National Energy

CORPORATION OF TRINIDAD AND TOBAGO

TRANSITIONING TO TRANSFORM

ANNUAL REPORT

2018

A subsidiary of THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

Contents

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

NGC GROUP

VISION

To be a recognised global leader in the development of sustainable energy-related businesses.

MISSION

To create exceptional value from natural gas and related energy businesses through our people and strategic partnerships.

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

- SAFETY & ENVIRONMENTAL PRESERVATION
- INTEGRITY
- EMPLOYEE ENGAGEMENT

CORE VALUES

- EXCELLENCE
- TRANSPARENCY
- CUSTOMER FOCUS
- CORPORATE SOCIAL RESPONSIBILITY

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

Corporate Profile

National Energy is a wholly owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and, for more than 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." Additionally, and 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
- Feasibility studies
- Provision of site and related infrastructure
- Provision of marine services and vessels
- Development and operation of industrial estates and ports

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

CHAIRMAN'S REVIEW

Transitioning to Transform

This year, the Company recorded profit after tax of TT$83.01M which was 12.5% higher than the profit recorded in 2017.

Prof. Gerry C. Brooks, Chairman

2018 Accomplishments

In 2018, National Energy continued the transformational process started three years ago and has once again produced consistent and positive growth which benefits the energy sector, as well as Trinidad and Tobago. This year, the Company recorded profit after tax of TT$83.01M which was 12.5% higher than the profit recorded in 2017. LABIDCO also ended the year profitably, recording a net profit of TT$3.01M. These results were achieved due to the advancement of new business, improvements in operational efficiency and a focus on near and mid-term Foreign Direct Investment initiatives.

Several new clients were engaged at the Port of Galeota and ISCOTT Dock. New customers were also brought onstream for the Company's towage service. As National Energy seeks to expand its reach beyond Trinidad and Tobago, discussions were advanced with companies in Suriname, Guyana and Curaçao to lay the foundation for deeper cross-border service agreements.

Internally, employees were challenged to learn new skills and develop new competencies, as National Energy continued the process of transforming its organisation structure to optimise deployment of its human resource and enhance realisation of its objectives. At the end of the year, the focused efforts of all employees were rewarded, as the Company achieved its profitability targets, positioning the Company for greater growth in 2019.

Energy in Transition

Trinidad and Tobago has been involved in the commercial energy business for more than 100 years. Starting with Guapo Well 3, drilled at Point Fortin in 1908, the country's early energy industry was built around petroleum, which was used as fuel and for power generation.

In the 1970s, the State's monetisation of natural gas was spearheaded by The National Gas Company (NGC) and National Energy, ushering in a new era in Trinidad and Tobago's energy story. By 1997, natural gas production surpassed petroleum on an equivalent basis, transforming Trinidad and Tobago's economy from petroleum based to gas based.

Today, the energy industry is undergoing another major transformation, as renewable energy is poised to underpin the sustainable energy industry of the future. While development of our gas-based industries remains a priority, National Energy is concurrently leading the transition towards renewable energy by developing projects that are aligned to the evolving environment. Two projects have been advanced to the execution stage and are at the Ministry of Energy and Energy Industries (MEEI) for final consideration.

Another major transitionary step taken in 2018 was the promotion of the Super Energy Service Company (ESCO) project concept which is aimed towards creation of an energy efficiency industry in Trinidad and Tobago. The first phase of the project will involve a pilot study being conducted with Light Industrial and Commercial (LIC) Customers of NGC. Through the implementation of energy efficiency technologies in the LIC sector, savings are expected to be realised and the volume of natural gas utilised is expected to be reduced, thereby making natural gas available for higher-value production. This project can be transformative for our LIC sector whilst enhancing the competitiveness of the sector.

Additionally, the Company also continued to support the MEEI's renewable energy thrust currently at the Expressions of Interest stage actively participating on the evaluation committee. National Energy is also leading the NGC Group Sustainable Energy Strategic Initiative (GSESI), for which the Project Charter and Communication Plan were completed in December 2018.

The Transition Continues

Focus was placed on investment facilitation in 2018, with the launch of ttEngage – a National Effort for Investment Facilitation in December 2018. The project will develop a new framework for co-ordination and collaboration among state agencies to map out investment processes; streamline these processes and ultimately, deliver a more efficient investor experience. A major feature of ttEngage will be the creation of an online single investment platform, which will provide pertinent information for decision-making as well as linkages to energy agencies. The enhancement of the investor experience is expected to bolster Trinidad and Tobago's global competitiveness and assist in attracting as much as US$5B in Foreign Direct Investment and lead to the creation of approximately 3,000 jobs. To accomplish these goals, National Energy has an aggressive timeline for delivery of the ttEngage investment portal by July 2019.

In 2019, National Energy expects to complete all arrangements to deliver two new projects at its facilities in La Brea – an Aluminium Cable Plant at La Brea Industrial Estate and an Aluminium Sheet Mill at Union Industrial Estate. Additionally, negotiations are at an advanced stage with a major international dredging firm for location of their laydown facility at La Brea Industrial Estate, which would see the estate becoming their operational base in Trinidad and Tobago. These projects will provide employment and economic benefits to La Brea and the wider south-western peninsula community.

National Energy will continue its thrust towards new market development for its commercial services at the Port of Galeota, the Port of Brighton and its fleet of towage vessels. In 2019, National Energy is leading the NGC Group team for the establishment of an office in Guyana. This will solidify the Group's position to become a player in the Guyanese energy market, facilitate development and strengthening of business relationships, as well as generate valuable market intelligence by having a presence 'on the ground'.

Once again, National Energy has demonstrated its resilience in the face of adverse conditions, rising to meet the challenges of a rapidly changing economic environment. Buoyed by its accomplishments in 2018, the Company looks forward to the coming year with anticipation to achieve greater success, as we continue the process of transition to ultimately, transform.

I would like to thank the members of the Board of Directors of National Energy for their stellar service to the Company and the country in 2018. On behalf of the Board, I would also like to convey our appreciation to the Management and Staff of National Energy for their commitment and deliberate efforts in delivering another successful year while continuing to reposition the Company in the face of a changing energy ecosystem regionally and globally.

Professor Gerry C. Brooks
Chairman

Report of Directors

YEAR ENDED DECEMBER 31, 2018

The Directors are pleased to submit their Report together with the Financial Statements for the year ended December 31, 2018.

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 six (6) multi-user berths at the Point Lisas port. National Energy's marine infrastructure facilities are used in the loading and discharging of iron ore and bulk oil, as well as for the export of petrochemicals (methanol, ammonia, urea) and steel products.

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 environmental sustainably

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2018.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2018 TT$'000	2017 TT$'000
Profit before Tax	127,824	109,676
Provision for Tax	(44,810)	(35,873)
Net Profit	83,014	73,803
Retained Earnings – At Beginning of Year	622,774	548,971
Effect of adoption of IFRS 9 amendment	(79,645)	-
Re-stated Retained Earnings – At Beginning of Year	543,129	548,971
Dividends paid	(8,663)	-
Other comprehensive income	(847)	-
Profit for the year	83,014	73,803
Retained Earnings – At End of Year	616,633	622,774

In 2018, National Energy's total revenue increased by 5.4% to TT$340.90M from the 2017 amount of TT$323.46M. This resulted mainly from increased operating revenue from towage, Port of Galeota and land lease rental.

Expenses for 2018 totalled TT$223.39M (2017: TT$230.90M), a decrease of 3.3%. This resulted mainly from the recognition of full dredging expense in 2017.

National Energy recorded a profit before tax of TT$127.82M in 2018 as compared to TT$109.68M for 2017. This improvement in performance was driven by higher operating revenue, coupled with lower expenditure. The lower expenditure for 2018 compared to 2017 resulted from the recognition of full dredging expense in 2017. Profit after tax of TT$83.01M was 12.5% higher than the profit of TT$73.80M recorded for 2017.

IFRS 9, Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity. The amount of $79.65M recognised in retained earnings relate to impaired balances for Government and trade receivables held as at 31 December 2017.

3. DIRECTORS

During the year 2018, the Board of Directors comprised Messrs. Gerry C. Brooks - Chairman, Kenneth Allum, Arnold de Four, Marcus Ganness, Wade Hamilton and Sham Mahabir. Mr. Sham Mahabir resigned on April 30, 2018.

4. SIGNIFICANT EVENTS

Investment Facilitation

- Memoranda of Cooperation between National Energy and Sural for the Cable and Wire Project and the Aluminium Flat Rolling Mill Complex executed on April 23, 2018. Confidentiality Agreements between Sural CA, and Danieli and Sural CA, for the Cable and Wire Project and the Aluminium Flat Rolling Mill Complex, respectively, executed on April 26, 2018.

- Board approval granted on May 28, 2018, for National Energy proceeding with the development of the "Super ESCO" Project Concept – a sustainable approach to accelerating the energy efficiency initiatives within the state and industrial sector of Trinidad and Tobago.

- On November 22, 2018 National Energy launched the Energy Efficiency Initiative for the Light Industrial Commercial Sector (LIC) at NGC's LIC forum.

- On December 20, 2018, National Energy held its Launch of ttEngage and 1st Quarterly Stakeholder Meeting. ttEngage is a National Effort for Investment Facilitation, aimed at improving investment facilitation, fostering an integrated approach to investor attraction, with the development of an online portal.

Infrastructure Development

- Port of Galeota Site Services Infrastructure Civil, Mechanical and Electrical works were successfully completed in September 2018, with a combined estimated cost savings of approximately 11%.

- Underwater Surveys at Savonetta Piers 1, 2, 3 and 4 were completed over the period July – November 2018, as the Company deepened its focus on asset integrity in 2018.

Commercial Activity

Towage and Harbour Operations

- Eleven (11) new users were added towards new business generation in the areas of marine services.

- A Memorandum of Understanding was executed in August 2018 with a Curaçao-based state company that provides tug and launch services.

Savonetta Piers and ISCOTT Dock

- Of the total number of vessel calls for 2018, 2,600, there were 576 vessel calls in the Point Lisas Harbour with a total of 14.21 million metric tonnes handled.

- Eleven (11) New Users utilised the ISCOTT Dock Facility in 2018.

- Utilising the infrastructure in place, new business of fuel bunkering totalling 27,752.434 metric tonnes was accommodated.

Port of Galeota

- Ten (10) New Users were added which resulted in increased berth utilisation and revenue.

- Intermarine's *Industrial Courage* cargo vessel was welcomed at the Port on its maiden voyage from China with project cargo for Bechtel. This was the heaviest lift done at the Port of Galeota facilities.

- Commissioning of a 2,700 square metre (sqm) warehouse facility complete with a 5-ton overhead crane and chill room for storage of special items.

- Value added services included improvement in the water supply offered to clients with the commissioning of two (2) 1,000,000 litre storage tanks in October 2018.

Port of Brighton

- Value added services included implementation of potable water supply in 2018 (tank capacity 90,000 gallons); reefer charging services and increased laydown area of 3,000 sqm between Berths 2 and 3.

AUDITORS

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

Dated this 22nd **day of** March **2019**
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

Operational Highlights

National Energy tugs transport historic De Novo rig to west coast

BUSINESS & INFRASTRUCTURE DEVELOPMENT

In carrying out its mandate, National Energy continued to engage with local, regional and international stakeholders for the development of new energy-based projects. In response to curtailment of natural gas supply and low prices globally, the Company has taken a strategic decision to develop projects that require smaller quantities of natural gas. Emphasis was also placed on enhancing the investor experience through heightened collaboration among state agencies and streamlining of investment processes.

