evaluate the presence and level of implementation of asset integrity management policies, procedures and practices at National Energy; assess the status of the facilities' mechanical integrity, and make recommendations for improvement.

  In November 2016, a Policy and Analysis report for application of Cathodic Protection was developed and approved by the Board, in line with National Energy's thrust towards the optimisation of Asset Integrity Management.

- In August 2016, a plan was developed for the use and optimisation of the Port of Galeota, which looked at, inter alia, alignment with the NGC Group's Strategy 2016-2020 and assessment of a Public Private Partnership (PPP) model in keeping with the thrust towards operational excellence.

Directors' Report (continued)

YEAR ENDED DECEMBER 31, 2016
(Expressed in Trinidad and Tobago dollars)

As part of the plan, a contract for construction of a warehouse facility at the Port of Galeota was awarded to General Earth Movers Limited and works commenced in August 2016.

- National Energy obtained statutory approvals required for implementation of strategic projects and operations, including:
  - Water pollution certificate for LABIDCO
  - International Ship and Port Facility Security (ISPS) approval for Savonetta Piers 1 - 4 and the Port of Brighton.
  - Water and Sewerage Authority of Trinidad and Tobago (WASA) approval for the Port of Galeota Administration Building Water Treatment Plant (WTP).
- National Energy participated in the development of the NGC Group HSSE Policy in conjunction with NGC and PPGPL. The policy will provide a guideline towards the achievement of the Group's HSSE goal of 'zero unsafe behaviours.'

AUDITORS

The Auditors, Deloitte & Touche, retired and being eligible, have expressed their willingness to be re-elected.

Dated this 30th day of January 2017

By ORDER OF THE BOARD

Camille Blackman
Company Secretary

Operations Highlights

ENERGY INDUSTRY DEVELOPMENT

During 2016, the company's energy industry development work was focused on four (4) broad areas:

Renewables
- Solar Energy Park
- Wind Resource Assessment

Metals
- Aluminium Ingot Processing

Petrochemicals
- Methanol to Olefins
- Butane Derivatives
- Polyisobutylene
- Di-methyl Carbonate
- Ammonia

Sustainability
- LNG Regasification and Transhipment
- Africa Initiatives
- Guyana Initiatives
- Melamine Processing

PRIORITY PROJECTS

Solar Energy Park

The project involves the establishment of a Solar Energy Park as an opportunity for the Government of Trinidad and Tobago to diversify the economy. The plants within the complex will consist of:

- A Float Glass Plant
- A Metallurgical Grade Silicon Plant
- A Polysilicon Plant
- A Solar Photovoltaic (PV) plant

In May 2016, National Energy took the lead in developing the project and in September, engaged Sitek Limited, a local renewable energy consultancy firm, to update the 2014 feasibility study for the project. The update was completed in November and the report submitted to the National Energy Board of Directors. Subject to approval, the next step will involve embarking on an investor engagement strategy.

Aluminium Ingot Processing

The objective of this project is to develop the energy-based manufacturing industry utilising aluminium ingots imported from various countries such as Ghana. The project is being designed to manufacture a range of products including extrusion commodities such as aluminium tubes and bars and flat-rolled products such as aluminium sheets and strips. A pre-feasibility study, assessing the viability of the project as well as the establishment of an aluminium industry, was completed and presented to the Board of Directors for consideration.

Methanol to Polyolefins

An MOU was signed with a locally-based investment firm to collaborate on the evaluation of a methanol to olefins facility. Given the wide application of polyolefins – from simple household commodities to high-end products such as medical syringes and car parts – this project could lead to the production of high-value new products in the country and contribute to the diversification thrust. Additionally, the structure of the project is to utilise existing methanol production as raw material; therefore, no additional natural gas or methanol production would be required.

Butane Derivative – Maleic Anhydride

The 2015 project scoping report for butane and butane derivatives highlighted several options for investment in Trinidad and Tobago. One of these options was the development of a Maleic Anhydride (MAN) facility as MAN has a wide range of applications and can satisfy a growing need in South America. Additionally, this project would not require any new gas supply. A pre-feasibility study which assessed viability of establishing a 50,000-tonne-per-year standalone MAN facility was completed and presented to the Board of Directors for approval.

Progress on other Projects

- A cross-functional team comprising representatives of NGC, MEEI, Caribbean Gas Chemical Limited (CGCL), Ube Industries Ltd., Massy Energy Trinidad Ltd, Mitsubishi Corporation and National Energy completed a preliminary feasibility study into the establishment of Dimethyl Carbonate (DMC) Project in Trinidad and Tobago. DMC is primarily used as an intermediate for feedstock for polycarbonate production in China. Other uses include solvents, feedstock for pharmaceuticals and agrichemicals and as an electrolyte in the manufacture of lithium ion batteries.

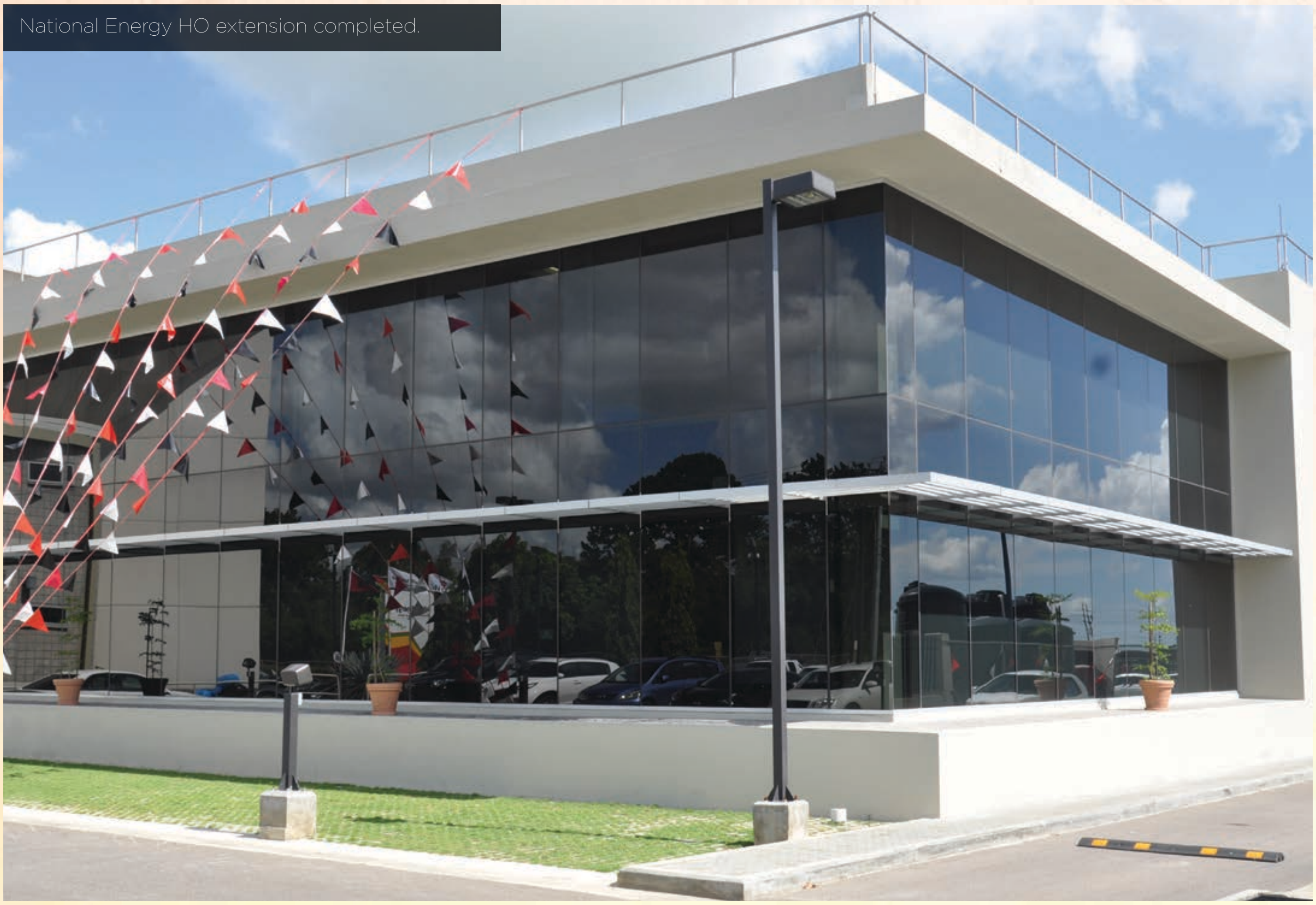
- A pre-feasibility study was completed for a Poly-isobutylene facility which would use iso-butane as feedstock.
- Participation in exploratory missions to Ghana, Suriname and Guyana to assess possible growth opportunities in those jurisdictions.

In addition to advancing the above projects, the Company continued to strengthen relationships with key industry stakeholders in furtherance of attracting energy-based projects. Discussions were also held with the Trinidad and Tobago Manufacturers Association (TTMA) and the Energy Chamber of Trinidad and Tobago which focused on collaboration for the identification of projects that can provide inputs into the manufacturing and other sectors of the economy.

OPERATIONS

Infrastructure Development Projects

- The Repairs to Berth 2, La Brea which commenced in July 2015, were substantially completed in 2016. Major works completed in 2016 included the installation of reinforcement for pile cap to concrete slab connection; installation of combi-wall; construction of anchor wall; Section 2a – Heavy Lift Platform and 200m of quay wall for loadout of bpTT's Juniper platform. The Juniper project is of national significance as the platform is expected to produce 590 million standard cubic feet of gas per day, thereby boosting local gas supply. The platform, which was being fabricated at the TOFCO facility located at La Brea Industrial Estate, will be loaded out in January 2017 with first gas expected from Juniper later in the year.
- Construction of National Energy's Administration Extension was completed by Contractor Alpha Engineering in April 2016. Successful negotiations towards a reduction in cost for three packages associated with the outfitting works and finishes for the Administrative Building Extension were also achieved. These outfitting works were completed in


National Energy HO extension completed.

June 2016. In keeping with statutory requirements, Fire and Life Certificate and Final Inspection Certificate for the Administration Building Extension were obtained. Additionally, with the completion of the Administration Building Extension works, a new revenue stream for National Energy was achieved through the establishment of Lease Agreements with NGC CNG and NGC Internal Audit for occupation of the ground floor and first floor respectively. This arrangement commenced in July 2016.

- Designs for the LABIDCO Corridor and Pipeline ROW works were completed. In May 2016, a contract was awarded to Junior Sammy Contractors for the reconstruction of the LABIDCO Corridor and Pipeline ROW, expected to be completed in May 2017, to facilitate CGCL's loading of materials and equipment required for the Natural Gas to Petrochemicals Complex. The CGCL Natural Gas to Petrochemicals Complex which is being developed at a capital cost of US$850 million, will be the first major petrochemical project to be located at Union Industrial Estate, La Brea. Through the attraction of service clusters, the complex is expected to stimulate economic activity in the southwestern peninsula and create employment opportunities in the region.
- A contract was awarded to General Earth Movers Limited in July 2016 for construction of the Port of Galeota warehouse, which kicked-off in August 2016. The facility will allow for bonded warehousing, equipment storage and offshore services to companies operating off the east coast of Trinidad including bpTT and Repsol.
- Maintenance dredging is important to ensure that the dredged depth of channels and turning basins are maintained to allow safe operations of vessels and ease of manoeuvering within the ports. Therefore, in November 2016, a tender for Maintenance Dredging of the Point Lisas Harbour, Port of Galeota and Port of Brighton was issued to a list of prequalified contractors. Site visits were conducted in December 2016 and will close on 05 January 2017.
- To ensure continuity of service at the Company's multiuser petrochemical terminals, it is critical that these facilities are maintained in a fit-for-purpose condition while extending their useful economic life in the most reliable, safe and cost-effective manner. This is achieved through robust management of the facilities to the highest standards of safety, health, environmental protection and quality. In keeping with this practice, a tender for Terminal Management Services for Savonetta Piers 3 and 4 was issued and the tender evaluation completed in 2016.

