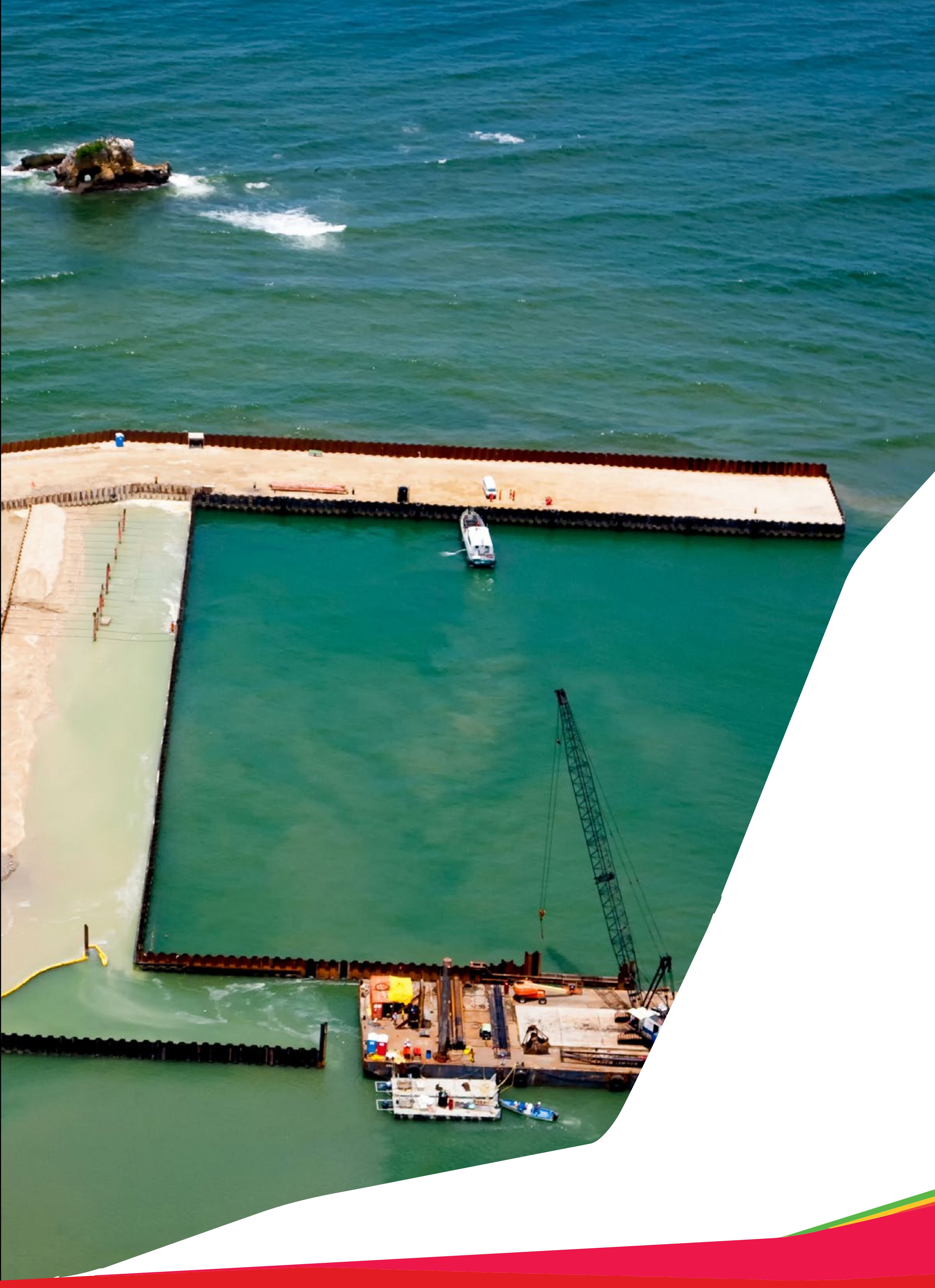
National Energy
CORPORATION OF TRINIDAD AND TOBAGO

We are National Energy

ANNUAL REPORT 2013



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WELCOME TO
THE FUTURE OF ENERGY
Revealing the new brand identity
of National Energy Corporation of Trinidad and Tobago

Vision

TO BE A GLOBAL LEADER IN THE DEVELOPMENT OF SUSTAINABLE ENERGY-BASED INDUSTRIES

Mission

WE LEVERAGE OUR EXPERTISE THROUGH

- OWNERSHIP AND OPERATION OF ASSETS
- INNOVATION
- STRATEGIC ALLIANCES
- MARKET INTELLIGENCE

FOR THE BENEFIT OF ALL CITIZENS

Core Values

TEAMWORK

We encourage camaraderie and honest communication.