Investment Facilitation

- Approval was granted by the Board of Directors for the development of a ESCO Project – a sustainable approach which has the potential to advance the Energy Efficiency industry in Trinidad and Tobago. The Super ESCO mechanism has been conceptualised by National Energy to address the inefficiencies and barriers that exist in the market that hinder the implementation of an Energy Efficiency programme in the country. The project proposes that National Energy act as a co-ordinating ESCO to secure financing, technical and administrative support to enable ESCOs to implement Energy Efficiency projects at industrial and commercial organisations. The Super ESCO concept would assist in mitigating some of the challenges ESCOs face, such as high overhead costs. When implemented, this project would not only advance a new industry, but also allow natural gas to be redirected to higher value purposes.

  In November 2018, the concept was presented to NGC's LIC customers who are being targeted for a pilot study expected to be undertaken in 2019. The pilot study will assist in identifying any challenges to implementation and allow for adjustments to be made prior to expansion of the program to other sectors.

- A Project Charter, together with a GSESI was completed in December 2018. The GSESI, led by National Energy, is being developed to ensure value is created for the NGC Group through the implementation of Sustainable Energy projects locally, and in the Caribbean and Latin American regions. This initiative will seek to holistically capture plans for the sustainable energy sector nationally and aid in execution of projects, as the NGC Group strives to be recognised as a global leader in the development of sustainable energy-related businesses.

Plans for 2019 include:

- Completion of due diligence for identification of potential sustainable project partners in the Caribbean/Latin American Regions
- Implementation of 2 Energy Efficiency initiatives, including the execution of the Super ESCO Pilot programme through NGC LICs, which will promote optimisation of natural gas monetisation
- Through the provision of Procurement and Project Management services, National Energy is playing an integral role in executing the following MEEI projects:
  - Installation of LED lights at playparks throughout Trinidad and Tobago
  - Installation of renewable energy technologies for community centres and/or schools utilised for disaster relief
- A Cable and Wire Project and an Aluminium Flat Rolling Mill Complex Project were advanced through the signing of a Memorandum of Cooperation as well as Confidentiality Agreements.
- ttEngage – a National Effort for Investment Facilitation – was officially launched at the 1st Quarterly Stakeholder Meeting held on 20 December 2018. The initiative will promote co-operation and collaboration among stakeholders, aimed at enhancing the Trinidad and Tobago investment experience. Over 15 state agencies were represented at the meeting and participants expressed their support for the project.
- Continual support for the Caribbean Gas Chemical Limited (CGCL) Natural Gas to Petrochemicals Project through infrastructure development and regulatory processes. Production of methanol from the facility is expected to commence in 2019 with a capacity of 1 MMTPA.

Infrastructure Development

- In September 2018, site services infrastructure – civil, mechanical and electrical – were completed at the Port of Galeota. These services were required for the operationalisation of the facility and will enhance its attractiveness to potential customers.
- As part of the Company's Asset Integrity Management programme, underwater surveys were completed at Savonetta Piers 1, 2, 3 and 4.
- A contract was awarded for Infrastructure

National Energy's Business Venture Manager, Aribeca Cazaubon, presents Energy Efficiency project at NGC LIC Forum

OPERATIONAL HIGHLIGHTS (CONTINUED)

Aerial view of the Port of Galeota

Design Services for La Brea Industrial Estate. The works, which commenced in August 2018, are a crucial element of National Energy's land management strategy.

- The following approvals for infrastructure development works at Port of Galeota, La Brea Industrial Estate and Union Industrial Estate, were obtained in 2018:
  - Completion Certificate for Plumbing System and Water Reticulation and Waste Water Disposal System at the Port of Galeota
  - Inspection Certificate – Pressure Test of Water Reticulation System inclusive of Firewater at the Port of Galeota
  - Outline Approval for La Brea Industrial Estate
  - Outline Approval for Union Industrial Estate
  - Approval for three (3) 300 mm interconnections to be made off WASA's 500 mm main at Union Industrial Estate, La Brea

COMMERCIAL

The Commercial Division, which is responsible for managing National Energy's revenue generating assets, continued to drive efficiency in the operations of the Company. This approach, coupled with an aggressive marketing thrust, has led to the generation of new business and the realisation of overall profits.

Marine Terminals

National Energy ended 2018 with revenues from Savonetta Piers 1, 2, 3 and 4 at 3.3% below target. Due to the need for critical repair works, the conveyor system at Savonetta Pier 4 was unavailable in 2018, thus negatively impacting revenue generation. Works are planned in 2019 to revamp the conveyor system, making the facility available for use by prospective customers. There were 544 vessel calls at the Savonetta Piers, facilitating a total of 14.7 million metric tonnes of cargo.

President of National Energy, Dr. Vernon Paltoo, gives remarks at the launch of ttEngage: A National Effort for Investment Facilitation

At the end of the year, 41 vessels had called at ISCOTT Dock, which handled a total of 175,167 metric tonnes of cargo, declining from the previous year. Despite the shortfall, there were positive developments during the year, as 11 new users, including Ventrin Petroleum Limited and D. Hill Shipping Limited, fuel bunkering companies, were added to National Energy's customer base.

Towage & Harbour Operations

Towage & Harbour Operations (THO), which contributed 29.3% of commercial revenue, exceeded its budgeted revenue target by 10.1%. The positive performance was as a result of increased average vessel utilisation, as well as several initiatives geared towards bolstering Asset Integrity Management of the towage fleet. Initiatives included the introduction of equipment vibration monitoring and thermal imaging tools for condition/predictive-based maintenance and strict adherence to monthly testing and maintenance protocols.

To further boost vessel availability and improve customer service, National Energy established a Memorandum of Understanding (MOU) with KTK Tugs of Curaçao.

As at December 2018, 11 new THO customers had been brought onstream as a result of a heightened marketing thrust. The Company continued its drive towards business growth, submitting bids for Marine Services both locally and regionally, including Suriname and Guyana.

Ports and Estates

The Port of Galeota performed positively in 2018, achieving 19.1% above budgeted revenues. When compared to 2017, the Port showed increases in vessel calls, cargo handled and berth utilisation. As upstream activity in the East Coast Marine Area accelerated, there was an increase in usage of the National Energy *Explorer,* an Offshore Supply Vessel and the Port also realised revenues from increased passenger transfers during the year. Additionally, as a result of the marketing of the Port's integrated service offerings, 10 new users were added to the facility's customer base and this number is expected to grow in 2019, as indicated by the increased number of third-party enquiries for service at the Port.

Revenues generated from operation of Union Industrial Estate (UIE) showed a positive variance, exceeding budgeted revenue by 28.9%. Construction of the CGCL natural gas to petrochemicals complex continued at UIE and NGC completed installation of lines to supply natural gas to the facility.

La Brea Industrial Development Company Limited (LABIDCO)

2018 saw a slight decline in revenue at LABIDCO, due in part to the departure of the sole User of Berth 1 in Q3. Dredging of the area between Berth 1 and 2 commenced in 2018 and is expected to be completed in 2019. Three new port users came onstream at LABIDCO and two new tenants signed leases during the year. Despite the challenges, LABIDCO generated a net profit of TT$3.0M.

HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSSE)

HSSE continued to be a major area of focus at National Energy, as the Company continued to work towards achieving the NGC Group objective of 'Zero Unsafe Behaviours'. Therefore, attention was given to Asset Integrity Management (AIM) with several steps taken towards improving the Company's performance in this area. Initiatives included completion of updated risk assessments and development of a three-year Strategic Asset Management Plan and review of the Asset Integrity Framework. An internal audit was conducted to evaluate the Company's performance against ISO 55001 and the report is expected to be completed in January 2019. Additionally, an Asset Integrity Superintendent was recruited to further develop and implement the Company's AIM programme.

National Energy operates ISPS port and marine facilities at Point Lisas, La Brea and Galeota. Accordingly, port security must be continuously monitored, tested and updated as necessary. In 2018, an ISPS port security assessment was conducted for the Port of Galeota. Arising out of the assessment, the fire detection system was upgraded, and a CCTV system installed at the facility. National Energy also successfully led Security Council meetings for the Port of Galeota and the Port of Brighton. Accommodations for

HSSE continued to be a major area of focus at National Energy, as the Company continued to work towards achieving the NGC Group objective of 'Zero Unsafe Behaviours'.

Security personnel stationed at the Port of Galeota was also improved.

The CCTV surveillance system at the Company's administrative offices was expanded and the fire detection system throughout all buildings on the compound was synchronised.

HSSE support was provided to co-ordinate the safe movement of CGCL's project modules from the Port of Brighton to UIE for construction of the CGCL methanol and DME complex.

Works on Phase 1 of the Greenfield Buffer Zone at UIE continued in 2018 and a contract was awarded for the planting of trees in Phase 2, which is expected to commence in 2019. It is noteworthy that contractors from La Brea and environs were utilised for the Buffer Zone Project. Additionally, World Environment Day was commemorated with the distribution of local fruit trees to employees to promote the 'greening' in our daily lives.

During the year, four HSSE training interventions were hosted for employees on: Defensive Driving Simulation; Terrorism Awareness; Impacts of Climate Change; and Indoor Air Quality. Additionally, a special security awareness session was conducted for female employees in collaboration with the Human Resource & Corporate Communication Department, to equip the women with important life-saving techniques.

Plants are distributed to employees for World Environment Day

HUMAN RESOURCE & CORPORATE COMMUNICATION

Human Resource

Under the strategic pillar of "Developing the Organisation", National Energy's Human Resource objectives for 2018 centred around the development of critical competencies and implementation of the revised and approved organisational structure. In view of achieving the Company's key commercial objectives, training interventions focused on key areas including port and maritime management, preventative maintenance, customer service and market analysis.

Organisational changes were implemented in furtherance of the Company's transformational strategy. Given the challenging and dynamic nature of the global energy industry, such organisational changes were executed with

OPERATIONAL HIGHLIGHTS (CONTINUED)

Champions celebrate at the La Brea Zone Primary School Games

a view to improving operational efficiency, securing current markets and attracting new revenue streams. Collaboration among all companies within the NGC group led to the advancement of significant work for establishing common policies to promote and enable more robust talent management and career progression within the Group. We look forward to the positive impact that implementation of such policies will bring in 2019.

Corporate Communication

National Energy has adopted a targeted approach to Community Involvement and Corporate Social Responsibility (CSR) in which the Company focuses attention primarily on its fenceline communities of La Brea and Mayaro/Guayaguayare. In Q1, National Energy hosted the La Brea Zonal Primary School Games in collaboration with LABIDCO, Trinidad Generation Unlimited (TGU), Lake Asphalt and Trinidad Offshore Fabrication Company (TOFCO). Over the years, these games have become a springboard for numerous young athletes who have advanced to compete at the national level. In 2018, the Mathematics Room at the Brighton Anglican School also received an upgrade, as the roof was repaired. Additionally, in keeping with its commitment to promoting the CSR pillar of Education, book vouchers were provided to graduating SEA students at La Brea, Mayaro/Guayaguayare and Milton Presbyterian Primary School.