Construction works underway for Port of Galeota warehouse facility

PORTS AND ESTATES

Statutory Approvals

The following statutory approvals were obtained in 2016:

- Water pollution certificate for LABIDCO
- International Ship and Port Facility Security (ISPS) approval for Point Lisas and Port of Brighton
- Water and Sewerage Authority of Trinidad and Tobago (WASA) approval for the Port of Galeota Administration Building Water Treatment Plant (WTP)

Port of Galeota

- In August 2016, a plan for the use and optimisation of the Port of Galeota was developed in alignment with the NGC Group's Strategy 2016-2020 and assessment of a Public Private Partnership (PPP) model in keeping with the thrust towards operational excellence.
- New Agreements were signed with Esskay Construction Services Limited for the use of the Port of Galeota, and bpTT for conducting land-based activities in support of their SPM loading hose replacement exercise. Other users, such as BHP Billiton Trinidad, Repsol and Trinity, continued to use the port for their operations. Based on client activities, the port earned approximately 13% above budgeted revenues for the period January to December 2016.


Repairs to Berth 2, Port of Brighton, La Brea progressing on schedule

- 1,379 vessel calls were recorded at the Port of Galeota in 2016.
- Cargo tonnage averaged at 13,209.2 MT in 2016 which was 17.7% less than the recorded tonnage for 2015.

Port of Brighton

- Despite low levels of economic activity and the closure of Berth 2 for repairs, vessel calls continued at the Port of Brighton and were recorded at 570 for 2016, a reduction of 34.3% when compared to 2015. Berth occupancy averaged 49.7% representing a 25.3% decrease from 2015.
- Cargo tonnage averaged around 6,351 MT at the Port of Brighton in 2016, which represented a significant shortfall when compared to 2015 due mainly to the unavailability of Berth 2.
- In September 2016, new rates were developed and approved by the Board of Directors, for the use of Berth 3 at the Port of Brighton.

La Brea Industrial Estate

- National Energy hosted an Opportunity Framing Workshop with focus on the La Brea Industrial Estate in May 2016. The workshop which saw participation from seven (7) external stakeholder groups such as invesTT, eTeck, The UWI and Town and Country Planning Division, was aimed at developing an optimal framework for the use and sustainable development of the La Brea Industrial Estate. Ideas were discussed and discussions will continue with stakeholders in 2017.
- Approximately 1,270 persons were employed on the La Brea Estate in 2016, with 477 persons coming from La Brea and environs, reflecting approximately 36% local employment level. TOFCO remained the largest employer within the Estate, with Soletanche Bachy Cimas being the second largest employer, as works continued on the Berth 2 project.

Union Industrial Estate

National Energy owns and operates the Union Industrial Estate (UIE) which comprises 353.5 hectares of land designed to accommodate heavy and light downstream energy-based industries. The estate, which is home to the Trinidad Generation Unlimited (TGU) power generation plant and the CGCL Natural Gas to Petrochemicals Complex, is equipped with all amenities including natural gas supply, drainage, water and telecommunications. UIE is located approximately 1km from the La Brea Industrial Estate and supported by the Port of Brighton.

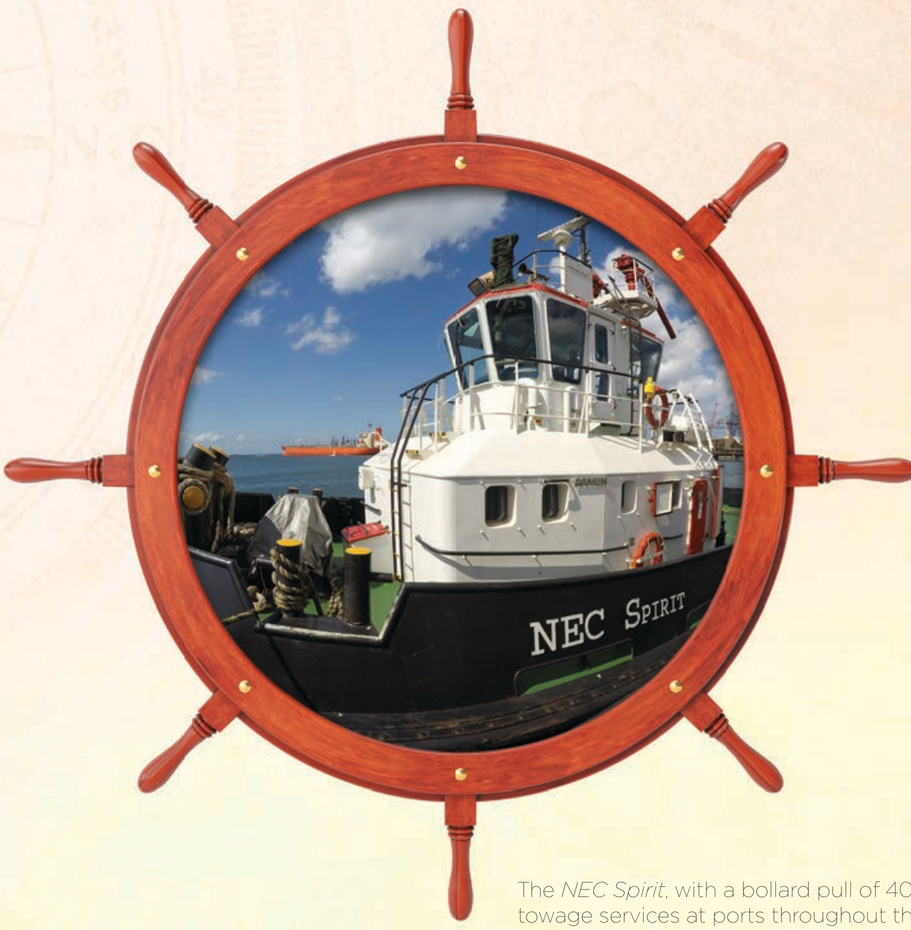
- In 2016, a 2km long inter-lot drainage system was completed, as part of a drainage works project, to alleviate the flooding being experienced by the Sobo Village community.
- Employment at UIE stood at approximately 337 persons, as a result of ongoing construction preparation works at the CGCL site. Of the 337 persons employed, approximately 143 persons were from La Brea and environs, representing approximately 40% local employment.

Commercial Activities

As a source of new revenue streams for National Energy, the following arrangements were made in 2016:

- Several long-term and Spot Hire Agreements were effected.
- The *National Energy Explorer*, a Fast Crew Supply Vessel, was utilised under a Spot Hire Agreement with Titan Logistics. An agreement was also executed with FairField Nodal for use of the vessel for crew transport.
- An existing agreement with ArcelorMittal for the use of ISCOTT Dock, one of National Energy's major marine assets, came to an end. Additionally, during the year, ArcelorMittal wound up its operations in Trinidad and Tobago. National Energy subsequently executed an Agreement with Nutrimix Feeds Limited for use of ISCOTT Dock for import of grains and wheat as and when required.
- The *NEC Vision, Legacy* and *Majestic* were returned to service after undergoing maintenance repairs. Additionally, in keeping with standard practices, four (4) additional vessels were successfully dry docked in Trinidad and Tobago and returned to service in 2016. Vessel availability averaged at 80% for the year 2016.
- A total of 549 vessels called at National Energy's Savonetta Piers and ISCOTT Dock at the Port of Point Lisas in 2016, as opposed to 648 in 2015.
- Throughput for the Savonetta Piers and ISCOTT Dock for 2016 was 13,752,060.508 MT, approximately 20% lower than the 17,065,994.530 achieved in 2015.
- In May 2016, the services of Det Norkse Veritas (DNV) Global were engaged to undertake an audit of its facilities at Point Lisas, Berth 3 La Brea, and Port of Galeota. The aim of the audit was to evaluate the presence and level of implementation of Asset Integrity (AI) management policies, procedures and practices, assess the current status of the facilities' mechanical integrity and make recommendations for improvement.

A final report was submitted to the Board of Directors in September 2016. As part of the Asset Integrty Programme, a tender for Cathodic Protection at National Energy's port facilities is being developed to be executed in January 2017.



The *NEC Spirit*, with a bollard pull of 40 tonnes, provides towage services at ports throughout the country.

Group HSSE Initiative
In 2016, focus was placed on fostering closer alignment with HSSE teams across The NGC Group to promote positive HSSE initiatives and culture. To this end, a Group HSSE Policy Statement was developed with the goal of zero unsafe behaviours.

Safety
To ensure the company's preparedness in the event of an emergency (natural or man-made) and to allow for continuity of operations with minimal downtime, the following initiatives were undertaken:

- Emergency Response Exercises were conducted for Savonetta Piers 1 – 4 and the Port of Galeota.
- Chemical Release Simulation and Drill conducted for National Energy's Head Office Compound.
- Defensive Driving and Fire Prevention Training conducted for National Energy's Staff. NGC and CNG were also included in the Fire Prevention Training.

Employees are trained to prevent and fight fires

Security

- New security contracts were awarded for LABIDCO, Savonetta Piers, Port of Galeota and National Energy Properties (La Brea).
- In compliance with ISPS guidelines training of approximately forty (40) Security Officers in Port Security Protocols to improve their skills and competencies in managing port security.

HUMAN RESOURCES AND STRATEGIC PLANNING

Key strategies were developed to facilitate the achievement of critical 2016 organisational objectives. These initiatives were aligned to corporate targets such as managing cost, growing and acquiring competencies and improving organisational health. Thus, training was conducted in critical strategic competency development areas including Asset Integrity/Management, Leadership, Contract Negotiations and Contract Management.

National Energy's Human Resources & Strategic Planning (HR&SP) team, on behalf of The NGC Group, led the successful execution of the training programme, 'Practical Application of FIDIC Conditions of Contract and Mediation Strategies for the Employer/Owner Construction Projects Programme.' For National Energy, programmes in Contract Management and Asset Integrity/Management were in direct support of critical corporate targets related to the company's marine operations.

In-house training was also provided based on consolidated organisational training needs.

The Organisation Health Index (OHI) Leadership Action Plan was implemented to enable a performance-driven culture throughout the organisation. Additionally, the 2017 Corporate Plan, which is aligned to the Group's strategic pillars, was completed in collaboration with all departments.

An organisation review exercise was undertaken and a proposal submitted to the Board of Directors for implementation of a revised structure in 2017. The structure was developed with emphasis on improving agility and strengthening the commercial focus of the company.

CORPORATE SOCIAL RESPONSIBILITY

The NGC Group sought to strengthen its presence and brand in its target markets. To achieve this goal, teamwork and collaboration was required among the employees of member companies at all levels. National Energy played a pivotal role in fostering this collaboration through active involvement on several cross-functional teams. Teams included Strategy, Corporate Communication, Procurement, Information Communication Technology, HSSE and Facilities

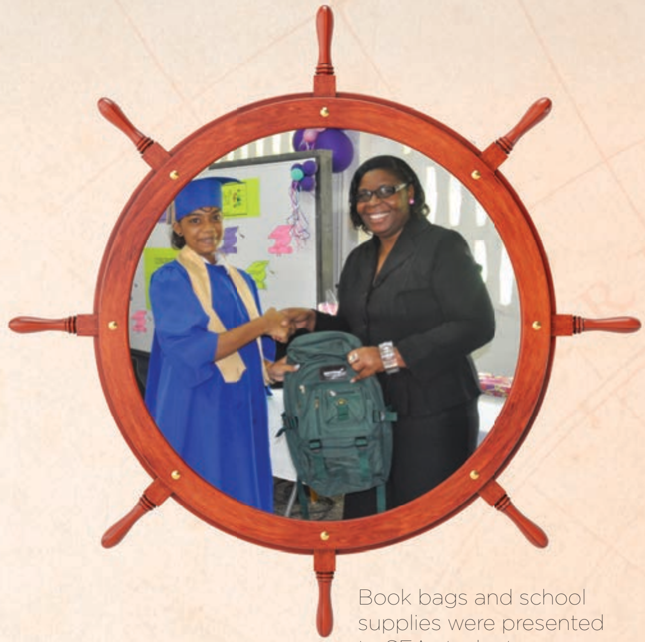
Management, among others. The company also supported the Group's initiatives to manage cost and capitalise on areas of co-operation and synergies among its members, spearheading the coordination of a meet-and-greet session for the Group's Procurement practitioners.