FLEXIBILITY

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

INTEGRITY

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

RESPECT

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

TRANSPARENCY

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

DISCIPLINE

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

SAFETY AND ENVIRONMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

CUSTOMER FOCUS

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

WELCOME TO
THE FUTURE OF ENERGY.

YOUR ENERGY.

National Energy

CORPORATION OF TRINIDAD AND TOBAGO

Our new look harnesses the elemental nature of energy and speaks to the potential for exponential growth as an organisation and a people. The name displays the national colours of Trinidad and Tobago proudly, as we are ever mindful that our duty is to the nation and its citizens.

This updated brand encompasses natural and human energy, working in tandem, driving us as a people towards expansion of our energy sector beyond the borders of Trinidad and Tobago.

National Energy Corporation of Trinidad and Tobago Limited is a wholly owned subsidiary of the National Gas Company of Trinidad and Tobago Limited (NGC). For more than 30 years, we have been involved in the development of the natural gas based industry and associated infrastructure, while providing quality service to our stakeholders.

We are National Energy... The future of energy.

nationalenergy.tt

We are National Energy

2013 was a year of resurgence for National Energy Corporation of Trinidad and Tobago Limited, as on 25 June 2013, the company's new brand, National Energy, was officially launched. The brand identity has been updated to reflect the changing needs of the growing local and international energy markets. The new look also echoes the vibrancy of our people, as well as the energy from our natural resources.

MODERN BRAND IMAGE

The fresh and modern brand image is aimed at further positioning National Energy to achieve the following goals in the medium to long term:

- To engage in a diverse range of activities associated with the energy sector, in line with Government's mandate
- To develop an international brand image
- To become a more integrated energy company, with the ownership of assets in energy-related entities
- To become an international provider of energy services and logistics planning, especially for emerging energy provinces

In 2013, National Energy has continued along its path to growth with some notable new developments, including:

- The construction of Phase 1 of the Port of Galeota, Trinidad and Tobago's first dedicated energy port
- The pursuit of business opportunities in territories such as the Guyana-Suriname Basin
- The expansion of the company's product portfolio to include inorganic chemicals
- The implementation of renewable energy projects throughout Trinidad and Tobago

As we reflect on the accomplishments of 2013, the onus of the responsibility vested in us resounds loudly. We are the facilitator of new, sustainable, energy-related projects in Trinidad and Tobago. We are positioned at the helm of innovation in the local energy industry. We are National Energy... the Future of Energy.

Company Profile

National Energy is a wholly-owned subsidiary of The National Gas Company of Trinidad and Tobago Limited (NGC) and for more than thirty (30) years, has been committed to the development of infrastructure to support the energy industry, while providing quality service in the area of natural gas-based development.

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

- Project Development
- Project Appraisal and Evaluation
- Facilitation of Negotiations and Discussions between Investors and State Agencies
- Facilitation of Discussion for Gas Requirements
- Feasibility Studies
- Provision of Site and Related Infrastructure
- Provision of Marine Services
- Development of Industrial Estates and Ports

REPORT OF DIRECTORS
YEAR ENDED 310DECEMBER, 2013
(Expressed in Trinidad and Tobago dollars)

The Directors are pleased to submit their Report, together with the Financial Statements, for the year ended 31 December, 2013.

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, as well as the ISCOTT Dock and four (4) multi-user pier facilities comprising six (6) berths at the Point Lisas port. National Energy's marine infrastructure facilities are used to facilitate the loading and offloading of iron ore and bulk oil, as well as for the exports of petrochemicals (methanol, ammonia, urea), steel products and hot briquetted iron.

The mandate of National Energy includes:

i) The Conceptualisation, Promotion, Development and Facilitation of new energy-based and downstream industries in Trinidad and Tobago

ii) Identifying and Developing new industrial estates

iii) Identifying and Developing new industrial deep water 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 and Union Industrial Estates

vi) Towage and Harbour operations

vii) Sustainable Management of the environment

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2013.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2013 $000	2012 $000
Profit/(Loss) before Tax	79,625	9,884
Provision for Tax	(26,922)	(18,731)
Net Profit/Loss	52,703	(8,847)
Retained Earnings	52,703	(8,847)
Retained Earnings – At Beginning of Year	312,803	321,650
Retained Earnings – At End of Year	365,506	321,803

REPORT OF DIRECTORS (continued)
YEAR ENDED 31 DECEMBER, 2013
(Expressed in Trinidad and Tobago dollars)

2. FINANCIAL RESULTS (continued)

In 2013, National Energy's total income increased by 4% to TT$286.03 (2012: TT$274.60 million). This was as a result of higher revenue streams from Marine Infrastructure, where income increased to TT$269.88 million (2012: TT$248.89 million).