In October 2018, the management and staff of National Energy joined with the NGC Group and the national community to provide relief for persons who had been affected by severe flooding in various parts of Trinidad. This spirit of giving continued towards the end of 2018, as employees and the Company came together to donate food hampers to the less fortunate in society. The residents of the Couva Home for the Aged were also serenaded by National Energy's energetic 'paranderos' while care packages were distributed to the senior citizens.

Additionally, National Energy hosted its first Health & Wellness Fair in conjunction with PPGPL. The fair included testing of blood pressure, blood sugar and vision screening. There was also a day dedicated to financial wellness, which included display booths by various financial institutions as well as a financial awareness discussion. During the week of activities, 'For Men Only' and 'For Women Only' sessions were hosted to allow employees to discuss pertinent health and life issues.

Report of Directors

YEAR ENDED DECEMBER 31, 2018

The Directors are pleased to submit their Report to the Members together with the Financial Statements for the year ended December 31, 2018.

1. ACTIVITIES

The principal business of the Company is the promotion, development and management of an industrial estate and marine infrastructure facilities principally for the location of light manufacturing and petroleum industry support services at La Brea. LABIDCO is jointly owned by The National Gas Company of Trinidad and Tobago Limited (NGC) – 81% and Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) – 19%. The Company offers developed industrial sites for lease, bioremediation services for oily waste, pier/port facilities for import/export of goods and materials and dock/yard for the fabrication of platforms.

2. FINANCIAL POSITION

The financial position as at the end of the period is summarised as follows:

		2018 TT$'000	2017 TT$'000
Assets:	Property, plant and equipment	459,655	489,085
	Debtors and prepayments	49,005	53,984
	Cash & short-term investments	61,819	71,838
		570,479	614,907
Liabilities:	Share capital	254,919	254,919
	Accumulated losses	(85,247)	(88,092)
	Capital contribution	318,212	318,212
	Shareholder advances	7,094	12,847
	Creditors & accruals	75,501	117,021
		570,479	614,907

3. FINANCIAL PERFORMANCE

The financial performance for the period is summarised as follows:

	2018 TT$'000	2017 TT$'000
Revenue	41,400	43,158
Operating expenses	(25,415)	(49,611)
Operating profit/(loss)	15,985	(6,453)
Other expenses	(12,972)	(9,094)
Net profit/(loss) for year	3,013	(15,547)

REPORT OF DIRECTORS (CONTINUED)

Net profit for 2018 of TT$3.01M was TT$18.56M above the prior year net loss of TT$15.55M. LABIDCO's revenue of TT$41.40M was below the 2017 amount of TT$43.16M, resulting from reduced port activity. However, operating expenses of TT$25.42M was significantly lower than the 2017 amount of TT$49.62M as a result of the full recognition of dredging expense in 2017.

4. DIRECTORS

For the financial year ended December 31, 2018 the membership of the Board comprised Messrs. Gerry Brooks, Arnold de Four, Wade Hamilton, Randhir Rampersad and Mrs. Claire Gomez-Miller. Mr. Randhir Rampersad was replaced by Mrs. Claire Gomez-Miller as Petrotrin's representative on October 18, 2018.

5. SIGNIFICANT EVENTS

The significant events occurring during the course of 2018 were:

Port & Marine
- Total receipt of modules required for the CGCL project.
- Support to TOFCO for load-out activity with regards to DeNovo project.
- Successful removal of obstruction material (sheet piles) at Berth 2 during Phase 1 of the dredging project.
- Start-up of utility supply to vessels at quayside which includes supply of potable water and provision of electrical reefers for vessel use.

Estate
- Successful completion of transfer of modules from laydown yard at La Brea Industrial Estate to CGCL project site at Union Industrial Estate.
- Installation of water mains along the Estate corridor completed.
- Repairs to Estate Corridor Extension (Corridor J) successfully completed.
- Completion of underground pipelaying and directional drilling for Right of Way for CGCL project.
- Construction of interlot drains between Berth 1 and Lot 1.
- Completion to sewerage system to National Energy project offices.

AUDITORS

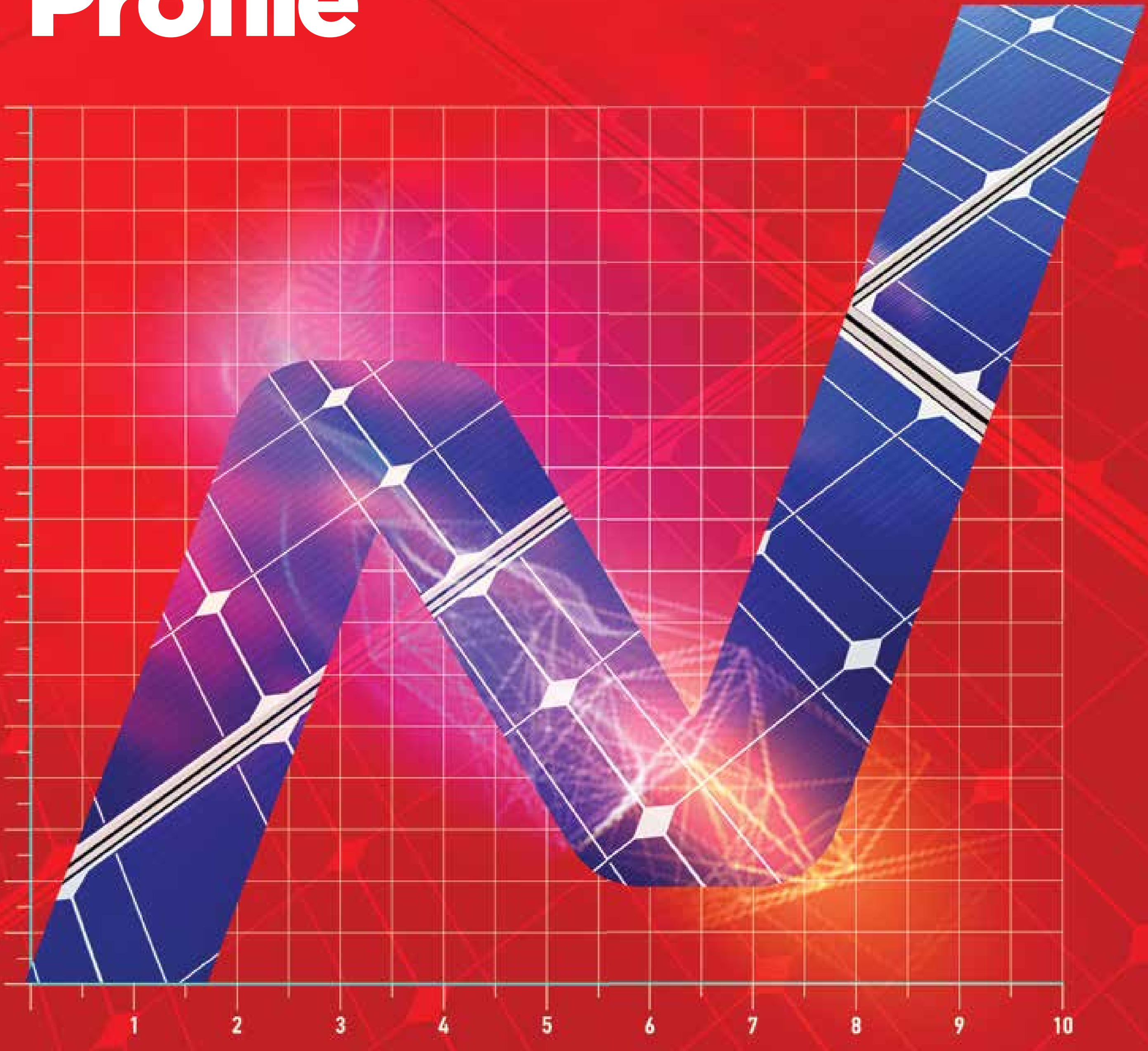
The Auditors, Deloitte & Touche, retire and being eligible, have expressed their willingness to be re-elected.

Dated this 22nd **day of** March **2019**
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

Financial Profile



Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, ('the Company') which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date; the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

President	VP Finance & Administration
22 March 2019	22 March 2019

Deloitte.

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

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 2018, 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 2018, 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

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

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.

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.

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.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad

25 March 2019

Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2018 $'000	2017 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	390,613	415,368
Investment properties	6	424,942	447,074
Deferred taxation asset	7 (b)	4,576	2,368
Total non-current assets		820,131	864,810
Current assets			
Cash and short-term deposits	8	241,901	253,566
Trade and other receivables	9	95,106	184,973
Due from related parties	19	40,581	60,971
Taxation recoverable		14,811	14,811
Total current assets		392,399	514,321
Total assets		**1,212,530**	**1,379,131**

Continued...

Statement of financial position *(continued)*
(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2018 $'000	2017 $'000
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	10	103,427	103,427
Capital contribution	11	43,325	43,325
Retained earnings		616,633	622,774
Total shareholder's equity		763,385	769,526
Non-current liabilities			
Long-term debt	12	185,060	276,311
Deferred taxation liability		65,606	65,684
Deferred income	14	69,320	74,629
Total non-current liabilities		319,986	416,624
Current liabilities			
Current portion of long-term debt	12	48,195	48,195
Trade and other payables	13	55,288	77,846
Deferred income	14	17,772	30,678
Due to related parties	19	62	6,038
Due to parent company	19	2,755	30,222
Taxation payable		5,087	2
Total current liabilities		129,159	192,981
Total liabilities		449,145	609,605
Total shareholder's equity and liabilities		**1,212,530**	**1,379,131**

The accompanying notes on pages 26 to 68 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 22 March 2019.

Chairman

Director

Statement of profit and loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Revenue	15	340,903	323,457
Operating costs	17 (a)	(140,647)	(168,195)
Operating profit		200,256	155,262
Other income	16	6,637	15,764
Interest income		3,673	1,354
Administrative and general expenses	17 (b)	(60,846)	(41,221)
Finance costs	17 (c)	(19,730)	(23,408)
(Loss)/gain on foreign exchange transaction		(2,166)	1,925
Profit before taxation		127,824	109,676
Income tax expense	7 (a)	(44,810)	(35,873)
Profit for the year after taxation		83,014	73,803
Other comprehensive income:		-	-
Government receivables credit loss allowance		(847)	-
Other comprehensive income		(847)	-
Total comprehensive income		**82,167**	**73,803**

The accompanying notes on pages 26 to 68 form an integral part of these financial statements.

Statement of changes in equity

(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2017				
Balance at 1 January 2017	103,427	43,325	548,971	695,723
Profit for the year after taxation	–	–	73,803	73,803
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	73,803	73,803
Balance at 31 December 2017	**103,427**	**43,325**	**622,774**	**769,526**
Year ended 31 December 2018				
Balance at 1 January 2018	103,427	43,325	622,774	769,526
Effect of adoption of new accounting standard (Note 2.1)	–	–	(79,645)	(79,645)
Balance at 1 January 2018 (restated)	**103,427**	**43,325**	**543,129**	**689,881**
Dividends paid	–	–	(8,663)	(8,663)
Profit for the year after taxation	–	–	83,014	83,014
Other comprehensive income	–	–	(847)	(847)
Total comprehensive profit	–	–	82,167	82,167
Balance at 31 December 2018	**103,427**	**43,325**	**616,633**	**763,385**

The accompanying notes on pages 26 to 68 form an integral part of these financial statements.