Employee Engagement initiatives continued to be consolidated across The NGC Group with Employee Forums hosted for all employees and a Group communication channel established to facilitate dissemination of corporate messages. Additionally, the Company participated in the planning and execution of employee social events which were co-ordinated by committees comprising members from all companies. Employees continued to participate in the company's Brand Ambassador Programme, accumulating over 2,600 points in a variety of activities. The area of Management Championship in particular, saw a marked improvement in 2016.

Stakeholder Engagement was an important focus area for National Energy during the year since relationship management and strategic partnerships would be key to maximisation of value from our transactions. A stakeholder engagement plan was executed which included one-on-one meetings with stakeholders, ongoing communication with external and internal clients and site visits. Community Involvement initiatives were specifically geared towards building and maintaining relationships, building capacity and education.

Corporate Social Responsibility initiatives in the Company's fenceline communities of La Brea and Mayaro/Guyaguayare and environs:

- Distribution of vouchers for purchase of 'back-to-school' supplies
- Distribution of book bags and school supplies to SEA students
- Capacity building training
- Distribution of 'care packs' to the Couva Home for the Aged
- Donation of Christmas hampers to families in need.



Book bags and school supplies were presented to SEA students

A meet and greet session was held for the Procurement practitioners in the NGC Group

National Energy Corporation of Trinidad and Tobago Limited

Financial statements
For the year ended 31 December 2016

National Energy

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of National Energy Corporation of Trinidad and Tobago Limited (the "Company") as at the end of the financial year and the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

President

10 February 2017

VP Finance & Administration (Ag.)

10 February 2017

Deloitte.

Deloitte & Touche
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Independent auditor's report to the shareholders of National Energy Corporation of Trinidad and Tobago Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Energy Corporation of Trinidad and Tobago Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 the Company as at 31 December 2016, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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.

Deloitte.

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Independent auditor's report to the shareholders of National Energy Corporation of Trinidad and Tobago Limited (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 control.
- 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 auditor's 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 auditor's 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 those charged with governance 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 those charged with governance 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 auditor's 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.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
10 February 2017

Statement of financial position

As at 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	439,480	466,535
Investment properties	6	464,988	446,872
Deferred taxation asset	7 (b)	2,622	2,147
Total non-current assets		907,090	915,554
Current assets			
Cash and short-term deposits	8	318,787	257,359
Trade and other receivables	9	175,378	198,761
Due from related parties	19	1,650	3,502
Due from parent company		–	69,942
Taxation recoverable		11,235	11,235
Inventories		–	2
Total current assets		507,050	540,801
Total assets		**1,414,140**	**1,456,355**
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	10	103,427	103,427
Capital contribution	11	43,325	119,514
Retained earnings		548,971	494,139
Total shareholder's equity		695,723	717,080
Non-current liabilities			
Long-term debt	12	388,586	437,323
Deferred taxation liability	7 (b)	62,722	48,588
Deferred income	14	79,928	84,403
Total non-current liabilities		531,236	570,314
Current liabilities			
Current portion of long-term debt	12	48,195	27,184
Trade and other payables	13	93,025	108,717
Deferred income	14	30,133	27,361
Due to related parties	19	5,532	4,205
Due to parent company	19	5,864	–
Taxation payable		4,432	1,494
Total current liabilities		187,181	168,961
Total liabilities		**718,417**	**739,275**
Total shareholder's equity and liabilities		**1,414,140**	**1,456,355**

The accompanying notes on pages 27 to 61 form an integral part of these financial statements.

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorised for issue by the Board of Directors on 10 February 2017.

Chairman

Director

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
Revenue	15	308,111	322,269
Operating costs	17 (a)	(128,016)	(131,497)
Operating profit		180,095	190,772
Other income	16	12,612	29,624
Interest income		834	766
Administrative and general expenses	17 (b)	(60,992)	(87,104)
Impairment expenses		–	(371)
Finance costs	17 (c)	(27,687)	(31,194)
Loss on foreign exchange transaction		(1,662)	(872)
Profit before taxation		103,200	101,621
Income tax expense	7 (a)	(48,368)	(33,701)
Profit for the year after taxation		54,832	67,920
Other comprehensive income		–	–
Total comprehensive income		**54,832**	**67,920**

The accompanying notes on pages 27 to 61 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2015				
Balance at 1 January 2015	103,427	119,514	426,219	649,160
Profit for the year after taxation	–	–	67,920	67,920
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	67,920	67,920
Balance at 31 December 2015	**103,427**	**119,514**	**494,139**	**717,080**
Year ended 31 December 2016				
Balance at 1 January 2016	103,427	119,514	494,139	717,080
Decrease in capital contribution	–	(76,189)	–	(76,189)
Profit for the year after taxation	–	–	54,832	54,832
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	54,832	54,832
Balance at 31 December 2016	**103,427**	**43,325**	**548,971**	**695,723**

The accompanying notes on pages 27 to 61 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Cash generated by operations	18	282,363	138,317
Taxation paid		(31,773)	(26,634)
Interest paid		(22,269)	(26,382)
Interest received		712	802
Net cash generated from operating activities		229,033	86,103
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,391)	(26,301)
Additions to investment properties		(27,824)	(28,547)
Net (increase)/decrease in short-term investments		(1,911)	75,591
Net decrease in debt reserve fund		–	4,979
Proceeds from disposal of property, plant & equipment		4,315	1,450
Net cash (used in)/generated from investing activities		(45,811)	27,172
Cash flows from financing activities			
Repayment of borrowings		(123,705)	(129,601)
Net cash used in financing activities		(123,705)	(129,601)
Net increase/(decrease) in cash and cash equivalents		59,517	(16,326)
Cash and cash equivalents at beginning of year		211,713	228,039
Cash and cash equivalents at end of year	8 (c)	**271,230**	**211,713**

The accompanying notes on pages 27 to 61 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

1. Corporate information

The Company was incorporated in Trinidad and Tobago on 7 September, 1979 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC or the Parent Company) which is owned by the Government of the Republic of Trinidad and Tobago (GORTT). It is principally engaged in the management of certain marine infrastructural facilities at the Port of Point Lisas and Port of Galeota and the promotion and development of the Union Industrial Estate at La Brea. The Company's registered office is located at Corner Rivulet and Factory Roads, Brechin Castle, Couva, Trinidad and Tobago.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

- **Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations***

  The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

  The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company have assessed that the application of these amendments to IFRS 11 will not have an impact on the financial statements.

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  a) when the intangible asset is expensed as a measure of revenue; or

  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (continued)**
  The management of the Company believes that the depreciation methods are the most appropriate methods to reflect the consumption of economic benefits inherent in the respective assets and accordingly, Management of the Company has assessed that the application of these amendments to IAS 16 and IAS 38 will not have an impact on the Company financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***
  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

  Management of the Company has assessed that the application of these amendments to IAS 16 and IAS 41 will not have an impact on the financial statements as the Company is not engaged in agricultural activities.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***
  Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

  a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

  b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

  c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

  d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

  The directors of the Company have assessed that the application of these amendments will not have an impact on the consolidated financial statements.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Annual Improvements 2012 – 2014 Cycle**

The *Annual Improvements to IFRS 2012-2014* include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The directors of the Company has assessed that the application of these amendments will not have an impact on the financial statements.

- **Amendment to IAS 1: *Disclosure Initiative***

Amendments were made to IAS 1 *Presentation of Financial Statements* to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Company have assessed that the application of these amendments will not have an impact on the financial statements.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***

  Amendments were made to IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:
  (i) at cost; or
  (ii) in accordance with IFRS 9 (or IAS 39); or
  (iii) using the equity method.

  This is an accounting policy choice for each category of investment.

  The Company presently accounts for initial investments at cost, subjected to any impairment gain/loss at subsequent reporting periods; therefore amendments to IAS 27 will have no impact on the Company's reporting.

2.2 New and revised IFRS in issue but not yet effective
The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

• IFRS 9	Financial instruments (2)
• IFRS 15	Revenue from Contracts with Customers (2)
• IFRS 16	Leases (3)
• Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (2)
• Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (4)
• Amendments to IAS 7	Disclosure initiative (1)
• Amendments to IAS 12	Recognition of Deferred Tax Assets Unrealised Losses (1)

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of the IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods.

- Debt instruments that are within a business model whose objective is achieved both by, collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset, give rise on specified dates to cash flows that are solely payments of principal, and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 9 *Financial Instruments (continued)*

- The new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement

- Bills of exchange and debentures classified as held-to-maturity investments and loans carried at amortised cost as disclosed. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

- Listed redeemable notes classified as available-for-sale investments carried at fair value. These are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the notes in the open market, and the notes' contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed redeemable notes will continue to be subsequently measured at FVTOCI upon the application of IFRS 9, and the fair value gains or losses accumulated in the investment revaluation reserve will continue to be subsequently reclassified to profit or loss when the listed redeemable notes are derecognised or reclassified;

- Unlisted shares classified as available-for-sale investments carried at fair value. These shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS, which is different from the current treatment. This will affect the amounts recognised in the Company's profit or loss and other comprehensive income but will not affect total comprehensive income;

- Redeemable cumulative preference shares issued by the Company designated as at FVTPL. These financial liabilities qualify for designation as measured at FVTPL under IFRS 9; however, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability will be recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)
Impairment
Financial assets measured at amortised cost (see classification and measurement section), finance lease receivables, amounts due from customer under construction contracts, and financial guarantee contracts will be subject to the impairment provisions of IFRS 9.

The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and amounts due from customer under construction contracts as required or permitted by IFRS 15. The directors of the Company consider that they have low credit risk given their strong external credit rating and hence expect to recognise 12-month expected credit for the listed redeemable notes, bills of exchange and debentures. In relation to the loans to related parties and financial guarantee contracts, whether lifetime or 12-month expected credit losses should be recognised would depend on whether there has been a significant increase in credit risk of these items from initial recognition to the date of initial application of IFRS 9. The directors are currently assessing the extent of this impact.

The Management of the Company anticipates that the application of IFRS 9 in the future may not have a material impact on the amounts reported in respect of the Company financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.
The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a five (5)-step approach to revenue recognition:
- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers (continued)*
The management of the Company anticipates that the application of IFRS 15 in the future may not have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, the Company is yet to perform a detailed review of the future effects of IFRS 15.

IFRS 16 *Leases*
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Company do not anticipate that the application of this standard will have a significant impact on the financial statements.

Amendments to IFRS 2 *Classification and measurement of the Share-Base Payment Transactions*
The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payment.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employees tax obligation to meet the employees tax liability which is then remitted to the tax authority,i.e. the share base payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   i. The original liability is recognised;
   ii. The equity-settled share-based payment is recognised at the modification date fair value of equity instrument granted to the extent that services have been rendered up to the modification date; and
   iii. Any difference between the carrying amount of the modification date and the amount recognised in equity should be recognised in profit and loss immediately.

   The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements as the Company does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit of loss only to the extent of the unrelated inventors' interest in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statement.

Amendments to IAS 7, *Disclosure Initiative*

Amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statements.