The total expenditure, excluding impairment for 2013, decreased by 14% to TT$197.79 million (2012:TT$229.89 million), due mainly to the reversal of bad debt provisions.

National Energy recorded a profit after tax of TT$52.7 million in 2013, as compared to a loss of TT$8.84 million in 2012. This favourable performance resulted from lower expenses, mainly bad debt and impairment, which reduced year-on-year by TT$33.12 million and TT$26.22 million respectively.

3. DIRECTORS

During the period 01 January 2013 to 31 December 2013, the Board of Directors comprised Mr. Roop Chan Chadeesingh – Chairman; Ms. Haseena Ali; Messrs. Premchand Beharry (resigned on 19 December 2013); Indar Maharaj; Gordon Ramjattan (appointed on 08 January 2013); and Clyde Ramkhalawan.

4. SIGNIFICANT EVENTS

1. Significant progress made on the construction of the state-of-the-art Port of Galeota Phase I
2. Execution of a Project Development Agreement for a Methanol and Dimethyl Ether (DME) complex among the Government of the Republic of Trinidad and Tobago, National Energy, The National Gas Company of Trinidad and Tobago, Mitsubishi Gas Chemicals Company Inc., Mitsubishi Corporation, Neal and Massy Holdings Limited and Caribbean Gas Chemical Limited.
3. Commissioning of the partially National Energy financed Unibio pilot plant located on the compound of The University of Trinidad & Tobago (UTT), Point Lisas Campus
4. Completion and implementation of the following renewable energy projects on behalf of the Ministry of Energy and Energy Affairs:
   a. The installation of solar induction lights in community centres throughout the country
   b. The installation of photovoltaic cells and solar stills in 20 secondary schools throughout the country
5. Hosting of a Renewable Energy Technology Business Opportunity Seminar to attract investment
6. Signing of a Memorandum of Understanding between National Energy and Chemtech Limited to explore the feasibility of development of a formaldehyde/melamine-based resin cluster to be located at Union Industrial Estate
7. Completion of a pre-feasibility study on a new ammonia project
8. Completion of the analysis and review of the feasibility report on the La Brea Steel Complex by Metaldom and Neal & Massy Holdings Limited
9. Contract Agreements signed between Technital S.P.A to provide consultancy services for the Master Plan and Preliminary Design for Port of Brighton and Preliminary Design for Port Galeota Phase
10. On November 19, 2013, the State agreed to grant a Head Lease in favour of National Energy with respect to a parcel of State land comprising approximately 350 acres in Point Lisas North Industrial Estate subject to specific conditions
11. Grant of a Head Lease, on 19 November 2013, by the State in favour of National Energy, with respect to a parcel of State land comprising approximately 350 acres in Point Lisas' North Industrial Estate, subject to specific conditions
12. Participation in several trade and investment missions to Houston, London and Haiti, to promote the company's services

REPORT OF DIRECTORS (continued)
YEAR ENDED 31 DECEMBER, 2013
(Expressed in Trinidad and Tobago dollars)

4. SIGNIFICANT EVENTS (continued)

13. Award of a contract to provide architectural and engineering services for the expansion of National Energy's Administration Building (The Contract Agreement was signed by both parties on 15 November 2013)
14. Completion of the preliminary design for the rehabilitation of Berth 2 at La Brea
15. Commissioning of new tugs – *NEC Voyager* (launch) and *NEC Pioneer* – to enhance the company's fleet

5. AUDITORS

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

Dated this 12th day of June 2014

By ORDER OF THE BOARD

Camille Blackman
Company Secretary

Operations Highlights

ENERGY INDUSTRY DEVELOPMENT

The energy sector remains the main driver for the economic development of Trinidad and Tobago and National Energy, through the Energy Industry Development Division (EID), continues to play a major role in delivering on the company's mandate. Global dynamics have now seen a shift from the reliance on mid-stream development to downstream activities. It is within this context that National Energy's strategy for the local market is focused on further development of the downstream petrochemical sector, via six (6) key industries:

- Renewables
- Petrochemicals
- Plastics
- Biochemicals and Specialty Chemicals
- Metals
- Inorganic Chemicals supported by Energy Efficiency and Energy Services Frameworks

The company is seeking to develop projects that go beyond primary products to the manufacture of derivatives, as this provides the real value-added element to the natural gas value chain.