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Cash flows from operating activities			
Cash generated by operations	18	159,121	119,525
Taxation paid		(40,099)	(36,559)
Interest paid		(13,162)	(17,941)
Interest received		1,704	1,163
Net cash generated from operating activities		107,564	66,188
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,336)	(12,679)
Additions to investment properties		(186)	(4,340)
Net (increase)/decrease in short-term investments		(146,557)	4,833
Dividend received		101	-
Proceeds from disposal of property, plant and equipment		51	3,805
Net cash used in from investing activities		(158,927)	(8,381)
Cash flows from financing activities			
Dividend paid		(8,663)	-
Repayment of borrowings		(98,196)	(118,196)
Net cash used in financing activities		(106,859)	(118,196)
Net decrease in cash and cash equivalents		(158,222)	(60,389)
Cash and cash equivalents at beginning of year		210,841	271,230
Cash and cash equivalents at end of year	8 (c)	**52,619**	**210,841**

The accompanying notes on pages 26 to 68 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

(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 ('IFRS')**

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

- **IFRS 9 *Financial Instruments***
  IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

  IFRS 9 introduced new requirements for:
  1) The classification and measurement of financial assets and financial liabilities,
  2) Impairment of financial assets, and
  3) General hedge accounting.

  1) Classification and measurement of financial assets

     All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

     Specifically:

     - Debt instruments 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 amount outstanding, are measured subsequently at amortised cost;
     - Debt instruments that are held within the business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
     - All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

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

2.1 Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)

- **IFRS 9 *Financial Instruments* (continued)**

1) Classification and measurement of financial assets (continued)

The Company has evaluated that the application did not have an impact on the Company's financial statements. Financial assets classified as receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and the cash flows consist solely of principal and interest on the principal outstanding.

2) Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company 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 of the financial assets.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9, impairment of financial asset, have been recognised directly in retained earnings.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

	1-Jan-2018
Assets	**$'000**
Trade receivables (impact of impairment)	(891)
Government receivables (impact of impairment)	(80,664)
Deferred tax asset (impact of total loss allowance)	1,910
Total adjustment on equity	
Retained earnings	**79,645**

The table below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the prior year.

Impact on asset, liabilities and equity as at 1 January 2018	**Balance as at 31-Dec-2017**	**IFRS 9 adjustments**	**Balance as at 1-Jan-2018**
	$'000	**$'000**	**$'000**
Trade and other receivables	184,973	(81,555)	103,418
Deferred tax asset	2,368	1,910	4,278
Retained earnings	622,774	(79,645)	**543,129**

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

2.1 **Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)**

- **IFRS 9 *Financial Instruments* (continued)**

3) General hedge accounting

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.

The Company has evaluated that the application will not have an impact on the Company's financial statements.

- **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The core principle 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-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 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.

The Management of the Company has evaluated that the application of IFRS 15 will not have an impact on the Company financial statements.

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

2.1 **Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)**

- **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 Management of the Company has evaluated that the application of these amendments will not have an impact on the financial statements.

- **Amendments to IAS 40 Transfers of Investment Property**

  The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

  The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

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

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

2.1 Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)

- **Annual Improvement to IFRSs 2014-2016 Cycle**

  The Annual Improvements include amendments to IFRS 1 and IAS 28 which are mandatorily effective for the Company.

  The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associate and joint ventures at FVTPL is available separately for each associate or joint venture. In respect of the option for the entity that is not an investment entity (IE) to retain the fair value measurement applies by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

  The Management of the Company has evaluated that the application of the amendments will not have any impact on the financial statements.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

  IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on the initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset on non-monetary liability.

  The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

  The Management of the Company has evaluated that the application of the amendments will not have an impact on the financial statements.

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

2.2 **New and revised IFRS in issue but not yet effective**

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

• IFRS 16	Leases[1]
• IFRS 17	Insurance Contracts
• Amendments to IFRS 9	Prepayment Features with Negative Contribution
• Amendments to IAS 28	Long-term interests in associates and joint Ventures[1]
• Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
• Amendments to IAS 19 Employee Benefit	Plan Amendment, Curtailment or Settlement
• IFRS 10 Consolidated Financial Statement and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures
• IFRIC 23	Uncertainty over income tax treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

- **IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion, which will be presented as financing and operating cash flows respectively.

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

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

- **IFRS 16 Leases (continued)**
  In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

  The Management of the Company anticipates that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Company performs a detailed review.

- **IFRS 17 *Insurance Contracts***

  In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  1. A specific adaptation for contracts with direct participation features (the variable fee approach)

  2. A simplified approach (the premium allocation approach) mainly for short-duration contracts

  The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- **Amendments to IFRS 9: *Prepayment Features with Negative Compensation***

  The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

  The amendment should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

  The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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 IAS 28 Long-term Interests in Associates and Joint Ventures**

  The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

  The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

  The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle***

  The Annual Improvements include amendments to the following standards:

  - **IFRS 3 *Business Combination*** – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

  - **IFRS 11 *Joint Arrangements*** – The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle***

  - **IAS 12 *Income Taxes*** – The amendments clarify that an entity should recognised the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

  - **IAS 23 *Borrowing Costs*** – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

  The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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 IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

  The amendment clarifies that the past service costs (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling. Any change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

  The amendment requires that updated assumptions be used to remeasure current service cost and net interest for the remainder of the reporting period after the change to the plan. Net interest post plan amendments is calculated by multiplying the net defined benefit liability (asset) with the discount rate used in the remeasurement.

  These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

  The Management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **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 or loss only to the extent of the unrelated investors' interest in that associate or joint venture.

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

  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 Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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)

- **IFRIC 23 *Uncertainty over Income Tax Treatments***

The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

a) Determine whether uncertain tax positions are assessed separately or as a group; and
b) Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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 and 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) **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.

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

b) **Taxes (continued)**

Deferred tax assets are recognised only if there is a reasonable expectation of realisation. Deferred tax assets arise 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.

c) **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.

d) **Investment property**

Investment property is stated at cost less accumulated depreciation and impairment losses. 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.

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

e) **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.

f) **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.

g) **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.

h) **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.

i) **Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Company has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures*.

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

i) **Financial assets and liabilities (continued)**

i. **Financial assets**
Financial assets, other than those designated and effective as hedging instruments, are classified and subsequently measured based on the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented under impairment.

The Company has more than one business model for managing its financial instruments which reflects how the Company manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business model each reporting period to determine whether the business models has changes since the preceding period.

ii. **Subsequent measurement of financial assets**

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVPTL are:
- financial assets whose contractual cash flows are not SPPI
- financial assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell
- financial assets designated at FVPTL using the fair value option.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ii. **Subsequent measurement of financial assets (continued)**

Assets in this category are measured at fair value with gains or losses, including any interest or dividend income recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is holding to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Instruments within the scope of the new impairment requirements includes loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

No impairment loss is recognised on equity instruments.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ii. **Subsequent measurement of financial assets (continued)**

Impairment of financial assets (continued)

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') for which a 12-month ECL is recognised

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') for which 'lifetime expected credit losses' are recognised.

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets [POCI]).

iii. **Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

iii. **Credit-impaired financial assets (continued)**

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

iv. **Trade and other receivables and contract assets**

The Company makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Company does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Expected credit losses on all items of trade and other receivables and contract assets are recognised in FVTPL with the exception of Government receivables which is recognised in FVTOCI.

v. **Financial assets at fair value through other comprehensive income**

For debt instruments at FVTOCI, the Company applies the low credit risk simplification and recognises 12-month expected credit losses, as most of these instruments have an investment grade credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Company assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Company would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument or class of instruments the lifetime ECL.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

vi. **Derecognition of financial assets (disclosure notes for derecognition)**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

vii **Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

viii **Financial liabilities and equity instruments**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ix. **Other financial liabilities**

Other financial liabilities including long-term debt, dividends payable, trade and sundry payables and accruals are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

x. **Derecognition of other financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j. **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.

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

k) **Impairment of non-financial assets (continued)**

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.

l) **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 are accounted for on the accruals basis.

m) **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.

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

n) **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.

o) **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.

p) **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.

q) **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.

4. **Significant accounting judgements, estimates and assumptions (continued)**

Estimates and assumptions (continued)

Expected credit losses

When measuring expected credit losses, the Company uses reasonable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company expects to receive, taking into account cash flows from collateral.

Probability of default constitutes a key input in measuring the expected credit losses. Probability of default is an estimate of the likelihood of default over a given time period, the calculation of which includes historical data assumptions and expectations of future conditions.

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Property, plant and equipment

	Marine infrastructure assets	Machinery equipment	Development cost	Leasehold property	Other assets	Capital work in progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost							
Balance at 1 January 2017	780,306	14,428	2,562	20,636	15,338	8	833,278
Additions	8,923	1,786	-	-	474	1,496	12,679
Transfers	744	-	-	-	-	(744)	-
Disposals	-	-	-	-	(1,303)	-	(1,303)
Balance at 31 December 2017	**789,973**	**16,214**	**2,562**	**20,636**	**14,509**	**760**	**844,654**
Additions	9,446	1,276	-	350	645	619	12,336
Disposals	(1,610)	(261)	-	-	(3,662)	-	(5,533)
Balance at 31 December 2018	**797,809**	**17,229**	**2,562**	**20,986**	**11,492**	**1,379**	**851,457**
Accumulated depreciation							
Balance at 1 January 2017	(368,836)	(7,110)	(2,061)	(4,338)	(11,453)	-	(393,798)
Depreciation charge	(32,464)	(2,004)	(80)	(417)	(1,754)	-	(36,719)
Disposals	-	-	-	-	1,231	-	1,231
Balance at 31 December 2017	**(401,300)**	**(9,114)**	**(2,141)**	**(4,755)**	**(11,976)**	**-**	**(429,286)**
Depreciation charge	(32,767)	(2,194)	(80)	(426)	(1,119)	-	(36,586)
Disposals	1,422	239	-	-	3,367	-	5,028
Balance at 31 December 2018	**(432,645)**	**(11,069)**	**(2,221)**	**(5,181)**	**(9,728)**	**-**	**(460,844)**
Net book value							
At 31 December 2017	**388,673**	**7,100**	**421**	**15,881**	**2,533**	**760**	**415,368**
At 31 December 2018	**365,164**	**6,160**	**341**	**15,805**	**1,764**	**1,379**	**390,613**

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6. **Investment properties**

	Buildings $'000	Development cost $'000	Capital work in progress $'000	Total $'000
Cost				
Balance at 1 January 2017	599,444	477,053	455	1,076,952
Additions	1,095	1,686	1,559	4,340
Balance at 31 December 2017	**600,539**	**478,739**	**2,014**	**1,081,292**
Additions	-	186	-	186
Transfers	-	792	(792)	-
Balance at 31 December 2018	**600,539**	**479,717**	**1,222**	**1,081,478**
Accumulated depreciation				
Balance at 1 January 2017	(23,679)	(122,214)	-	(145,893)
Depreciation charge	(3,964)	(18,290)	-	(22,254)
Balance at 31 December 2017	**(27,643)**	**(140,504)**	**-**	**(168,147)**
Depreciation charge	(4,046)	(18,272)	-	(22,318)
Balance at 31 December 2018	**(31,689)**	**(158,776)**	**-**	**(190,465)**
Accumulated impairment				
Balance at 1 January 2017	(466,071)	-	-	(466,071)
Impairment reversals charged to the profit or loss	-	-	-	-
Balance at 31 December 2017	**(466,071)**	**-**	**-**	**(466,071)**
Balance at 31 December 2018	**(466,071)**	**-**	**-**	**(466,071)**
Net book value				
At 31 December 2017	**106,825**	**338,235**	**2,014**	**447,074**
At 31 December 2018	**102,779**	**320,941**	**1,222**	**424,942**