Amendments to IAS 12, *Recognition of Deferred Tax Assets for Unrealised Losses*

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statements.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost basis as modified for the fair valuation of investment properties. The financial statements are presented in Trinidad & Tobago dollars (TT$) which is also the functional currency.

Statement of compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

a) **Cash and cash equivalents**
Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) **Trade receivables**
Trade accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written-off when identified. Receivables from related parties are recognised and carried at cost.

c) **Taxes**
Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets are recognised only if there is a reasonable expectation of realization. Deferred tax assets arises from tax losses yet to be recognised, and are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

d) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3% to 20%
Tugs and workboats	6.67%
Machinery and equipment	12.5% to 20%
Other assets	10% to 50%
Administration building	2%

Development costs are recognised as an asset to the extent that it is expected to generate future economic benefits.

Repairs and maintenance costs are charged to the statement of profit or loss when expenditure is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

e) **Investment property**

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Development costs	3.33%
Buildings	3.33%

No depreciation is provided on freehold land.

Investment property is derecognised when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

f) **Long-term debt**

Long-term debt is initially recognised at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, long-term debt is subsequently measured at amortised costs using the effective interest rate method. Amortised cost is calculated by taking into account any directly attributable transaction costs.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

g) **Foreign currencies**
The presentation and functional currency of the Company's financial statements is Trinidad and Tobago dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognised in the profit or loss for the year.

h) **Borrowing costs**
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) **Payables and accruals**
Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

j) **Financial assets**
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. 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.

Loans and receivables
Loans and receivables are non-derivative financials assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost
Loans and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of borrowing costs.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

k) Financial liabilities

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

l) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. **Summary of significant accounting policies (continued)**

n) **Derecognition of financial assets and liabilities**

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired;
- 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; or
- 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 the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in assets.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

o) **Revenue recognition**
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Marine infrastructure income
Revenue from the use of the Company's piers, docks and vessels is recognised upon performance of the services.

Property rental income
Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned.

Management fees
Management fees earned on government-funded projects are accounted for on the accruals basis.

Interest income
Interest and investment income is accounted for on the accruals basis.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

p) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

q) **Provisions**

The Company recognises a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r) **Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Non-operating contributions received from the Government are accounted for as capital grants.

Capital grants represent amounts received from the Government for specific capital expenditure purposes. Capital grants not yet spent are classified as deferred capital grants. Capital grants relating to non-depreciable assets are deducted against the carrying amount of the asset to which it relates when the expense is incurred. When the capital grant is expended for depreciable assets, the related amounts are transferred from deferred capital grants to deferred income.

Deferred income is amortised to the statement of profit or loss on a systematic basis over the useful lives of the related assets.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

s) **Deferred income**
The Company is contractually obligated to invoice its pier users quarterly in advance. This is recognised as deferred income to the value of quarterly fixed user charges for the upcoming period, which will be credited to income in the relevant period to which it relates.

t) **Comparative information**
Where necessary, comparative information are adjusted to conform to changes in presentation in the current year.

4. Significant accounting judgements, estimates and assumptions
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements
In the process of applying the Company's accounting policies, management has determined that there were no judgements apart from those involving estimations which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property
The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets
The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments – Company as lessor
The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets
Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment

	Marine infrastructure assets $'000	Machinery equipment $'000	Development cost $'000	Leasehold property $'000	Other assets $'000	Capital work in progress $'000	Total $'000
Cost							
Balance at 1 January 2015	**756,940**	**9,499**	**2,562**	**20,665**	**14,346**	**6,599**	**810,611**
Additions	5,078	1,897	–	–	2,150	17,176	26,301
Transfers	11,556	77	–	–	–	(11,634)	(1)
Disposals	(9,155)	(1,031)	–	–	(1,263)	–	(11,449)
Balance at 31 December 2015	**764,419**	**10,442**	**2,562**	**20,665**	**15,233**	**12,141**	**825,462**
Additions	11,544	4,117	–	–	362	18,666	34,689
Transfers	4,367	–	–	–	–	(4,367)	–
Transfers to investment properties (Note 6)	–	–	–	–	–	(26,432)	(26,432)
Disposals	(24)	(131)	–	(29)	(257)	-	(441)
Balance at 31 December 2016	**780,306**	**14,428**	**2,562**	**20,636**	**15,338**	**8**	**833,278**
Accumulated depreciation							
Balance at 1 January 2015	**(319,514)**	**(5,214)**	**(1,579)**	**(3,506)**	**(7,491)**	**-**	**(337,304)**
Depreciation charge	(27,528)	(1,188)	(247)	(417)	(2,930)	–	(32,310)
Disposals	8,955	1,003	–	–	729	–	10,687
Balance at 31 December 2015	**(338,087)**	**(5,399)**	**(1,826)**	**(3,923)**	**(9,692)**	**-**	**(358,927)**
Depreciation charge	(30,768)	(1,839)	(235)	(417)	(1,996)	–	(35,255)
Disposals	19	128	–	2	235	–	384
Balance at 31 December 2016	**(368,836)**	**(7,110)**	**(2,061)**	**(4,338)**	**(11,453)**	**-**	**(393,798)**
Net book value							
At 31 December 2015	**426,332**	**5,043**	**736**	**16,742**	**5,541**	**12,141**	**466,535**
At 31 December 2016	**411,470**	**7,318**	**501**	**16,298**	**3,885**	**8**	**439,480**

Notes to the financial statements
For the year ended 31 December 2016
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6. Investment properties

	Buildings $'000	Development cost $'000	Capital work in progress $'000	Total $'000
Cost				
Balance at 1 January 2015	572,415	436,032	–	1,008,447
Additions	(120)	19,764	7,773	27,417
Transfers	–	1,130	–	1,130
Balance at 31 December 2015	**572,295**	**456,926**	**7,773**	**1,036,994**
Additions	717	11,550	1,259	13,526
Transfers	–	8,577	(8,577)	–
Transfers from property, plant & equipment (Note 5)	26,432	–	–	26,432
Balance at 31 December 2016	**599,444**	**477,053**	**455**	**1,076,952**
Accumulated depreciation				
Balance at 1 January 2015	(16,560)	(87,601)	–	(104,161)
Depreciation charge	(3,409)	(16,481)	–	(19,890)
Balance at 31 December 2015	(19,969)	(104,082)	–	(124,051)
Depreciation charge	(3,710)	(18,132)	–	(21,842)
Balance at 31 December 2016	**(23,679)**	**(122,214)**	**–**	**(145,893)**
Accumulated impairment				
Balance at 1 January 2015	(465,700)	–	–	(465,700)
Impairment reversals charged to the profit or loss	(371)	–	–	(371)
Balance at 31 December 2015	**(466,071)**	**–**	**–**	**(466,071)**
Balance at 31 December 2016	**(466,071)**	**–**	**–**	**(466,071)**
Net book value				
At 31 December 2015	**86,255**	**352,844**	**7,773**	**446,872**
At 31 December 2016	**109,694**	**354,839**	**455**	**464,988**

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

6. Investment properties (continued)

Amounts recognised in statement of profit or loss

	2016 $'000	2015 $'000
Rental income from investment properties	16,116	26,003
Direct operating expenses	1,404	2,117

i) Investment properties comprise the lands at Union Industrial Estate (UIE) and a warehousing facility which was constructed on the UIE. The Company has applied for a reclamation license in respect of the land on which the warehouse facility sits.

ii) The fair value is based on the investment property value in use. The recoverable amount of the Company's major assets has been determined based on a value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 6.049%. As a result of this analysis, no impairment was recognised by Management for 2016 (2015: charge of $0.371 million) on its investment properties in the statement of profit or loss.

Details of the Company's Union Industrial Estate and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2016	-	-	303,375	303,375	273,999
At 31 December 2015	-	-	347,885	347,885	281,296

Details of the Company's Brighton Materials Storage and Handling Warehouse facility and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2016	-	-	87,954	87,954	82,860
At 31 December 2015	-	-	86,255	86,255	86,255

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

7. Taxation

a) Taxation charge

The major components of the taxation expense are as follows:

	2016 $'000	2015 $'000
Corporation tax: current year	32,145	27,748
prior year tax	1,601	–
Green fund levy	963	353
Deferred taxation expense (Note 7(b)	3,642	5,600
Deferred taxation resulting from increase in enacted future tax from 25% to 30%	10,017	–
	48,368	**33,701**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:

	2016 $'000	2015 $'000
Profit before taxation	**103,200**	**101,621**
Income taxes thereon at the rate of 25%	25,800	25,405
Non-deductible expenses	5,342	3,034
Permanent differences	4,987	4,623
Green fund levy	963	353
Prior year taxes	1,601	–
Deferred taxation resulting from increase in enacted future tax from 25% to 30%	10,017	–
Other differences	(342)	286
	48,368	**33,701**

b) Deferred tax

Significant components of the deferred tax assets and liabilities are as follows:

	2016 $'000	2015 $'000
Assets		
Accrued vacation leave	2,096	1,883
Accrued interest payable	526	264
	2,622	**2,147**
Liabilities		
Long lived assets	**62,722**	**48,588**

Movement for the year in the net deferred tax liability

Movement for the year:

	2016 $'000	2015 $'000
Balance at 1 January	46,441	40,841
Deferred tax charge to statement of profit and loss	13,659	5,600
Balance at 31 December	**60,100**	**46,441**

Notes to the financial statements
For the year ended 31 December 2016
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8. Cash and short-term deposits

	2016 $'000	2015 $'000
Cash at bank and on hand	271,230	211,713
Short-term deposits	47,557	45,646
	318,787	**257,359**
Investment held with Clico Investment Bank (Note 8(b))	14,381	14,381
Less: Impairment provision of short-term deposit (Note 8(b))	(14,381)	(14,381)
	318,787	**257,359**

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $318.787 million (2015: $257.359 million).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of $14.381 million. CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic Trinidad and Tobago. The investment note certificates in CIB were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December, 2016.

(c) For the purposes of the statement of cash flows, cash and cash equivalents comprise the following.

	2016 $'000	2015 $'000
Cash at banks and on hand	**271,230**	**211,713**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

9. Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables – third parties	78,846	103,410
Provision for doubtful debts (Note 9(c))	(8,102)	(16,360)
	70,744	87,050
Other receivables:		
Due from Government of Trinidad & Tobago	81,829	86,488
Due from Government of Trinidad & Tobago – unbilled	4,083	767
Value Added Tax recoverable	5,481	11,257
Prepaid expenses	44	35
Insurance prepayment	1,381	1,298
Interest receivable	221	99
Other	11,595	11,767
Total receivables and prepayments	**175,378**	**198,761**

(a) Trade receivables are non-interest bearing and are generally on 15 - 30 days terms.

(b) During 2011, two wire transfers amounting to $31.888 million (US$4.975 million) were fraudulently withdrawn from one of the Company's bank accounts. Due to the lack of objective evidence of the final outcome of recovery efforts, a provision for $31.888 million was recorded at 31 December 2011.

Subsequently, the Company received $5.835 million and at 31 December 2016, the Company continues to hold a provision of $23.509 million.

(c) As at 31 December 2016, trade receivables at a value of $8.102 million (2015:$16.360 million) were impaired and provided for fully. Movements in the provision for impairment of receivables were as follows:

	2016 $'000	2015 $'000
At 1 January	16,360	16,973
Charge for year	2,962	–
Provision reversed	(11,220)	(613)
At 31 December	8,102	16,360

As at 31 December, the ageing analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016	**70,744**	**37,735**	**11,447**	**2,723**	**1,800**	**1,175**	**15,864**
2015	**87,050**	**27,585**	**35,571**	**2,852**	**1,940**	**1,574**	**17,528**

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

10. Stated capital

	2016 $'000	2015 $'000
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1,034,270 ordinary shares of no par value	**103,427**	**103,427**

11. Capital contribution

The Parent Company, NGC, provided the company with a loan at an interest rate below market rate effective 31 December 2008. This resulted in the company recognising a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008. (See Note 12 (a)). As at 31 December 2010 and 2011, additional fair value adjustments of $4.256 million and $18.035 million were recorded on the loan from the parent due to a deferral of the commencement of loan instalments to 1 January 2015 and 1 January 2016 respectively.