In 2013, projects were advanced in five (5) of the six (6) focus industries listed above.

Renewable Energy

National Energy continued its participation on the Renewable Energy Committee, which operates under the auspices of the Ministry of Energy and Energy Affairs (MEEA), and has collaborated with the MEEA and other ministries and organisations on the implementation of a number of renewable energy projects aimed at increasing the awareness and promoting the use of renewable energy technologies in Trinidad and Tobago.

SIGNING OF MoU WITH CHEMTECH FOR THE ESTABLISHMENT OF MELAMINE-BASED RESIN CLUSTER AT UIE

To this end, National Energy was instrumental in the development and implementation of key renewable energy projects, providing project management services from conceptualisation to execution, as follows:

- Solar traffic lights to be located in Couva and Port of Spain in collaboration with POWERGEN
- Wind Resource Assessment Programme (WRAP) in collaboration with the Ministry of Energy and Energy Affairs and The University of the West Indies

A seminar for renewable energy/clean technology was also hosted by EID to inform potential investors, particularly investors interested in developing projects on the National Energy-managed Union Industrial Estate (UIE) in La Brea, about the possibility of manufacturing facilities. Feedback received from the session facilitated the issuance of a Request For Proposal (RFP) for a renewable energy/clean technology processing facility.

RENEWABLE ENERGY STAKEHOLDER MEETING

Petrochemicals

In April 2013, a Project Development Agreement (PDA) for a Natural Gas to Petrochemicals Complex to be located at UIE, La Brea, was executed among the following seven (7) parties:

- Government of the Republic of Trinidad and Tobago (GORTT), via the Ministry of Energy and Energy Affairs (MEEA)
- National Energy Corporation of Trinidad and Tobago (National Energy)
- The National Gas Company of Trinidad and Tobago (NGC)
- Mitsubishi Corporation (MC)
- Mitsubishi Gas Chemical Company Inc. (MGC)
- Neal & Massy Holdings Limited (N&M) and
- Caribbean Gas Chemical Limited (CGCL)

Phase I of the project will see the construction of a Methanol and Dimethyl Ether (DME) facility. Project development activities, including discussions on detailed engineering, have commenced.

Additionally, National Energy, in conjunction with Phoenix Park Gas Processors Limited (PPGPL), MC and N&M, have been exploring a number of downstream and associated projects which have led to the execution of a Memorandum of Understanding (MOU) among the parties for a feasibility study for a monoethylene glycol (MEG) facility. The project will convert the ethane from natural gas to MEG.

An MOU was executed between National Energy and Chemtech for the completion of a feasibility study for the development a Formaldehyde/Melamine-based resin cluster at UIE, La Brea. A pre-feasibility study for the establishment of a new ammonia plant in Trinidad was also completed in 2013.

Bio Chemicals

Commissioning of the UniBio SCP pilot plant for the production of protein for animal feed from natural gas commenced in January 2013 at the University of Trinidad and Tobago's Energy Campus in Point Lisas; the pilot study is ongoing.

Metals

The review of a feasibility study for a proposed Metaldom/N&M metals producing facility comprising a melt-shop and rolling mill was completed.

Inorganic Chemicals

Based on the results of the 2012 Inorganic Chemicals Market Study, key target products were identified for further development, with one such product being Sodium Methoxide. Expressions of Interest were issued to major producers requesting project proposals.

In addition to advancing the focus industries, EID has also explored the opportunity for entering new energy markets such as the Guyana/Suriname Basin. The primary areas being considered include the exporting of project development expertise as part of a sustainable development strategy.

MITSUBISHI SIGNING

PORT OF GALEOTA UNDER CONSTRUCTION

INFRASTRUCTURE DEVELOPMENT PROJECTS

The Port of Galeota is one of National Energy's major infrastructural undertakings, which is expected to deliver mutual benefits to the company, private sector and the community of Mayaro/Guayaguayare. The Port comprises three (3) parts – the Port Facility, a new access road and the Fish Landing Facility. During the year, National Energy made significant progress towards the completion of the Port of Galeota, Phase I. Designs for this project were substantively completed (90%) and certified by Bureau Veritas Classification society. The reclamation license for the Port of Galeota was obtained and works commenced on the construction of the main access road. The cope beam, bollards and fenders for Berths 1 and 2 were installed and fill placement between Berths 3 and 4 is in progress.