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6. **Investment properties (continued)**

Amounts recognised in statement of profit or loss

	2018 $'000	2017 $'000
Rental income from investment properties	21,481	16,673
Directing operating expenses	1,709	2,260

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 licence 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 6.376%. As a result of this analysis, no impairment was recognised by Management for income year 2018 and 2017 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 2018	-	-	465,017	465,017	249,900
At 31 December 2017	-	-	362,159	362,159	263,495

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 2018	-	-	76,073	76,073	76,073
At 31 December 2017	-	-	175,796	175,796	79,467

7. Taxation

	2018 $'000	2017 $'000

a) Taxation charge

	2018 $'000	2017 $'000
The major components of the taxation expense are as follows:		
Corporation tax: current year	44,104	29,161
prior year tax	–	2,474
Green fund levy	1,082	1,022
Deferred taxation expense (note 7b)	(376)	3,216
	44,810	**35,873**

A reconciliation of the expected income tax expense determined using the statutory tax rate of 30% to the effective income tax expense is as follows:

	2018 $'000	2017 $'000
Profit before taxation	**127,824**	**109,676**
Income taxes thereon at the rate of 30%	38,347	32,903
Non-deductible expenses	196	(6,368)
Permanent differences	5,031	5,986
Green fund levy	1,082	1,022
Prior year taxes	–	2,474
Other differences	154	(144)
	44,810	**35,873**

b) Deferred tax

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

	2018 $'000	2017 $'000
Assets		
Accrued vacation leave	1,986	1,978
Credit loss allowance	2,313	–
Accrued interest payable	277	390
	4,576	**2,368**
Liabilities		
Long lived assets	**65,606**	**65,684**

Movement for the year in the net deferred tax liability:

	2018 $'000	2017 $'000
Movement for the year:		
Balance at 1 January	63,316	60,100
Deferred tax charge to statement of profit and loss	(376)	3,216
Deferred tax charge to retained earnings (see Note 2.1)	(1,910)	–
Balance at 31 December	**61,030**	**63,316**

8. Cash and short-term deposits

	2018 $'000	2017 $'000
Cash at bank and on hand	52,619	210,841
Short-term deposits	189,282	42,725
	241,901	**253,566**
Investment held with Clico Investment Bank (Note 8(b))	5,530	14,381
Less: Impairment provision of short-term deposit (Note 8(b))	(5,530)	(14,381)
	241,901	**253,566**

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 $241.901 million (2017: $253.566 million).

b) In 2018, the Company recovered TT$9.015 million of the investment note certificates held with Clico Investment Bank Limited (CIB) in the form as cash and shares in Republic Bank Limited and One Caribbean Media Limited. The initial investment was in the amount of TT$14.381. 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 unsettled amount of TT$5.530 million remains fully provided for as at 31 December 2018 as the likelihood and timing is unknown.

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

	2018 $'000	2017 $'000
Cash at bank and on hand	**52,619**	**210,841**

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9. Trade and other receivables

	2018 $'000	2017 $'000
Trade receivables - third parties	56,221	71,363
Provision for doubtful debts (Note 9b)	(7,706)	(5,473)
	48,515	65,890
Other receivables:		
Due from Government of Trinidad and Tobago	21,122	95,173
Value Added Tax recoverable	6,643	4,695
Prepaid expenses	2,235	899
Insurance prepayment	2,916	2,163
Interest receivable	2,381	412
Other	11,294	15,741
Total receivables and prepayments	**95,106**	**184,973**

Trade receivables are non-interest bearing and are generally on 15 - 30 day terms.
As at 31 December 2018 and 31 December 2017, the risk profile of trade receivables based on the Company provisional matrix were as follows:

	Trade receivables - days past due						
	Not past due $'000	**<30 $'000**	**31-60 $'000**	**61-90 $'000**	**91-120 $'000**	**>120 $'000**	**Total $'000**
2018							
Expected credit loss rate	**0.51%**	**0.63%**	**1.32%**	**1.41%**	**3.51%**	**91.90%**	
Estimated total gross carrying amount at default	29,126	14,931	3,130	413	573	8,048	
Lifetime expected credit loss	**149**	**94**	**41**	**6**	**20**	**7,396**	**7,706**
2017							
Expected credit loss rate	**0.51%**	**0.63%**	**1.32%**	**1.41%**	**3.51%**	**38.81%**	
Estimated total gross carrying amount at default	18,994	19,793	3,239	13,341	844	15,152	
Lifetime expected credit loss	**97**	**125**	**43**	**188**	**30**	**5,881**	**6,364**

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9. **Trade and other receivables (continued)**

(c) As at 31 December 2018, trade and other receivables at a value of $89.216 million (2017: $5.473 million) were impaired and provided for fully. Movements in the provision for impairment of receivables were as follows:

	Collectively assessed $'000	Individually assessed $'000	Total $'000
Balance as at 1 January 2017	**-**	**8,102**	**8,102**
Amount written off	-	(2,731)	(2,731)
Amount recovered	-	(611)	(611)
Charge for year	-	713	713
Balance as at 31 December 2017 under IAS 39	**-**	**5,473**	**5,473**
Adjustment upon application of IFRS 9 (see Note 2)	87,028	(5,473)	81,555
Balance as at 1 January 2018	**87,028**	**-**	**87,028**
Amount recovered	(267)	-	(267)
Net remeasurement of loss allowance	2,455	-	2,455
Balance as at 31 December 2018	**89,216**	**-**	**89,216**

(d) The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired $'000	**Credit-impaired $'000**
2018		
Government receivables with a gross carrying value of $102.632 million of which $81.510 million required additional Cabinet Approval	847	-
One customer's account with a gross carrying amount of $1.152 million over 120 days of which $0.767 million was outstanding as at 31 December 2017	384	-
Two customers' accounts with a gross carrying amount of $0.568 million over 120 days past due	568	-
Partial settlement by customers with gross carrying amount over 120 days past due	(267)	-
Origination of new trade receivables net of those settled	656	-
	2,188	**-**

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9. **Trade and other receivables (continued)**

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired $'000	Credit-impaired $'000
2017		
Government receivables with a gross carrying value of $95.173 million of which $80.664 million required additional Cabinet Approval	80,664	-
Four customers' accounts with a gross carrying amount of $1.665 million over 120 days	1,481	-
Customer with gross carrying amount of $0.123 million went into liquidation	-	123
Full settlement by customers with gross carrying amount over 120 days past due	(611)	-
Amount written off	(2,731)	-
	78,803	**123**

(e) 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 to 60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018	**48,515**	**28,977**	**14,837**	**3,089**	**407**	**553**	**652**
2017	**65,890**	**18,854**	**19,933**	**3,239**	**13,341**	**844**	**9,679**

10. **Stated capital**

	2018 $'000	2017 $'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 2016 and 1 January 2017 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	2018 $'000	2017 $'000
Consolidated loan (Note 12(c))	**185,060**	**48,195**	**233,255**	**324,506**
	185,060	**48,195**	**233,255**	**324,506**

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 have been capitalised. Interest payments commenced in 2012 and principal repayments in 2017.

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.

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.

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12. **Long-term debt (continued)**

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

Carrying amount		Fair value	
2018	2017	2018	2017
$'000	$'000	$'000	$'000
233,255	324,506	233,255	324,506

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

	2018 $'000	2017 $'000
In one year or less	48,195	48,195
In more than one year but not more than two years	48,195	48,195
In more than two years but not more than three years	48,195	48,195
In more than three years but not more than four years	48,195	48,195
In more than four years but not more than five years	40,475	48,195
In more than five years	–	83,531
	233,255	**324,506**

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13. Trade and other payables

	2018 $'000	2017 $'000
Trade payables	5,701	5,575
Accrued material/service amounts	14,186	39,167
Employee related accruals	12,571	10,900
Retentions	20,737	19,305
VAT payable	2,093	2,899
	55,288	**77,846**

The table below summarises the trade and other payables:

	Under 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2018			
Trade creditors & accruals	27,840	20,737	48,577
Accrued vacation leave	–	6,620	6,620
Accrued audit fees	–	91	91
Total trade creditors and accruals	**27,840**	**27,448**	**55,288**
As at 31 December 2017			
Trade creditors & accruals	51,858	19,305	71,163
Accrued vacation leave	–	6,592	6,592
Accrued audit fees	–	91	91
Total trade creditors and accruals	**51,858**	**25,988**	**77,846**

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14. Deferred income

	2018 $'000	2017 $'000
Billings in advance (Note 14 a)	4,172	17,136
Deferred income - Union Industrial Estate and Renewables (Note 14 b)	74,588	79,897
Deferred income - Other	8,332	8,274
	87,092	**105,307**
Non-current	69,320	74,629
Current	17,772	30,678
	87,092	**105,307**

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

	2018 $'000	2017 $'000
Balance at 1 January	79,897	85,165
Amount transferred to offset expenses – Renewables	(41)	–
Amount released to income	(5,268)	(5,268)
Balance at 31 December	**74,588**	**79,897**

15. Revenue
The revenue principally consists of the following:

	2018 $'000	2017 $'000
ISCOTT dock	10,102	11,693
Savonetta piers	138,590	139,363
Point Lisas harbour	36,240	36,353
Tugs and workboats	98,304	89,956
Lease land (Note 6)	21,481	16,673
Amortisation of deferred capital grant	5,268	5,268
Galeota port	18,521	11,736
Berth 3 - Brighton	11,256	10,507
Tug mooring facility rental	861	880
Rental storage facilities	–	963
Marshalling Yard	280	65
	340,903	**323,457**

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16. Other income

	2018 $'000	2017 $'000
Management fees – La Brea Industrial Development Company Limited	816	731
Project management fees	794	608
(Loss)/gain on disposal of property, plant & equipment	(455)	3,734
Miscellaneous	5,482	10,691
	6,637	**15,764**

17. Expenses

	2018 $'000	2017 $'000
a) Operating costs:		
Depreciation and amortisation	54,512	54,632
Maintenance – marine facilities	39,793	29,151
Dredging	–	35,976
Salaries and related benefits (Note 17(d))	11,960	13,371
Management fees – tugs & workboats	24,900	25,447
Insurance	4,309	4,035
Security	5,054	5,464
Sea bed lease rent	119	119
	140,647	**168,195**
b) Administrative and general expenses:		
Salaries and related benefits (Note 17(d))	52,277	50,032
Depreciation and amortisation	4,392	4,342
Management fees - NGC	1,000	1,000
Insurance	361	464
Movement in provision for doubtful debts	(8,212)	(23,194)
Motor vehicle expense	1,928	1,986
General business travel	161	227
Security	661	668
Advertising and communications	432	691
Legal and professional fees	1,293	2,896
Donation - other	145	236
Other	6,408	1,873
	60,846	**41,221**
(c) Finance costs:		
Interest on debt and borrowings - related parties	12,785	17,488
Notional interest on related party loan	6,945	5,920
	19,730	**23,408**

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17. **Expenses (continued)**

	2018 $'000	2017 $'000
(d) Staff costs:		
Included under marine expenses	11,960	13,371
Included under administrative and general expenses	52,277	50,032
	64,237	**63,403**

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.