On 2 June 2016, the company refinanced the above loan by consolidating the two existing loans with NGC at an interest rate of 4.6% (See Note 12(c)). This resulted in a reduction in the capital contribution by $76.189 million when the loan was recorded at fair value.

12. Long-term debt

	Long-term portion $'000	Current portion $'000	2016 $'000	2015 $'000
NGC – UIE Loan (Note 12(a))	–	–	–	283,804
NGC advance (Note 12(b))	–	–	–	180,703
Consolidated loan (Note 12(c))	388,586	48,195	436,781	–
	388,586	**48,195**	**436,781**	**464,507**

a) On 12 April 2009, the company was mandated by the Government of the Republic of Trinidad and Tobago to reimburse the Parent Company, NGC for the cost of the development of Union Industrial Estate, La Brea. The purchase consideration of US$58.518 million (TT$367.078 million) was set up as a loan with an effective date of 31 December 2008. The principal is to be paid in equal semi-annual instalments originally commencing 1 July 2009 with interest at a rate of 3.0% per annum. Interest for 2010 and 2011 has been capitalised. Interest payments commenced in 2012 and principal repayments in 2016.

As the Parent Company had provided a loan at an interest rate below market rate, the Company recorded a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008.

b) As a result of the discontinuance of the aluminium smelter during 2010, the scope of works regarding the construction of the material, handling and storage facility was changed. This change resulted in a reduction in the amount of financing required from NGC to US$66.0 million. The loan agreement which was executed on 23 December 2010 provides for the Company to repay the principal over a period of not more than 15 years in equal semi-annual instalments with a rate thereon at a maximum of 7%. The first principal instalment is due within two (2) years of the date of execution of the loan agreement.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

12. Long-term debt (continued)

c) On 2 June 2016, the Company refinanced the two (2) loans mentioned in Note 12(a) and 12(b) above. These loans were consolidated with the following terms:
   i. Currency denomination changed from United States dollars to Trinidad and Tobago dollars
   ii. Interest rate changed to 4.6%
   iii. Tenure of ten (10) years with equal semi-annual principal payment

   As at 2 June 2016, the principal outstanding amounted to TT$481.951 million with a fair value of TT$458.678 million.

d) Interest on the loan shall be paid semi-annually, with effect from the effective date of the loan.

	Carrying amount		**Fair value**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
	436,781	**464,507**	**436,781**	**464,507**

The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the year-end date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan with NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value.

Maturity profile of long-term debt

	2016 $'000	**2015 $'000**
In one year or less	48,195	27,184
In more than one year but not more than two years	48,195	29,064
In more than two years but not more than three years	48,195	31,075
In more than three years but not more than four years	48,195	33,226
In more than four years but not more than five years	48,195	35,526
In more than five years	195,806	308,432
	436,781	**464,507**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

13. Trade and other payables

	2016 $'000	2015 $'000
Trade payables	22,442	8,586
Accrued material/service amounts	30,648	76,124
Employee-related accruals	7,036	10,701
Retentions	29,922	10,160
VAT payable	2,977	3,146
	93,025	**108,717**

14. Deferred income

	2016 $'000	2015 $'000
Billings in advance (Note 14(a))	16,904	15,939
Deferred income – Union Industrial Estate (Note 14(b))	85,165	88,618
Deferred income– Other	7,992	7,207
	110,061	**111,764**
Non-current	79,928	84,403
Current	30,133	27,361
	110,061	**111,764**

a) This amount relates to pier user charges billed in advance.
b) Deferred income – Union Industrial Estate:

	2016 $'000	2015 $'000
Balance at 1 January	88,618	51,963
Solar House Project	(113)	–
Received during the year	1,897	40,870
Amount released to income	(5,237)	(4,215)
Balance at 31 December	**85,165**	**88,618**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

15. Revenue

The revenue principally consist of the following:

	2016 $'000	2015 $'000
ISCOTT dock	6,294	5,687
Savonetta piers	126,809	139,568
Point Lisas harbour	35,586	34,428
Tugs and workboats	91,312	93,976
Lease land (Note 6)	16,116	26,003
Amortisation of deferred capital grant	5,237	4,198
Galeota port	13,043	10,931
Berth 3 – Brighton	6,014	4,894
Tug mooring facility rental	1,097	348
Rental storage facilities	5,851	1,515
Rental storage yard	752	721
	308,111	**322,269**

16. Other income

	2016 $'000	2015 $'000
Management fees – La Brea Industrial Development Company Limited	721	842
Project management fees	181	1,321
Gain on disposal of property, plant & equipment	4,291	688
Miscellaneous	7,419	26,773
	12,612	**29,624**

17. Expenses

(a) **Operating costs:**

	2016 $'000	2015 $'000
Depreciation and amortisation	52,523	47,330
Maintenance – marine facilities	29,783	28,704
Salaries and related benefits (Note 17(e))	11,761	16,694
Management fees – tugs & workboats	25,918	29,785
Insurance	2,889	2,936
Security	5,023	5,929
Seabed lease rent	119	119
	128,016	**131,497**

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

17. Expenses (continued)

(b) **Administrative and general expenses:**

	2016 $'000	2015 $'000
Salaries and related benefits (Note 17(e))	47,996	59,847
Depreciation and amortisation	4,575	4,872
Management fees – NGC	1,000	1,000
Insurance	644	730
Movement in provision for doubtful debts	(8,258)	(613)
Motor vehicle expense	2,314	2,493
General business travel	157	123
Security	512	593
Advertising and communications	670	2,222
Legal and professional fees	6,090	4,825
Donation – other	300	1,272
Other	4,992	9,740
	60,992	**87,104**

(c) **Finance costs:**

	2016 $'000	2015 $'000
Interest on debt and borrowings – related parties	22,970	25,698
Notional interest on related party loan	4,717	5,496
	27,687	**31,194**

(d) **Staff costs:**

	2016 $'000	2015 $'000
Included under marine expenses	11,761	16,694
Included under administrative and general expenses	47,996	59,847
	59,757	**76,541**

The Company's employees are members of the Parent Company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the Parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

18. Cash flows from operating activities

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit before taxation	103,200	101,621
Adjustment for:		
Depreciation	57,098	52,202
Interest expense	27,687	31,194
Impairment losses	–	371
Interest income	(834)	(766)
Loss on disposal of property, plant and equipment	(4,291)	(688)
Amortization of deferred income	(5,237)	(4,215)
Decrease in Parent Company loan due to foreign currency translation	15,123	4,336
Operating profit before working capital changes	192,746	184,055
Decrease/(increase) in trade and other receivables and due from related parties and Parent Company	96,353	(111,383)
Decrease in inventories	2	55
Decrease in deferred income & deferred capital grant	3,534	40,946
(Decrease)/increase in trade and other payables and due to Parent Company	(10,272)	24,644
Cash generated from operating activities	**282,363**	**138,317**

19. Related party transactions

The Company is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago, which is owned by the Government of the Republic of Trinidad and Tobago. ("GORTT") In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Alutrint Limited, Alutech Limited, Trinidad Generation Unlimited (TGU), NGC CNG Company Limited and Petroleum Company of Trinidad and Tobago (Petrotrin).

The sales to and purchases from related parties are at arm's length, with the exception of the interest rate on the UIE loan from the parent company (See Note 12 b)). Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables with the exception of that relating to Alutech Limited. At 31 December 2016, the Company has recorded a provision for doubtful debts relating to amounts owed by related party Alutech Limited of $20.309 million (2015: $20.309 million). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transaction, which have been entered into with related parties and the balance outstanding for the year ended 31 December 2016 and 31 December 2015.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

19. Related party transactions (continued)

		Income from related parties $'000	Purchase from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursements	2016	–	–	–	5,864
	2015	–	–	69,942	–
Lease land	2016	302	–	–	–
	2015	299	–	–	–
Management fees	2016	–	1,000	–	–
	2015	–	1,000	–	–
Loans	2016	–	22,970		436,781
	2015	–	25,698	–	464,507
La Brea Industrial Company Limited					
Management fees/reimbursements	2016	721	–	1,641	4,792
	2015	841	–	1,415	4,205
Trinidad Generation Unlimited					
Income	2016	–	–	–	–
	2015	–	–	2,053	–
NGC CNG					
Reimbursements	2016	–	–	9	–
	2015	–	–	34	–
PPGPL					
Reimbursements	2016	–	-	–	740
	2015	–	-	–	–
Government of the Republic of Trinidad and Tobago					
Government-funded project costs	2016	181	–	85,913	–
	2015	1,321	–	87,256	–
Directors' allowances and fees	2016	–	461	–	–
	2015	–	333	–	–

Compensation of key management personnel

	2016 $'000	2015 $'000
Short-term employee benefits	14,346	22,942

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

20. Operating lease arrangements

The Company as a lessor

The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between 1 and 29 years.

Future minimum rentals receivable under operating leases are as follows:

	2016 $'000	2015 $'000
Not later than 1 year	18,273	15,863
Later than 1 year and not longer than 5 years	66,628	58,123
Later than 5 years	331,364	329,534
	416,265	**403,520**

The Company as a lessee

The Company has entered into lease arrangements for motor vehicles for periods ranging between 1 and 4 years.

Future minimum rentals payable under operating leases as at 31 December are as follows:

	2016 $'000	2015 $'000
Not later than 1 year	168	523
Later than 1 year and not longer than 5 years	–	195
	168	**718**

The Company currently leases land at Corner Rivulet and Factory Roads, Brechin Castle, Couva however, the lease agreement has not yet been finalised at the reporting date.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk
The Company trades only with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has TT$14.381 million in investment note certificates with Clico Investment Bank Limited. As stated in Note 8(b)), a provision has been established for this entire balance as the recoverability of this balance is doubtful.

Interest rate risk
The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 12.

Liquidity risk
The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies (continued)

Liquidity risk (continued)
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2016						
Assets						
Cash and cash equivalents	271,230	47,557	–	–	–	318,787
Trade and other receivables	–	54,491	120,887	–	–	175,378
Due from related parties	–	–	1,650	–	–	1,650
	271,230	**102,048**	**122,537**	**–**	**–**	**495,815**
Liabilities						
Interest-bearing debt	–	-	68,702	252,639	241,819	563,160
Trade creditors and accruals	–	56,026	29,921	–	–	85,947
Due to related parties	–	-	5,532	–	–	5,532
Due to parent company	–	-	5,864	–	–	5,864
	–	**56,026**	**110,019**	**252,639**	**241,819**	**660,503**
Net liquidity position	**271,230**	**46,022**	**12,518**	**(252,639)**	**(241,819)**	**(164,688)**
As at 31 December 2015						
Assets						
Cash and cash equivalents	211,713	45,646	–	–	–	257,359
Trade and other receivables	–	100,249	98,512	–	–	198,761
Due from related parties	–	–	3,502	–	–	3,502
	211,713	**145,895**	**102,014**	**–**	**–**	**459,622**
Liabilities						
Interest-bearing debt	–	11,237	45,299	226,144	486,578	769,258
Trade creditors and accruals	–	90,694	10,161	–	–	100,855
Due to related parties	–	–	4,205	–	–	4,205
Due to parent company	–	–	–	–	–	–
	–	**101,931**	**59,665**	**226,144**	**486,578**	**874,318**
Net liquidity position	**211,713**	**43,964**	**42,349**	**(226,144)**	**(486,578)**	**(414,696)**

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies (continued)

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

The following table shows balances outstanding at year end denominated in foreign currencies.