Environmental monitoring and reporting for the Port of Galeota continued with thirty-one (31) environmental reports submitted to the Environmental Management Authority (EMA) to date, in compliance with environmental monitoring and reporting conditions of the Certificate of Environmental Clearance issued for the project, in the following areas:

- Air Quality
- Shoreline Monitoring and Management
- Water Quality and Turbidity
- Seagrass Beds and Coral Reefs
- Mangrove and Benthic Ecosystems
- The Fish Landing Facility, which will support the local fishing community of Mayaro/ Guayaguayare, was also substantially completed. Phase I of the Union Industrial Estate Drainage Project began in 2013 and construction is continuing.

PS, MINISTRY OF ENERGY AND ENERGY AFFAIRS, MR. SELWYN LASHLEY (BACK ROW – FIRST FROM RIGHT); CHAIRMAN NATIONAL ENERGY, MR. ROOP CHAN CHADEESINGH (BACK ROW – THIRD FROM LEFT); AND CHAIRMAN OF PLIPDECO, MR. IAN ATHERLY (BACK ROW – SECOND FROM LEFT) POSE WITH STAFF OF THE OPERATING ASSETS DEPARTMENT AT THE COMMISSIONING OF *NEC VOYAGER* AND *NEC PIONEER*.

OPERATING ASSETS

Towage rates and tariffs were revised for the Ports of Point Lisas and Port of Spain. Hourly rates were replaced with more customer-friendly fixed rates. This improved the efficiency of forecasting and budgeting, as well as invoicing.

Two (2) new vessels – *NEC Pioneer* and *NEC Voyager* – were added to the company's fleet. The acquisition of the modern, upgraded vessels would allow National Energy to continue to meet the ever-changing needs of its customers and permit the expansion into new services.

The Operating Assets Department also hosted its first Stakeholders' Forum, held in May 2013. This was another initiative aimed at improving customer services, as it provided a platform to obtain feedback and comments from stakeholders. The event was well received by stakeholders, who appreciated the opportunity to meet directly with members of the department with whom they interact daily via telephone.

2013 saw an increase in barge operations with the hire of National Energy's Stan Tug 1605 for supplying barge operations for Capital Signal, as well as for Seven Seas Water. The *NEC Pride* also entered into a long-term charter with Trinmar Ltd. and *NEC Vision* and *NEC Majestic* were hired by Trinity Exploration for rig operation.

Marine Terminal Operations showed improved utilisation, as the volume of methanol handled at Savonetta Pier No. 4 was higher by 28% as a result of shifting of methanol tankers to accommodate Nu-Iron's Bulk Vessels and UAN Tankers.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

La Brea Industrial Development Company Limited (LABIDCO) achieved an increase in net profit of over 100% for the financial year 2013. This was as a result of increased revenue streams from port and marine services, which saw record quantities of aggregate handled at the LABIDCO Port, as follows:

- 1,206 Vessel Calls
- 353,955.6 Metric Tons (MT) of Aggregate
- 41,111 MT of General Cargo
- 4182.6 MT of Miscellaneous Cargo

The Port recorded a mean berth occupancy level of 74.9% and repairs to two (2) work-over rigs were also completed.

Tender action related to the repairs of Zone 1 and Berth 2 was initiated during the year. Consultants were also engaged for the development of a Master Plan for the La Brea Industrial Estate and the reconstruction of Berth 2.

At the La Brea Industrial Estate, work continued in order to improve the service provided to tenants, including:

- The relocation of a Trinidad and Tobago Electricity Commission (T&TEC) high voltage line
- Minor repairs to the Estate corridor carriageway were carried out at the entrance to Port 'A', with the scope of works for major repairs being developed
- The leases of two (2) new tenants on the La Brea estate were finalised for Lot #43 and Lot #49

Several advances were also made with regard to the receipt of regulatory approvals, including the approval for Union Industrial Estate (UIE) from the Town and Country Planning Division (TCPD) and the Fire Department Certificate for UIE. In 2013, a Manager, New Business was recruited with responsibility for LABIDCO in order to provide greater focus on service delivery at LABIDCO. This is expected to result in increased productivity and profitability at the company.

FABRICATION YARD AT PORT OF BRIGHTON

LOSS PREVENTION AND SUSTAINABILITY

Several key initiatives were completed in 2013 towards the sustainability of National Energy's operations and the safety of the company's employees, stakeholders and property, as well as the preservation of the environment.