18. **Cash flows from operating activities**

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit before taxation	127,824	109,676
Adjustment for:		
Depreciation	58,903	58,974
Interest expense	19,730	23,408
Penalties	–	(4,104)
Interest income	(3,673)	(1,354)
Dividend income	(101)	–
Loss on disposal of property, plant and equipment	455	(3,734)
Amortisation of deferred income	(5,268)	(5,268)
Operating profit before working capital changes	197,870	177,598
Decrease/(increase) in trade and other receivables and due from related parties and Parent Company	29,824	(68,725)
(Decrease)/increase in deferred income & deferred capital grant	(12,947)	514
(Decrease) in trade and other payables and due to related parties and parent company	(55,626)	10,138
Cash generated from operating activities	**159,121**	**119,525**

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 2018, the Company has recorded a credit loss allowance relating to amounts owed by related party Alutech Limited of $20.309 million (2017: $20.309 million) and the Government of the Republic of Trinidad and Tobago of $81.510 million (2017: nil). 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 2018 and 31 December 2017.

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19. **Related party transactions (continued)**

		Income from related parties $'000	Related party expenses $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursements	2018	-	-	-	2,755
	2017	-	-	-	30,222
Lease land/building	2018	1,440	-	-	-
	2017	1,181	-	-	-
Management fees	2018	-	1,000	-	-
	2017	-	1,000	-	-
Loans	2018	-	12,785	-	233,255
	2017	-	17,488	-	324,506
La Brea Industrial Development Company Limited					
Management fees/reimbursements	2018	816	-	40,581	62
	2017	731	-	60,895	6,038
Trinidad Generation Unlimited					
Income Lease Land	2018	6,833	-	-	-
	2017	2,252	-	-	-
NGC/CNG					
Building Lease/Reimbursements	2018	741	-	-	-
	2017	720	-	76	-
PPGPL					
Leased land	2018	350	-	-	-
	2017	294	-	-	-
Government of the Republic of Trinidad and Tobago					
Government-funded project costs	2018	794	-	21,122	-
	2017	608	-	95,173	-
Directors' allowances and fees	2018	-	406	-	-
	2017	-	489	-	-

Compensation of key management personnel:

	2018 $'000	2017 $'000
Short-term employee benefits	14,945	14,085

20. Operating lease arrangements

The Company as a lessor

The Company has entered into commercial land and building 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:

	2018	2017
	$'000	$'000
Not later than 1 year	23,413	19,664
Later than 1 year and not longer than 5 years	68,464	62,607
Later than 5 years	319,089	311,615
	410,966	**393,886**

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.

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 creditworthy 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$14.381M in investment note certificates with Clico Investment Bank Limited. As stated in Note 8b), a provision has been established for this entire balance in 2008 with part settlement of debt in 2018. The recoverability of the outstanding balance remains 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.

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21. 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	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2018						
Assets						
Cash and cash equivalents	52,619	189,282	-	-	-	241,901
Trade and other receivables	-	48,515	46,591	-	-	95,106
Due from related parties	-	-	40,581	-	-	40,581
	52,619	237,797	87,172	-	-	377,588
Liabilities						
Interest bearing debt	-	-	58,748	212,823	499	272,070
Trade creditors and accruals	-	27,840	20,737	-	-	48,577
Due to related parties	-	-	62	-	-	62
Due to parent company	-	-	3,951	-	-	3,951
	-	27,840	83,498	212,823	499	324,660
Net liquidity position	**52,619**	**209,957**	**3,674**	**(212,823)**	**(499)**	**52,928**
As at 31 December 2017						
Assets						
Cash and cash equivalents	210,841	42,725	-	-	-	253,566
Trade and other receivables	-	61,396	123,577	-	-	184,973
Due from related parties	-	-	60,971	-	-	60,971
	210,841	104,121	184,548	-	-	499,510
Liabilities						
Interest bearing debt	-	-	63,265	230,891	104,489	398,645
Trade creditors and accruals	-	51,858	19,305	-	-	71,163
Due to related parties	-	-	6,038	-	-	6,038
Due to parent company	-	-	30,222	-	-	30,222
	-	51,858	118,830	230,891	104,489	506,068
Net liquidity position	**210,841**	**52,263**	**65,718**	**(230,891)**	**(104,489)**	**(6,558)**

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.

Cash and cash equivalents	Amount denominated in foreign currency $'000s		TT equivalent $'000s	
As at 31 December 2018				
Cash and cash equivalents	**US$**	**11,525**	**TT$**	**64,424**
Trade and other receivables	**US$**	**11,035**	**TT$**	**72,785**
	GBP	**2**	**TT$**	**27**
	EUR	**161**	**TT$**	**1,282**
Trade and other payables	**US$**	**2,717**	**TT$**	**17,466**
	EUR	**15**	**TT$**	**119**
As at 31 December 2017				
Cash and cash equivalents	**US$**	**37,766**	**TT$**	**255,404**
Trade and other receivables	**US$**	**15,040**	**TT$**	**101,709**
	GBP	**2**	**TT$**	**22**
	EUR	**22**	**TT$**	**180**
Trade and other payables	**US$**	**4,373**	**TT$**	**29,574**
	EUR	**32**	**TT$**	**263**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
(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 taxation. There is minimal impact on the Company's equity

	Increase/(decrease) in exchange rate	Effect other comprehensive income
	%	$'000
As at 31 December 2018	7%	21,482
	(7%)	(21,482)
As at 31 December 2017	7%	22,923
	(7%)	(22,923)

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 2017.

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 2018 and 31 December 2017.

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)).

23. Capital commitments

	2018 $'000	2017 $'000
Approved and contracted capital expenditure	**14,732**	**49,318**

These commitments include contractual commitments of $14.509 million (2017: $48.951 million) entered into by the Company on behalf of the Government of the Republic of Trinidad and Tobago.

24. Contingent liabilities

During 2016, the Company received invoices totalling $11.67M from a contractor, for which no agreement exists. 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. This issue remains unresolved to date.

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 Profile

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of La Brea Industrial Development Company Limited, ('the Company') which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date; the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

President

22 March 2019

VP Finance & Administration

22 March 2019

Deloitte.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

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 2018, 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 2018, 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.

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.

Continued...

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

Auditor's responsibilities for the audit of the financial statements (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.

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.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
25 March 2019

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2018 $'000	2017 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	333,967	345,506
Investment properties	6	125,688	131,766
Deferred taxation	12	18,288	11,813
Total non-current assets		477,943	489,085
Current assets			
Cash and short-term deposits	7	61,819	71,838
Trade and other receivables	8	28,763	42,098
Due from related parties	17	1,911	11,843
Taxation recoverable		43	43
Total current assets		92,536	125,822
Total assets		**570,479**	**614,907**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	254,919	254,919
Capital contribution	10	318,212	318,212
Accumulated losses		(85,247)	(88,092)
Total shareholders' equity		487,884	485,039
Non-current liabilities			
Shareholders' advances	11/17	7,094	12,847
Deferred income	14	12,455	13,570
Deferred taxation	12	11,258	4,638
Total non-current liabilities		30,807	31,055
Current liabilities			
Trade and other payables	13	8,775	35,574
Deferred income	14	2,212	2,125
Due to related party	17	40,565	60,895
Taxation payable		236	219
Total current liabilities		51,788	98,813
Total liabilities		82,595	129,868
Total liabilities and equity		**570,479**	**614,907**

The accompanying notes on pages 77 to 112 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 22 March 2019.

Chairman

Director

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Revenue			
Bio-remediation services		674	528
Port and harbour		26,206	28,470
Property rental income	6	14,520	14,160
		41,400	43,158
Operating expenses	15	(25,415)	(49,611)
Operating profit/(loss)		15,985	(6,453)
Interest income and other investment income		184	114
Other operating income		4,200	1,554
Gain/(loss) on foreign exchange transactions		95	(484)
Administrative, general and maintenance services	16	(13,649)	(13,622)
Other expenses		(17)	(12)
		(9,187)	(12,450)
Net profit/(loss) before taxation		6,798	(18,903)
Income tax (expense)/credit	12 (a)	(3,785)	3,356
Net profit/(loss) for the year after taxation		3,013	(15,547)
Other comprehensive income		–	–
Total comprehensive income/(loss)		**3,013**	**(15,547)**

The accompanying notes on pages 77 to 112 form an integral part of these financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of changes in equity

(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital $'000	Capital contribution $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2017					
Balance at 1 January 2017		254,919	249,446	(72,545)	431,820
Capital contribution	10	–	68,766	–	68,766
Loss for the year after taxation		–	–	(15,547)	(15,547)
Other comprehensive income for the year		–	–	–	–
Total comprehensive loss for the year		–	–	(15,547)	(15,547)
Balance at 31 December 2017		**254,919**	**318,212**	**(88,092)**	**485,039**
Year ended 31 December 2018					
Balance at 1 January 2018		254,919	318,212	(88,092)	485,039
Effect of adoption of new accounting standard (Note 2.1)		–	–	(168)	(168)
Balance at 1 January 2018 (restated)		**254,919**	**318,212**	**(88,260)**	**484,871**
Profit for the year after taxation		–	–	3,013	3,013
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	3,013	3,013
Balance at 31 December 2018		**254,919**	**318,212**	**(85,247)**	**487,884**

The accompanying notes on pages 77 to 112 form an integral part of these financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Cash flows from operating activities			
Profit/(loss) before taxation		6,798	(18,903)
Adjustment for:			
Depreciation		20,666	19,124
Interest income		(128)	(114)
Dividend income		(29)	-
Operating profit before working capital changes		27,307	107
Decrease in receivables and pre-payments		9,947	906
Decrease / (increase) in due from related parties		9,932	(1,239)
(Decrease) / increase in deferred income		(1,028)	7,554
(Decrease) / increase in due to related parties		(20,330)	59,333
(Decrease) in trade and other payables and due to parent company		(32,554)	(37,826)
Cash (used in)/generated from operating activities		(6,726)	28,835
Taxation refund		-	231
Interest received		128	114
Taxation paid		(402)	(394)
Net cash (used in)/generated from operating activities		(7,000)	28,786
Cash flows from investing activities			
Purchase of property, plant and equipment		(610)	(45,424)
Additions to investment properties		(2,438)	(21,322)
Dividend received		29	-
Net cash used in investing activities		(3,019)	(66,746)
Cash flows from financing activities			
Advances from parent company		-	45,424
Net cash generated from financing activities		-	45,424
Net (decrease)/increase in cash during the year		(10,019)	7,464
Cash and cash equivalents at beginning of year	7	71,838	64,374
Cash and cash equivalents at end of year		**61,819**	**71,838**

The accompanying notes on pages 77 to 112 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
(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 Administration Building, Estate Corridor Road Extension, Material Storage & Handling Facility Brighton Port, La Brea Industrial Estate, La Brea.

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).

1.2 **Revised LABIDCO Shareholding**

The Parent Company (NGC) has injected $318.212 million as equity for the Reconstruction of Berth 2 at LABIDCO Port (Note 10). As a consequence of this injection, both NGC and LABIDCO have agreed to amend the current shareholding to reflect an additional 318,212,948 shares being issued to NGC.