	Amount denominated in foreign currency	TT$ equivalent
As at 31 December 2016	**$'000s**	**$'000s**
Cash and cash equivalents	**US$ 46,378**	**TT$ 312,861**
Trade and other receivables	**US$ 11,600**	**TT$ 78,250**
	GBP 2	**TT$ 20**
Trade and other payables	**US$ 9,119**	**TT$ 61,518**
	EUR 6	**TT$ 44**
As at 31 December 2015		
Cash and cash equivalents	**US$ 37,834**	**TT$ 242,879**
Trade and other receivables	**US$ 17,107**	**TT$ 109,817**
	GBP 2	**TT$ 23**
Trade and other payables	**US$ 10,835**	**TT$ 69,553**
	EUR 8	**TT$ 57**
Long-term debt	**US$ 73,993**	**TT$ 475,004**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)
The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before tax. There is minimal impact on the Company's equity.

	Increase/ (decrease) in exchange rate %	Effect on other comprehensive income $'000
2016	7%	23,070
	(7%)	(23,070)
2015	7%	13,433
	(7%)	(13,433)

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of share capital, reserves and retained earnings. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust capital structure, the Company may issue new shares by transfers from retained earnings, adjust the dividend payment to shareholders or make transfers to its reserves. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

22. Financial instruments

Fair values
Short-term financial assets and liabilities
The carrying amount of short-term financial assets and liabilities which comprises cash and short-term deposits, sundry debtors and current liabilities are on reasonable estimate of fair values because of the short-term nature of these instruments.

Long-term financial assets and liabilities
The fair value of the Company's long-term borrowings is estimated by discounting future cash flows using rates prevailing at the reporting date for debt on similar terms, credit risk and remaining maturities, with the exception of the loan from NGC for the construction of the Material, Handling and Storage Facility which approximates its carrying value (Note 12(b)).

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

23. Capital commitments

	2016 $'000	2015 $'000
Approved and contracted capital expenditure	52,267	192,980

These commitments include contractual commitments of $25.464 million (2015: $34.723 million) entered into by the Company on behalf of the Government of the Republic of Trinidad and Tobago.

24. Contingent liabilities

During 2015, the Company received invoices totalling $11.67 million from a contractor, for which no agreement exist. The Company has written to the contractor requesting copies of any agreement(s) and an investigation is in progress. No accruals have been made in the financial statements for any liability in respect of this claim.

25. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting period presented in these annual financial statements.

La Brea Industrial Development Company Limited

Financial statements
For the year ended 31 December 2016

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of La Brea Industrial Development Company Limited (the "Company") as at the end of the financial year and the operating results of the Company for the year. It is also management's responsibility to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its operating results. Management further accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

President	VP Finance & Administration (Ag.)
13 February 2017	13 February 2017

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Deloitte.

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Independent auditor's report to the shareholders of La Brea Industrial Development Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of La Brea Industrial Development Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 the Company as at 31 December 2016, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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

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Independent auditor's report to the shareholders of La Brea Industrial Development Company Limited (continued)

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 control.
- 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 auditor's 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 auditor's 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 those charged with governance 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 those charged with governance 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 auditor's 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.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
13 February 2017

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of financial position

As at 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	311,488	201,623
Investment properties	6	118,162	96,060
Deferred taxation	12 (b)	3,415	2,918
Total non-current assets		433,065	300,601
Current assets			
Cash and short-term deposits	7	64,374	53,458
Trade and other receivables	8	43,004	6,906
Due from related parties	17	10,604	9,965
Taxation recoverable		274	257
Total current assets		118,256	70,586
Total assets		**551,321**	**371,187**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	254,919	254,919
Capital contribution	10	249,446	86,249
Accumulated losses		(72,545)	(82,983)
Total shareholders' equity		431,820	258,185
Non-current liabilities			
Shareholders' advances	11/17	84,845	108,022
Total non-current liabilities		84,845	108,022
Current liabilities			
Trade and other payables	13	24,737	2,990
Deferred income	14	8,141	445
Due to related party	17	1,562	1,335
Taxation payable		216	210
Total current liabilities		34,656	4,980
Total liabilities		119,501	113,002
Total liabilities and equity		**551,321**	**371,187**

The accompanying notes on pages 71 to 99 form an integral part of these financial statements.

The financial statements of La Brea Industrial Development Company Limited were authorised for issue by the Board of Directors on 13 February 2017.

Chairman

Director

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
Revenue			
Bio-remediation services		1,302	1,036
Port and harbour		10,073	23,922
Property rental income	6	13,543	14,209
		24,918	39,167
Operating expenses	15	(6,872)	(13,927)
Operating profit		18,046	25,240
Interest income and other investment income		109	89
Other operating income		41	10
Gain on foreign exchange transactions		3,840	886
Administrative, general and maintenance services	16	(9,069)	(12,560)
Impairment charge	5/6	–	(1,656)
Other expenses		(6)	(37)
Loss on disposal of property, plant and equipment		(8)	(2)
Finance cost		–	(85)
		(5,093)	(13,355)
Profit before taxation		12,953	11,885
Income tax expense	12(a)	(2,515)	(2,598)
Profit for the year after taxation		10,438	9,287
Other comprehensive income		**–**	**–**
Total comprehensive income		**10,438**	**9,287**

The accompanying notes on pages 71 to 99 form an integral part of these financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of changes in equity

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital $'000	Capital contribution $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2015					
Balance at 1 January 2015		254,919	–	(92,270)	162,649
Capital contribution	10	–	86,249	–	86,249
Profit for the year after taxation		–	–	9,287	9,287
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	9,287	9,287
Balance at 31 December 2015		**254,919**	**86,249**	**(82,983)**	**258,185**
Year ended 31 December 2016					
Balance at 1 January 2016		254,919	86,249	(82,983)	258,185
Capital contribution	10	–	163,197	-	163,197
Profit for the year after taxation		–	–	10,438	10,438
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	10,438	10,438
Balance at 31 December 2016		**254,919**	**249,446**	**(72,545)**	**431,820**

The accompanying notes on pages 71 to 99 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before taxation		12,953	11,885
Adjustment for:			
Depreciation		4,527	4,643
Interest expense		–	85
Impairment losses		–	1,656
Interest income		(109)	(89)
Loss on disposal of property, plant and equipment		8	2
Operating profit before working capital changes		17,379	18,182
Decrease/(increase) in receivables and pre-payments		(36,152)	717
Increase in due from related parties		(585)	(1,243)
Increase in deferred income		7,696	(5)
Increase in due to related parties		227	1,335
Increase/(decrease) in trade and other payables and due to parent company		51,074	(9,999)
Cash generated from operating activities		39,639	8,987
Interest paid		–	(119)
Interest received		109	89
Taxation paid		(3,022)	(3,409)
Net cash generated from operating activities		36,726	5,548
Cash flows from investing activities			
Purchase of property, plant and equipment		(110,712)	(181,475)
Additions to investment properties		(25,791)	20
Net cash used in investing activities		(136,503)	(181,455)
Cash flows from financing activities			
Advances from parent company		110,693	181,271
Repayment of long-term debt		–	(3,439)
Net cash generated from financing activities		110,693	177,832
Net increase in cash during the year		10,916	1,925
Cash and cash equivalents at beginning of year	7	53,458	51,533
Cash and cash equivalents at end of year		**64,374**	**53,458**

The accompanying notes on pages 71 to 99 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

1. General information and the adoption of new and revised standards

1.1 Corporation information

La Brea Industrial Development Company Limited (the 'Company' or 'LABIDCO') was incorporated in Trinidad and Tobago on 15 February 1995 and continued in accordance with Section 340 (1) of The Companies Act, 1995. The Company commenced commercial operations in 1998 and is principally engaged in the promotion and development of an industrial estate and marine infrastructure facilities at La Brea. Its registered office is located at 7B New Jersey Street, La Brea, Trinidad.

The Company is owned 81% by The National Gas Company of Trinidad and Tobago Limited (NGC) and 19% by the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN).

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

- **Amendments to IFRS 11 A*ccounting for Acquisitions of Interest in Joint Operations***

  The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

  The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company have assessed that the application of these amendments to IFRS 11 will not have an impact on the financial statements.

- **Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  a) when the intangible asset is expensed as a measure of revenue; or
  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 16 and IAS 38 C*larification of Acceptable Methods of Depreciation and Amortisation* (continued)**

  The Management of the Company believes that the depreciation methods are the most appropriate methods to reflect the consumption of economic benefits inherent in the respective assets and accordingly, Management of the Company has assessed that the application of these amendments to IAS 16 and IAS 38 will not have an impact on the Company financial statements.

- **Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants***
  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

  Management of the Company has assessed that the application of these amendments to IAS 16 and IAS 41 will not have an impact on the financial statements as the Company is not engaged in agricultural activities.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment Entities: Applying the Consolidation Exception)***
  Amendments were made to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

  a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

  b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

  c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

  d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

  The directors of the Company have assessed that the application of these amendments will not have an impact on the consolidated financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Annual Improvements 2012 – 2014 Cycle**
  The *Annual Improvements to IFRS 2012-2014* include a number of amendments to various IFRS, which are summarised below.

  IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

  IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

  IAS 19 — Clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

  IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

  The directors of the Company have assessed that the application of these amendments will not have an impact on the financial statements.

- **Amendment to IAS 1: *Disclosure Initiative***
  Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:
  a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
  b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
  c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

  The directors of the Company have assessed that the application of these amendments will not have an impact on the financial statements.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year (continued)

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***
  Amendments were made to IAS 27 *Separate Financial Statements* to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:
  (i) at cost; or
  (ii) in accordance with IFRS 9 (or IAS 39); or
  (iii) using the equity method.

  This is an accounting policy choice for each category of investment.

  The Company presently accounts for initial investments at cost, subjected to any impairment gain/loss at subsequent reporting periods; therefore amendments to IAS 27 will have no impact on the Company's reporting.

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

• IFRS 9	Financial instruments (2)
• IFRS 15	Revenue from Contracts with Customers (2)
• IFRS 16	Leases (3)
• Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (2)
• Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (4)
• Amendments to IAS 7	Disclosure initiative (1)
• Amendments to IAS 12	Recognition of Deferred Tax Assets Unrealised Losses (1)

[1] Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after a date to be determined.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of the IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods.
- Debt instruments that are within a business model whose objective is achieved both by, collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset, give rise on specified dates to cash flows that are solely payments of principal, and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)
IFRS 9 Financial Instruments (continued)

- The new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Classification and measurement

- Bills of exchange and debentures classified as held-to-maturity investments and loans carried at amortised cost as disclosed. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

- Listed redeemable notes classified as available-for-sale investments carried at fair value. These are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the notes in the open market, and the notes' contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed redeemable notes will continue to be subsequently measured at FVTOCI upon the application of IFRS 9, and the fair value gains or losses accumulated in the investment revaluation reserve will continue to be subsequently reclassified to profit or loss when the listed redeemable notes are derecognised or reclassified;

- Unlisted shares classified as available-for-sale investments carried at fair value. These shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS, which is different from the current treatment. This will affect the amounts recognised in the Company's profit or loss and other comprehensive income but will not affect total comprehensive income;

- Redeemable cumulative preference shares issued by the Company designated as at FVTPL. These financial liabilities qualify for designation as measured at FVTPL under IFRS 9; however, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability will be recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

- All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Impairment

Financial assets measured at amortised cost. (see classification and measurement section), finance lease receivables, amounts due from customer under construction contracts, and financial guarantee contracts will be subject to the impairment provisions of IFRS 9.

The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and amounts due from customer under construction contracts as required or permitted by IFRS 15. The directors of the Company consider that they have low credit risk given their strong external credit rating and hence expect to recognise 12-month expected credit for the listed redeemable notes, bills of exchange and debentures. In relation to the loans to related parties and financial guarantee contracts, whether lifetime or 12-month expected credit losses should be recognised would depend on whether there has been a significant increase in credit risk of these items from initial recognition to the date of initial application of IFRS 9. The directors are currently assessing the extent of this impact.