In 2019, an application for new share certificates will be made to effect this change, with the revised shareholding being 91.55% and 8.45% for NGC and PETROTRIN respectively.

2. **Application of new and revised International Financial Reporting Standards ('IFRS')**

2.1 **New IFRS and amendments to IFRS that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

- **IFRS 9 *Financial Instruments***

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

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

2.1 Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)

- **IFRS 9 Financial Instruments (continued)**

1) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- Debt instruments that are held within a business model whose objective is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within the business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Company has evaluated that the application did not have an impact on the Company's financial statements. Financial assets classified as receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and the cash flows consist solely of principal and interest on the principal outstanding.

2) Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company 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 of the financial assets.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9, impairment of financial asset, have been recognised directly in retained earnings.

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

2.1 **Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year** (continued)

- **IFRS 9 *Financial Instruments* (continued)**

2) Impairment of financial assets (continued)

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

Assets	**1-Jan-2018 $'000**
Trade receivables (impact of impairment)	(3,388)
Deferred tax asset (impact of total loss allowance)	3,220
Total adjustment on equity	
Retained earnings	(168)

The table below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the prior year.

Impact on asset, liabilities and equity as at 1 January 2018	**Balance as at 31-Dec-2017**	**IFRS 9 adjustments**	**Balance as at 1-Jan-2018**
	$'000	**$'000**	**$'000**
Trade receivables	42,098	(3,388)	38,710
Deferred tax asset	11,813	3,220	15,033
Retained earnings	(88,092)	(168)	(88,260)

3) General hedge accounting

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.

The Company has evaluated that the application will not have an impact on the Company financial statements.

- **IFRS 15 *Revenue from Contracts with Customers***

IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The core principle 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.

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

2.1 **Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)**

- **IFRS 15 *Revenue from Contracts with Customers* (continued)**

Specifically, the Standard introduces a 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 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.

The Management of the Company has evaluated that the application of IFRS 15 will not have an impact on the Company's 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 Management of the Company has evaluated that the application of these amendments will not have an impact on the financial statements.

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

2.1 **Amendments to IFRS and the new Interpretation that is mandatorily effective for the current year (continued)**

- **Amendments to IAS 40 Transfers of Investment Property**

  The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

  The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

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

- **Annual Improvement to IFRSs 2014-2016 Cycle**

  The Annual Improvements include amendments to IFRS 1 and IAS 28 which is mandatorily effective for the Company.

  The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associate and joint ventures at FVTPL is available separately for each associate or joint venture. In respect of the option for the entity that is not an investment entity (IE) to retain the fair value measurement applies by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

  The Management of the Company has evaluated that the application of the amendments will not have any impact on the financial statements.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

  IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on the initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset on non-monetary liability.

  The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

  The Management of the Company has evaluated that the application of the amendments will not have an impact on the financial statements.

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

2.2 New and revised IFRS in issue but not yet effective

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

• IFRS 16	Leases[1]
• IFRS 17	Insurance Contracts
• Amendments to IFRS 9	Prepayment Features with Negative Contribution
• Amendments to IAS 28	Long-term interests in associates and joint Ventures[1]
• Annual Improvements to IFRS Standards 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
• Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
• IFRS 10 Consolidated Financial Statement and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures
• IFRIC 23	Uncertainty over income tax treatments[1]

1 Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January, 2020, with earlier application permitted.

- **IFRS 16 *Leases***
  IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

  IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

  The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

  The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

  Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

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

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

- **IFRS 16 *Leases* (continued)**

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

The Management of the Company anticipates that the application of IFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Company performs a detailed review.

- **IFRS 17 *Insurance Contracts***

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

1. A specific adaptation for contracts with direct participation features (the variable fee approach).
2. A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- **Amendments to IFRS 9: *Prepayment Features with Negative Compensation***

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

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

- **Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures**

  The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

  The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

  The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

- **Annual Improvements to IFRS *Standards 2015–2017 Cycle***

  The Annual Improvements include amendments to the following standards:

  - **IFRS 3 *Business Combination*** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

  - **IFRS 11 *Joint Arrangements*** - The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

  - **IAS 12 *Income Taxes*** - The amendments clarify that an entity should recognised the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

  - **IAS 23 *Borrowing Costs*** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

  The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

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

- **Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

The amendment clarify that the past service costs (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling. Any change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

The amendment requires that updated assumptions be used to remeasure current service cost and net interest for the remainder of the reporting period after the change to the plan. Net interest post plan amendments is calculated by multiplying the net defined benefit liability (asset) with the discount rate used in the remeasurement.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

The Management of the Company does not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

- **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 or loss only to the extent of the unrelated investors' 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 Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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

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

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to :

a) Determine whether uncertain tax position are assessed separately or as a group; and
b) Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

The Management of the Company does not anticipate that the application of these amendments will have an impact on the Company's financial statements.

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) **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.

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

b) **Taxes (continued)**

Deferred tax (continued)

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.

c) **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 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.

d) **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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Expressed in Trinidad and Tobago dollars)

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

e) **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.

f) **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.

g) **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.

h) **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.

i) **Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Company has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures.*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
(Expressed in Trinidad and Tobago dollars)

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

i) **Financial assets and liabilities (continued)**

i. **Financial assets**

Financial assets, other than those designated and effective as hedging instruments, are classified and subsequently measured based on the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented under impairment.

The Company has more than one business model for managing its financial instruments which reflects how the Company manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business model each reporting period to determine whether the business models has changes since the preceding period.

ii. **Subsequent measurement of financial assets**

<u>Financial assets at amortised cost</u>

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

Financial assets at FVPTL are:
- financial assets whose contractual cash flows are not SPPI
- financial assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell
- financial assets designated at FVPTL using the fair value option.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
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3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ii. **Subsequent measurement of financial assets (continued)**

Assets in this category are measured at fair value with gains or losses, including any interest or dividend income recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is holding to collect the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Instruments within the scope of the new impairment requirements includes loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

No impairment loss is recognised on equity instruments.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ii. **Subsequent measurement of financial assets (continued)**

Impairment of financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') for which a 12 month ECL is recognised

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') for which 'lifetime expected credit losses' are recognised.

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets [POCI]).

iii. **Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

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3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

iii. **Credit-impaired financial assets (continued)**

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

iv. **Trade and other receivables and contract assets**

The Company makes use of a simplified approach in accounting for trade receivables as well as contract assets. Therefore, the Company does not track changes in credit risk, but records the loss allowance based on lifetime expected credit losses at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

v. **Financial assets at fair value through other comprehensive income**

For debt instruments at FVTOCI, the Company applies the low credit risk simplification and recognises 12-month expected credit losses, as most of these instruments have an investment grade credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Company assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Company would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument or class of instruments the lifetime ECL.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

vi. **Derecognition of financial assets (disclosure notes for derecognition)**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

vii. **Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

viii. **Financial liabilities and equity instruments**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

ix. **Other financial liabilities**

Other financial liabilities including long-term debt, dividends payable, trade and sundry payables and accruals are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

3. **Significant accounting policies (continued)**

i) **Financial assets and liabilities (continued)**

ix. **Other financial liabilities (continued)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

x. **Derecognition of other financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j) **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.

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

k) **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.

l) **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.

m) **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.

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

n) **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.

o) **Comparative information**

Where necessary, comparative information is 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.

4. **Significant accounting judgements, estimates and assumptions (continued)**

Estimates and assumptions (continued)

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.

Expected credit losses

When measuring expected credit losses the Company uses reasonable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company expects to receive, taking into account cash flows from collateral.

Probability of default constitutes a key input in measuring the expected credit losses. Probability of default is an estimate of the likelihood of default over a given time period, the calculation of which includes historical data assumptions and expectations of future conditions.

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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 2017	164,891	281	510	293,808	459,490
Additions	45,406	18	-	-	45,424
Transfers	293,808	-	-	(293,808)	-
Balance at 31 December 2017	504,105	299	510	-	504,914
Additions	-	610	-	-	610
Balance at 31 December 2018	504,105	909	510	-	505,524
Accumulated depreciation					
Balance at 1 January 2017	(48,470)	(270)	(324)	-	(49,064)
Depreciation expense	(11,339)	(8)	(59)	-	(11,406)
Balance at 31 December 2017	(59,809)	(278)	(383)	-	(60,470)
Depreciation expense	(12,078)	(16)	(55)	-	(12,149)
Balance at 31 December 2018	(71,887)	(294)	(438)	-	(72,619)
Accumulated impairment losses					
Balance at 1 January 2017	(98,938)	-	-	-	(98,938)
Balance at 31 December 2017	(98,938)	-	-	-	(98,938)
Balance at 31 December 2018	(98,938)	-	-	-	(98,938)
Carrying amount					
At 31 December 2017	**345,358**	**21**	**127**	**-**	**345,506**
At 31 December 2018	**333,280**	**615**	**72**	**-**	**333,967**

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 2019 financial budgets approved by Management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 4.57%. As a result of this analysis, no impairment was recognised by Management for 2018 (2017: no impairment) 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 2018	**-**	**-**	**419,534**	**419,534**	**333,967**
At 31 December 2017	**-**	**-**	**412,151**	**412,151**	**345,506**

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6. **Investment properties**

	Development costs	Freehold land	Fabrication yard	Capital work in progress	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost					
At 1 January 2017	117,331	46,465	45,174	25,791	234,761
Additions	21,321	-	-	-	21,321
Transfers	25,791	-	-	(25,791)	-
At 31 December 2017	164,443	46,465	45,174	-	256,082
Additions	138	-	-	2,300	2,438
Transfers	1,782	-	-	(1,782)	-
At 31 December 2018	166,363	46,465	45,174	518	258,520
Accumulated depreciation and impairment					
At 1 January 2017	(21,427)	-	(17,889)	-	(39,316)
Depreciation expense	(6,179)	-	(1,538)	-	(7,717)
At 31 December 2017	(27,606)	-	(19,427)	-	(47,033)
Depreciation expense	(6,978)	-	(1,538)	-	(8,516)
At 31 December 2018	(34,584)	-	(20,965)	-	(55,549)
Accumulated impairment charges losses					
Balance at 1 January 2017	(77,283)	-	-	-	(77,283)
Balance at 31 December 2017	(77,283)	-	-	-	(77,283)
Balance at 31 December 2018	(77,283)	-	-	-	(77,283)
Carrying amount					
At 31 December 2017	**59,554**	**46,465**	**25,747**	**-**	**131,766**
At 31 December 2018	**54,496**	**46,465**	**24,209**	**518**	**125,688**

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

	2018 $'000	2017 $'000
Rental income from investment properties	**14,520**	**14,160**
Direct operating expenses	**1,958**	**999**

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 2019 financial budgets approved by management and the Board of Directors and extrapolated for a four year period, at a discount rate of 4.57%. As a result of this analysis, no impairment was recognised by Management for 2018 (2017: no impairment) 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 2018	**-**	**-**	**161,675**	**161,675**	**125,688**
At 31 December 2017	**-**	**-**	**159,668**	**159,668**	**131,766**

7. **Cash and short-term deposits**

	2018 $'000	2017 $'000
Cash at bank and on hand	61,819	71,838
Short-term deposits	1,700	4,281
	63,519	76,119
Less: Impairment provision of short-term deposit (Note 7b)	(1,700)	(4,281)
	61,819	**71,838**

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 $61.819 million (2017: $71.838 million).

7. **Cash and short-term deposits (continued)**

b) In 2018, the Company recovered TT$2.581 million of the investment note certificates held with Clico Investment Bank Limited (CIB) in the form as cash and shares in Republic Bank Limited and One Caribbean Media Limited. The initial investment was 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 unsettled amount of TT$1.70 million remains fully provided for at 31 December 2018 as the likelihood and timing is unknown.

8. **Trade and other receivables**

	2018 $'000	2017 $'000
Trade receivables	14,147	15,767
Loss allowance	(11,877)	(7,345)
	2,270	8,422
VAT receivables	25,664	33,102
Other trade receivables and prepayments	829	574
Total receivables and prepayments	**28,763**	**42,098**

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

b) As at 31 December 2018 and 31 December 2017, the risk profile of trade receivables based on the Company provisional matrix were as follows

		Trade receivables – days past due					
	Not past due $'000	<30 $'000	31-60 $'000	61-90 $'000	91-120 $'000	>120 $'000	Total $'000
2018							
Expected credit loss rate	**3.63%**	**3.41%**	**9.18%**	**16.45%**	**3.14%**	**94.98%**	
Estimated total gross carrying amount at default	735	322	351	185	1,309	12,356	
Lifetime expected credit loss	27	11	32	30	41	11,736	**11,877**
2017							
Expected credit loss rate	**19.31%**	**3.76%**	**10.47%**	**79.57%**	**4.64%**	**90.49%**	
Estimated total gross carrying amount at default	246	2,061	419	45	1,435	11,561	
Lifetime expected credit loss	**47**	**77**	**44**	**36**	**67**	**10,462**	**10,733**

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8. **Trade and other receivables (continued)**

(c) As at 31 December 2018, trade receivables at a value of $11.877 million (2017: $10.733 million) were impaired and provided for fully. Movements in the provision for impairment of receivables were as follows:

	Collectively assessed $'000	Individually assessed $'000	Total $'000
Balance as at 1 January 2017		8,162	**8,162**
Amount written off		(987)	(987)
Amount recovered		(477)	(477)
Charge for year		647	647
Balance as at 31 December 2017 under IAS 39		**7,345**	**7,345**
Adjustment upon application of IFRS 9 (see Note 2.1)	10,733	(7,345)	3,388
Balance as at 1 January 2018	**10,733**	**-**	**10,733**
Amount recovered	(819)		(819)
Net remeasurement of loss allowance	1,963		1,963
Balance as at 31 December 2018	**11,877**	**-**	**11,877**

(d) The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired $'000	Credit-impaired $'000
2018		
Six customers' accounts with a carrying amount of $9.857 of which $7.920 million was outstanding over 120 days as at 31 December 2017	1,937	-
Four customers' accounts with balances over 120 day past due as at 31 December 2018	66	-
One customer's account with reduction in amount due over 120 days past due	(40)	-
Partial settlement by customers with gross carrying amount over 120 days past due	(819)	-
	1,144	-

8. **Trade and other receivables (continued)**

	Increase/(decrease) in lifetime ECL	
	Not credit-impaired $'000	Credit-impaired $'000
2017		
Nine customers' accounts with a gross carrying amount of $8.541 million over 120 days of which $4.506 million existed as at 31 December 2016	4,035	-
Partial settlement by customers with gross carrying amount over 120 days past due	(477)	-
Amount written off	(987)	-
	(2,571)	-

e) As at 31 December 2018, 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
31-Dec-18	**2,270**	**(403)**	**311**	**319**	**155**	**1,268**	**620**
31-Dec-17	**8,422**	**246**	**2,061**	**419**	**45**	**1,435**	**4,216**

9. **Share capital**

Authorised
An unlimited number of ordinary shares of no par value

Issued and fully paid

	2018 $'000	2017 $'000
254,919 ordinary shares of no par value	**254,919**	**254,919**

10. **Capital contribution**

The Parent Company (NGC) has injected $318.212 million as equity for the Reconstruction of Berth 2 at LABIDCO Port (See Note 1.2).

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:

	2018 $'000	2017 $'000
The National Gas Company of Trinidad and Tobago Limited	**7,094**	**12,847**

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12. **Taxation**

a) **Taxation charge**

The major components of the taxation expense are as follows:

	2018 $'000	2017 $'000
Corporation tax: current year	**(2,833)**	**(11,748)**
Green fund levy	145	134
Business levy	275	269
Deferred taxation	6,198	7,989
	3,785	**(3,356)**
Profit/(loss) before taxation	**6,798**	**(18,903)**
Income taxes thereon at the rate of 30%	2,039	(5,671)
Non-deductible expenses	(767)	58
Permanent differences	2,093	1,854
Green fund levy	145	134
Business levy	275	269
	3,785	**(3,356)**

b) **Deferred tax**

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

	2018 $'000	2017 $'000
Assets		
Accrued vacation leave	138	64
Credit loss allowance	3,568	–
Accrued tax losses	14,582	11,749
	18,288	**11,813**
Liabilities		
Property, plant and equipment	11,258	4,638
	7,030	**7,175**

Management is of the opinion that future taxable profit will be available to utilise total deferred tax asset.

	2018 $'000	2017 $'000
Movement for the year:		
Balance at 1 January	7,175	3,415
Deferred tax charge to statement of profit and loss	(3,365)	3,760
Deferred tax charged to retained earnings	3,220	–
Balance at 31 December	**7,030**	**7,175**

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13. **Trade and other payables**

	2018 $'000	2017 $'000
Trade payables	448	831
Accrued interest – Board of Inland Revenue	195	195
Accrued material/service amounts	3,508	30,220
Employee related accruals	829	427
Retentions	3,795	3,901
	8,775	**35,574**

The table below summarises trade and other payables:

	Less than 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2018			
Trade creditors and accruals	4,470	3,795	8,265
Accrued vacation leave	-	460	460
Accrued audit fees	-	50	50
Total trade creditors and accruals	**4,470**	**4,305**	**8,775**
As at 31 December 2017			
Trade creditors and accruals	31,410	3,901	35,311
Accrued vacation leave	-	213	213
Accrued audit fees	-	50	50
Total trade creditors and accruals	**31,410**	**4,164**	**35,574**

14. **Deferred income**

	2018 $'000	2017 $'000
Operating leases – rental income (Note 14 a))	413	447
Capital contribution-LABIDCO Access Road (Note 14 b))	14,254	15,248
	14,667	**15,695**
Non-current	12,455	13,570
Current	2,212	2,125
	14,667	**15,695**

14 a) This amount relates to rental income.

14 b) Deferred income – LABIDCO Access Road:

	2018 $'000	2017 $'000
Balance at 1 January	15,248	7,704
Received during the year	776	9,048
Amount released to income	(1,770)	(1,504)
Balance at 31 December	**14,254**	**15,248**

15. Operating expenses

Operating expenses comprise the following:

	2018	2017
	$'000	**$'000**
Depreciation	13,617	12,879
Stevedoring charges	3,442	4,064
Maintenance and general expenses	1,481	363
Equipment rental	538	123
Insurance	1,203	1,204
Security	2,843	2,843
Dredging	2,291	28,135
	25,415	**49,611**

16. Administrative, general and maintenance expense

Administrative, general and maintenance services comprise the following:

	2018	2017
	$'000	**$'000**
Depreciation	7,049	6,246
Staff costs	3,724	3,341
Management fees – related party	816	731
Security	284	284
Electricity	433	417
Movement in provision for bad debts	(1,421)	169
Other	2,764	2,434
	13,649	**13,622**

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. For the year ended 31 December 2018, $0.016 million (2017: nil) was recognised as loss allowance for amount due from related party.

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17. **Related party transactions (continued)**

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 2017, and 31 December 2018.

	Year	Income from related parties $'000	Related party expenses $'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	2018	-	-	1,826	7,094
	2017	-	-	5,402	12,847
National Energy Corporation of Trinidad and Tobago Limited					
Management fees and reimbursements	2018	-	816	85	40,565
	2017	-	731	6,038	60,895
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2018	843	-	-	-
	2017	792	-	403	-
Directors					
Directors' fees and travel allowances	2018	-	174	-	-
	2017	-	256	-	-

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:

	2018	**2017**
	$'000	**$'000**
Not later than 1 year	15,038	15,638
Later than 1 year and not longer than 5 years	35,510	31,366
Later than 5 years	89,906	89,412
	140,454	**136,416**

The Company as a lessee
As at 31 December 2018, the Company held no asset under operating lease as a lessee (2017: 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 creditworthy 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 had US$679,790 in investment note certificates with Clico Investment Bank Limited of which TT$2.581 million was received in 2018. As stated in Note (7b), a provision was first established for this balance in 2008 with part settlement of debt in 2018. The recoverability of the outstanding balance remains doubtful.

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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 to 5 years $'000	>5 years $'000	Total $'000
As at 31 December 2018						
Assets						
Cash and cash equivalents	61,819	-	-	-	-	61,819
Trade and other receivables	-	2,270	26,493	-	-	28,763
Due from related parties		-	1,911	-	-	1,911
Total assets	**61,819**	**2,270**	**28,404**	**-**	**-**	**92,493**
Liabilities						
Shareholders' advances	-	-	-	7,094	-	7,094
Due to related parties	-	-	40,565	-	-	40,565
Trade and other payables	-	4,470	3,795	-	-	8,265
Total liabilities	**-**	**4,470**	**44,360**	**7,094**	**-**	**55,924**
Net liquidity gap	**61,819**	**(2,200)**	**(15,956)**	**(7,094)**	**-**	**36,569**
As at 31 December 2017						
Assets						
Cash and cash equivalents	71,838	-	-	-	-	71,838
Trade and other receivables	-	2,942	39,156	-	-	42,098
Due from related parties	-	11,843	-	-	-	11,843
Total assets	**71,838**	**14,785**	**39,156**	**-**	**-**	**125,779**
Liabilities						
Shareholders' advances	-	-	-	-	12,847	12,847
Due to related parties	-	-	60,895	-	-	60,895
Trade and other payables	-	31,410	3,901	-	-	35,311
Total liabilities	**-**	**31,410**	**64,796**	**-**	**12,847**	**109,053**
Net liquidity gap	**71,838**	**(16,625)**	**(25,640)**	**-**	**(12,847)**	**16,726**

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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 $'000s
As at 31 December 2018				
Cash and cash equivalents	US$	7,635	TT$	22,296
Trade and other receivables	US$	3,409	TT$	22,297
Trade and other payables	US$	1,545	TT$	9,958
	GBP	5	TT$	65
As at 31 December 2017				
Cash and cash equivalents	US$	9,553	TT$	61,002
Trade and other receivables	US$	4,049	TT$	26,479
Trade and other payables	US$	5,617	TT$	37,478
	GBP	5	TT$	65

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
As at 31 December 2018	7%	4,505
	(7%)	(4,505)
As at 31 December 2017	7%	3,777
	(7%)	(3,777)

20. **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 2017.

21. **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 are a reasonable estimate of fair values because of the short-term nature of these instruments.

22. **Capital commitments**

Capital commitments as at 31 December 2018 were $10.889 million (2017: $5.423 million).

23. **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.

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