The management of the Company anticipates that the application of IFRS 9 in the future may not have a material impact on the amounts reported in respect of the Company financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.
The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a five (5)-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The Management of the Company anticipates that the application of IFRS 15 in the future may not have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, the Company is yet to perform a detailed review of the future effects of IFRS 15.

IFRS 16 ***Leases***

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Company do not anticipate that the application of this standard will have a significant impact on the financial statements.

Amendments to IFRS 2 ***Classification and measurement of the Share-Base Payment Transactions***

The amendments clarify the following:

1. In estimating the fair value of a cash-settled, share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled, share-based payment.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employees tax obligation to meet the employees tax liability which is then remitted to the tax authority,i.e. the share base payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   I. The original liability is recognised;
   II. The equity-settled, share-based payment is recognised at the modification date fair value of equity instrument granted to the extent that services have been rendered up to the modification date; and
   III. Any difference between the carrying amount of the modification date and the amount recognised in equity should be recognised in profit and loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements as the Company does not have any cash-settled, share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

Amendments to IFRS 10 and IAS 28: ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit of loss only to the extent of the unrelated inventors' interest in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statement.

Amendments to IAS 7, ***Disclosure Initiative***

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statements.

Amendments to IAS 12, ***Recognition of Deferred Tax Assets for Unrealised Losses***

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the financial statements.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

Basis of preparation
These financial statements have been prepared under the historical cost convention as modified for the fair valuation of investment properties. The financial statement are presented in Trinidad and Tobago dollars which is also the functional currency.

Statement of compliance
The financials statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

a) **Cash and cash equivalents**
Cash on hand, in banks and short-term deposits that are held to maturity, are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks and short-term deposits with an original maturity of three months or less.

b) **Trade receivables**
Trade accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written-off when identified. Receivables from related parties are recognised and carried at cost.

c) **Taxes**
Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax
Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets are recognised only if there is a reasonable expectation of realization. Deferred tax assets arises from tax losses yet to be recognised, and are only carried forward if there is assurance beyond a reasonable doubt that future taxable income will be sufficient to allow the benefit of the tax losses to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

d) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Marine infrastructure assets	3.33% to 6.66%
Machinery and equipment	20%
Other	12.5% to 50%

Development costs are recognised as an asset to the extent that it is expected to generate future economic benefits. Repairs and maintenance costs are charged to the statement profit or loss when expenditure is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

e) **Investment property**

Investment property is stated at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight-line basis over the estimated economic useful lives of the assets at the following rates:

Fabrication yard	3.33%
Development cost	10.00% - 33.33%

No depreciation is provided on freehold land.

Investment property is derecognised when either disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

f) **Long-term debt**

Long-term debt is initially recognised at the fair value of the consideration received less any directly attributable transaction costs. After initial recognition, long-term debt is subsequently measured at amortised costs using the effective interest rate method. Amortised cost is calculated by taking into account any directly attributable transaction costs.

g) **Foreign currencies**

The presentation and functional currency of the Company’s financial statements is Trinidad and Tobago dollars (TT$). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, transactions in foreign currencies are recorded in Trinidad and Tobago dollars at the rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are expressed in Trinidad and Tobago dollars at exchange rates prevailing at that date. Resulting translation differences are recognised in income/expense for the year.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Payables and accruals

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Payables to related parties are carried at cost.

j) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. 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.

Loans and receivables

Loans and receivables are non-derivative financials assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of borrowing costs.

k) Financial liabilities

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Notes to the financial statements

For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.
In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Notes to the financial statements
For the year ended 31 December 2016
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3. Summary of significant accounting policies (continued)

n) **Derecognition of financial assets and liabilities**

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- 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; or
- 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 the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in assets.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

o) **Employee benefits**

The Company's employees are members of the parent company's defined benefit plan, the assets of which are held in separate trustee administered funds. The pension plan is funded by payments from employees and by the Company taking account of the recommendations of independent qualified actuaries.

The Company's contributions are included in the employee benefit expense of these financial statements. Any assets and liabilities in relation to this defined benefit plan are recorded by the parent Company. There is no contractual agreement or stated policy for charging the net defined benefit costs of the plan to the separate financial statements of the individual subsidiaries included in the plan.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

p) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue associated with port and harbour and bio-remediation services is recognised upon performance of the services.

Lease rental and service charge from operating leases on investment properties are recognised as revenue in the period in which they are earned. Premiums on leases are recognised as revenue in the initial year of the lease.

Lease rental from fabrication yard is recognised as revenue in the period in which the rental is earned.

Interest and investment income is accounted for on the accruals basis.

q) **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Company as a lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

r) **Provisions**

The Company recognises a provision when, as a result of a past event, it has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s) **Comparative information**

Where necessary, comparative information is adjusted to conform to changes in presentation in the current year.

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

4. **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has determined that there were no judgements apart from those involving estimations which have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment and investment property

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

Impairment of non-financial assets

The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Operating lease commitments – Company as Lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that the taxable income will be available in future against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Tax assessments

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements
For the year ended 31 December 2016
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5. Property, plant and equipment

	Marine infrastructure assets $'000	Machinery and equipment $'000	Other $'000	Capital work in progress $'000	Total $'000
Cost					
Balance at 1 January 2015	164,791	270	433	1,844	167,338
Additions	100	–	104	181,271	181,475
Disposals	–	–	(17)	–	(17)
Balance at 31 December 2015	164,891	270	520	183,115	348,796
Additions	–	11	8	110,693	110,712
Disposals	–	–	(18)	–	(18)
Balance at 31 December 2016	164,891	281	510	293,808	459,490
Accumulated depreciation					
Balance at 1 January 2015	(46,999)	(217)	(226)	–	(47,442)
Depreciation expense	(715)	(33)	(59)	–	(807)
Disposals	–	–	14	–	14
Balance at 31 December 2015	(47,714)	(250)	(271)	–	(48,235)
Depreciation expense	(756)	(20)	(62)	–	(838)
Disposals	–	–	9	–	9
Balance at 31 December 2016	(48,470)	(270)	(324)	–	(49,064)
Accumulated impairment losses					
Balance at 1 January 2015	(98,614)	–	–	–	(98,614)
Impairment loss recognised in profit or loss	(324)	–	–	–	(324)
Balance at 31 December 2015	(98,938)	–	–	–	(98,938)
Balance at 31 December 2016	(98,938)	–	–	–	(98,938)
Carrying amount					
At 31 December 2015	**18,239**	**20**	**249**	**183,115**	**201,623**
At 31 December 2016	**17,483**	**11**	**186**	**293,808**	**311,488**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment (continued)

Fair value measurement of the Company's marine infrastructure assets
The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2016 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 4.94%. As a result of this analysis, no impairment was recognised by Management for 2016 (2015: charge of $0.324 million) on its property, plant and equipment in the statement of profit or loss.

Details of the Company's marine infrastructure assets and information about the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total	Carrying value
$'000	**$'000**	**$'000**	**$'000**	**$'000**	
At 31 December 2016	**–**	**–**	**318,975**	**318,975**	**311,291**
At 31 December 2015	**–**	**–**	**15,444**	**15,444**	**15,444**

Notes to the financial statements
For the year ended 31 December 2016
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6. Investment properties

	Development Costs $'000	Freehold Land $'000	Fabrication Yard $'000	Capital Work in Progress $'000	Total $'000
Cost					
At 1 January 2015	115,535	46,465	45,174	1,816	208,990
Additions	1,796	–	–	(1,816)	(20)
At 31 December 2015	117,331	46,465	45,174	–	208,970
Additions	–	–	-	25,791	25,791
At 31 December 2016	117,331	46,465	45,174	25,791	234,761
Accumulated depreciation and impairment					
At 1 January 2015	(16,978)	–	(14,812)	–	(31,790)
Depreciation expense	(2,298)	–	(1,539)	–	(3,837)
At 31 December 2015	(19,276)	–	(16,351)	–	(35,627)
Depreciation expense	(2,151)	–	(1,538)	–	(3,689)
At 31 December 2016	(21,427)	–	(17,889)	–	(39,316)
Accumulated impairment charges losses					
Balance at 1 January 2015	(75,951)	–	–	–	(75,951)
Impairment loss recognised in profit or loss	(1,332)	–	–	–	(1,332)
Balance at 31 December 2015	(77,283)	–	–	–	(77,283)
Balance at 31 December 2016	(77,283)	–	–	–	(77,283)
Carrying amount					
At 31 December 2015	**20,772**	**46,465**	**28,823**	**–**	**96,060**
At 31 December 2016	**18,621**	**46,465**	**27,285**	**25,791**	**118,162**

Notes to the financial statements
For the year ended 31 December 2016
(Expressed in Trinidad and Tobago dollars)

6. Investment properties (continued)

i) Legal title for the land on which the fabrication yard is situated has not yet been transferred to the Company by the Company's minority shareholder.

ii) The following table summarises the amounts recognised in the statement of the profit or loss.

Amounts recognised in statement of profit or loss

	2016 $'000	2015 $'000
Rental income from investment properties	**13,543**	**14,209**
Direct operating expenses	**1,065**	**2,958**

iii) Fair value measurement of the Company's investment properties

The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2016 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 4.94%. As a result of this analysis, no impairment was recognised by Management for 2016 (2015: charge of $1.332 million) on its investment properties in the statement of profit or loss.

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2016	–	–	**137,312**	**137,312**	**118,162**
At 31 December 2015	–	–	**106,449**	**106,449**	**96,060**

7. Cash and short-term deposits

	2016 $'000	2015 $'000
Cash at bank and on hand	64,374	53,458
Short-term deposits	4,253	4,253
	68,627	57,711
Less: Impairment provision of short-term deposit (Note 7(b))	(4,253)	(4,253)
	64,374	**53,458**

Notes to the financial statements

For the year ended 31 December 2016
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7. Cash and short-term deposits (continued)

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $64.37 million (2015: $53.46 million).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of US $679,790.

CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic of Trinidad and Tobago. The investment note certificates and the related accrued interest were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December 2016.

8. Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	14,353	13,288
Provision for doubtful debts	(8,162)	(7,860)
	6,191	5,428
VAT receivables	36,426	1,221
Other trade receivables and prepayments	387	257
Total receivables and prepayments	**43,004**	**6,906**

Trade receivables are non-interest bearing and are generally on 15-30 day terms.

As at 31 December 2016, trade receivables at a value of $8.162 million (2015: $7.860 million) were impaired and provided for fully. Movement in the provision for impairment of receivables was as follows:

	2016 $'000	2015 $'000
At 1 January	7,860	4,993
Charge for year	614	2,983
	8,474	7,976
Amounts recovered during the year	(312)	(116)
At 31 December	**8,162**	**7,860**

Notes to the financial statements
For the year ended 31 December 2016
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8. Trade and other receivables (continued)

As at 31 December the ageing analysis of non-impaired trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016	**6,191**	**(320)**	**1,119**	**494**	**536**	**67**	**4,295**
2015	**5,428**	**269**	**961**	**502**	**239**	**203**	**3,254**

9. Share capital

Authorised
An unlimited number of ordinary shares of no par value

Issued and fully paid

	2016 $'000	2015 $'000
254,919 ordinary shares of no par value	**254,919**	**254,919**

10. Capital contribution

The Parent Company (NGC) has injected $249.446 million (2015: $86.249 million) as equity for the Reconstruction of Berth 2 at LABIDCO Port.

11. Shareholders' advances

Most activities conducted by the Company have been funded by its shareholders. The amounts outstanding are unsecured with no fixed repayment terms, currently bear no interest and are due to the shareholders as follows:

	2016 $'000	2015 $'000
The National Gas Company of Trinidad and Tobago Limited	**84,845**	**108,022**

Notes to the financial statements

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12. Taxation

a) Taxation charge

The major components of the taxation expense were as follows:

	2016 $'000	2015 $'000
Corporation tax- current year	2,937	2,955
Green fund levy	75	39
Deferred taxation	72	(396)
Deferred taxation resulting from increase in enacted future tax rate from 25% to 30%	(569)	–
	2,515	**2,598**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:

	2016 $'000	2015 $'000
Profit before taxation	12,953	11,885
Income taxes thereon at the rate of 25%	3,238	2,971
Non-deductible expenses	8	70
Permanent differences	691	–
Decrease in impairment provision	(846)	(1,431)
Green fund levy	75	39
Prior year adjustment	–	651
Other differences	(82)	298
Deferred taxes resulting from increase in tax rate from 25% to 30%	(569)	–
	2,515	**2,598**

b) Deferred tax asset

Significant components of deferred tax asset are as follows:

	2016 $'000	2015 $'000
Assets		
Property, plant and equipment	3,349	3,686
Accrued annual leave	66	78
	3,415	3,764
Less: impairment provision	–	(846)
	3,415	**2,918**

Management is of the opinion that future taxable profit will be available to utilise total deferred tax asset as a result of the decision made by the Board of Directors not to wind up the Company.

Movement for the year:

	2016 $'000	2015 $'000
Balance at 1 January	2,918	2,522
Deferred tax charge to statement of profit and loss	497	396
Balance at 31 December	**3,415**	**2,918**

Notes to the financial statements
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13. Trade and other payables

	2016 $'000	2015 $'000
Trade payables	186	440
Accrued interest – Board of Inland Revenue	193	193
– Other	–	8
Accrued material/service amounts	22,285	1,390
Employee related accruals	218	697
Retentions	1,855	262
	24,737	**2,990**

14. Deferred income

	2016 $'000	2015 $'000
Operating leases – rental income	437	445
Capital contribution – LABIDCO Access Road	7,704	–
	8,141	**445**

This amount relates to rental income for land billed in advance and capital contribution towards the construction of LABIDCO main access corridor by a third party.

15. Operating expenses

Operating expenses comprise the following:

	2016 $'000	2015 $'000
Depreciation	2,294	2,252
Stevedoring charges	212	3,591
Maintenance and general expenses	583	2,641
Equipment rental	104	1,413
Insurance	1,300	1,797
Security	2,379	2,233
	6,872	**13,927**

16. Administrative, general and maintenance expense

Administrative, general and maintenance services comprise the following:

	2016 $'000	2015 $'000
Depreciation	2,233	2,391
Staff costs	3,116	3,661
Management fees – related party	722	842
Security	237	223
Electricity	548	500
Movement in provision for bad debts	303	2,829
Other	1,910	2,114
	9,069	**12,560**

Notes to the financial statements

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(Expressed in Trinidad and Tobago dollars)

17. Related party transactions

The Company is a subsidiary of the National Gas Company of Trinidad and Tobago which is wholly owned by the Government of the Republic of Trinidad and Tobago ("GORTT"). In the ordinary course of its business, the Company enters into transactions concerning the exchange of goods, provision of services and financing with affiliate companies as well as with entities directly and indirectly owned or controlled by the GORTT. Entities under common control include Petroleum Company of Trinidad and Tobago Limited (Petrotrin).

The sales to and purchases from related parties are at arm's length. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the year ended 31 December 2016 and 31 December 2015.

	Year	Income from related parties $'000	Purchase from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursement of expenses paid/ shareholder's advances	2016	-	-	5,402	84,845
	2015	-	-	5,404	108,022
National Energy Corporation of Trinidad and Tobago Limited					
Management fees and reimbursements	2016	-	722	4,792	1,562
	2015	-	842	4,205	1,335
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2016	867	-	410	-
	2015	746	-	356	-
Directors					
Directors' fees and travel allowances	2016	-	261	-	-
	2015	-	147	-	-

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18. Operating lease arrangements

The Company as a lessor
The Company has entered into commercial land leases with respect to its investment property portfolio, consisting of land and infrastructure. These leases have remaining terms of between one and 29 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Company from its investment property and direct operating expenses arising on the investment property for the year are set out in Note 6.

Future minimum rentals receivable under operating leases are as follows:

	2016 $'000	2015 $'000
Not later than 1 year	18,612	17,188
Later than 1 year and not longer than 5 years	30,749	28,771
Later than 5 years	92,586	93,002
	141,947	**138,961**

The Company as a lessee
As at 31 December 2016, the Company held no asset under operating lease as a lessee (2015: nil).

19. Financial risk management objectives and policies

The Company has various financial assets such as trade receivables, and cash and cash equivalents which arise directly from its operations. The Company's financial liabilities comprise bank loans, trade and sundry payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk
The Company trades only with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. With respect to credit risk arising from other financial assets of the Company, such as cash and cash equivalents, the exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Company.

The Company has US$679,790 in investment note certificates with Clico Investment Bank Limited. As stated in Note 7(b), a provision was first established for this balance in 2008 as the recoverability of this balance was doubtful.

Notes to the financial statements
For the year ended 31 December 2016
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19. Financial risk management objectives and policies (continued)

Liquidity risk
The Company monitors its risks to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and short-term investments) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from the parent and bank loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	>5 years $'000	Total $'000
As at 31 December 2016						
Assets						
Cash and cash equivalents	64,374	–	–	–	–	64,374
Trade and other receivables	–	1,840	41,164	–	–	43,004
Due from related parties	–	10,604	–	–	–	10,604
Total assets	**64,374**	**12,444**	**41,164**	**–**	**–**	**117,982**
Liabilities						
Shareholders' advances	–	–	–	–	84,845	84,845
Due to related parties	–	–	1,562	–	–	1,562
Trade and other payables	–	22,882	1,855	–	–	24,737
Total liabilities	**–**	**22,882**	**3,417**	**–**	**84,845**	**111,144**
Net liquidity gap	**64,374**	**(10,438)**	**37,747**	**–**	**(84,845)**	**6,838**
As at 31 December 2015						
Assets						
Cash and cash equivalents	53,458	–	–	–	–	53,458
Trade and other receivables	–	2,246	4,660	–	–	6,906
Due from related parties	–	9,965	–	–	–	9,965
Total assets	**53,458**	**12,211**	**4,660**	**–**	**–**	**70,329**
Liabilities						
Shareholders' advances	–	–	–	–	108,022	108,022
Due to related parties	–	–	1,335	–	–	1,335
Trade and other payables	–	2,127	350	–	–	2,477
Total liabilities	**–**	**2,127**	**1,685**	**–**	**108,022**	**111,834**
Net liquidity gap	**53,458**	**10,084**	**2,975**	**–**	**(108,022)**	**(41,505)**

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19. Financial risk management objectives and policies (continued)

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. The following table shows balances outstanding at year end denominated in foreign currencies.

	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
As at 31 December 2016		
Cash and cash equivalents	US$8,422	53,391
Trade and other receivables	US$4,248	27,136
Trade and other payables	US$1,095	6,961
	GBP 5	65
As at 31 December 2015		
Cash and cash equivalents	US$7,690	49,367
Trade and other receivables	US$3,380	21,513
Trade and other payables	US$1,116	7,041
	GBP 5	65

Notes to the financial statements
For the year ended 31 December 2016
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19. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)
The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before taxation. There is minimal impact on the Company's equity.

	Increase/ (decrease) in exchange rate %	Effect other comprehensive income $'000
2016	7%	5,462
	(7%)	(5,462)
2015	7%	4,435
	(7%)	(4,435

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2015.

20. Financial instruments

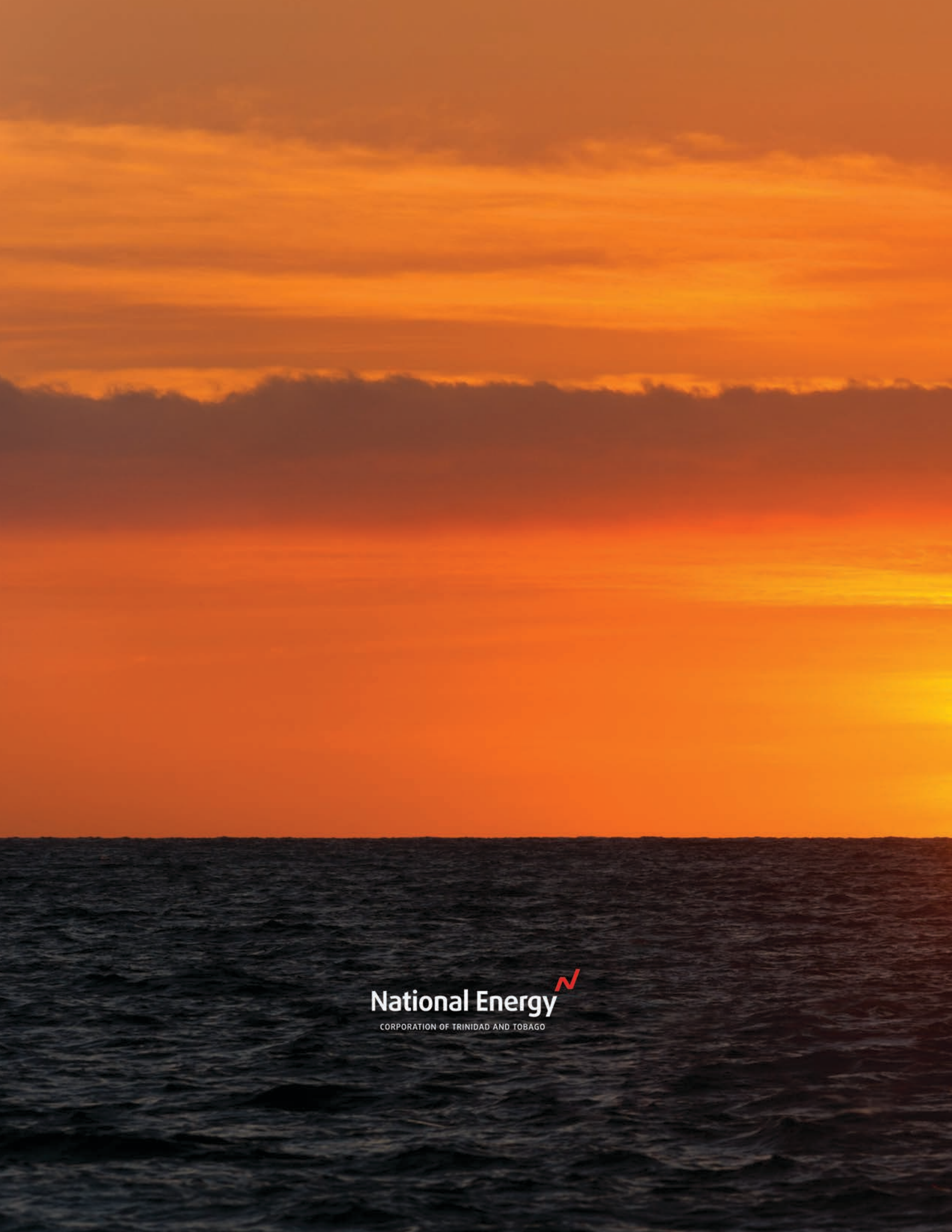
Fair values
Short-term financial assets and liabilities
The carrying amount of short-term financial assets and liabilities which comprise cash, sundry debtors and current liabilities is a reasonable estimate of fair values because of the short-term nature of these instruments.

21. Capital commitments

Capital commitments as at 31 December 2016 were $14.479 million (2015: $0.305 million).

22. Events after the reporting date

There were no subsequent events occurring after the reporting date that significantly impacted the financial performance, position or cash flows which require disclosure.


National Energy
CORPORATION OF TRINIDAD AND TOBAGO