Security

- Installation of Access Control Systems at National Energy's Communication Centres
- Successful Completion of all Quarterly ISPS Drills as mandated by the Designated Authority (Trinidad and Tobago Coast Guard) for National Energy's Port and Marine Facilities
- Receipt of Annual Verification of Statement of Compliance regarding our Port Security Plans from the Designated Authority (Trinidad & Tobago Coast Guard)
- Award of Maintenance Contract for the installation of CCTV Systems at Savonetta Piers
- Development of Security Procedures for National Energy and the Mooring Facility
- Re-establishment of the Security Committee at LABIDCO

Health and Safety

- Commencement of Substance Abuse Screening (Q1, 2013) in collaboration with the Human Resources and Strategic Planning Department
- Conduct of Health Risk Assessment on entire organisation
- Successful planning and execution of Environment, Health, Safety and Security (EHSS) Week in April 2013
- Achievement of zero critical injury record for completion of major works at the Port of Galeota
- Acquisition of STOW Certification
- Joint drill between bpTT and National Energy/Galeota Stakeholders to test the effectiveness of the Emergency Response Plan (ERP) for the Port of Galeota during construction (Arising out of the drill, communication was identified as a critical factor for emergency preparedness; consequently, communication systems between National Energy and bpTT were substantially improved)

PITCH LAKE

NATIONAL ENERGY EMPLOYEES

Environment

- Issuance of RFP for the Preparation of a Issuance of a Request For Proposal (RFP) for the Preparation of a Review and Assessment Report (RAR) for the Point Lisas Industrial Estate (South and East)
- Update of Environmental Compliance Plan for National Energy to ensure that all New Projects, as well as Operations, comply with Legal and Statutory Requirements (such as OSH, CEC and ISPS)

HUMAN RESOURCE AND STRATEGIC PLANNING

The Human Resource and Strategic Planning Department focused its programmes on four (4) main areas: Resource Management, Organisational Development, Strategic Planning and Human Resource Administration.

Resource Management

During the year, The Human Resource and Strategic Planning Department facilitated organisational redesign and restructuring and spearheaded a change management process. The department also developed the 2014 Corporate Manpower Plan and Budget and filled eight (8) key vacant positions in the company.

Organisational Development

The department successfully managed the implementation of several Training and Development initiatives, including the Vacation Employment Programme, which was completely revamped and refocused. The 2012 Employee Benchmark Survey (EBS) results were rolled out to staff. Subsequently, the EBS Leadership Action Plan was also completed and the Leadership Development Programme launched.

Strategic Planning

The Human Resources and Strategic Planning Department facilitated the validation and alignment of 2012 corporate and departmental balanced scorecards and the development of 2013 departmental scorecards. The 2014 Operational Plan and Corporate Scorecard were also developed.

Human Resource Administration

2013 saw the development and implementation of National Energy's Non-Harassment Policy, as well as the roll-out of a Voluntary Early Retirement Plan (VERP). In the area of process improvement, the department developed an HR action tracking log and implemented the process for 'onboarding' of new employees.

COMMUNITY INVOLVEMENT AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

National Energy recognises that the sustainability of its business depends largely on the company's relationship with its stakeholders. As the company continues to deliver on its mandate to promote Trinidad and Tobago's energy brand and assist in the diversification and expansion of the energy sector, the company has consciously invested in its stakeholders in particular, the fenceline communities of La Brea, Mayaro/Guayaguayare and Pt. Lisas South and East in an effort to obtain license to operate within these areas. At present, National Energy is responsible for the development of the Port of Galeota in Guayaguayare and the

YOUTH FORUM

ROUSTABOUT TRAINING

expansion of Union Industrial Estate in La Brea. The company recognises that the stakeholders in these areas are integral to the success of these projects and has solidified relationships with them to further promote the company's initiatives.

Over the years, National Energy, in collaboration with its community partners, has developed a strategic plan of action which focuses on youth development, capacity building, culture, education and sport within these communities. The company considers capacity building a key component to building sustainable communities. National Energy therefore adopted the CSR theme of 'Building Capacity, Minimising Risk' for 2013/2014. In keeping with this theme, the company has:

- Held 16 Meetings with Internal and External Stakeholders to obtain Feedback on the Company's Community Involvement Plan
- Trained 205 Persons from the Communities in Various Skills
- Attained 100% Completion of the Corporate Social Responsibility Calendar of Activities
- Participated in Energy Investment Road-Shows to Attract Investments for the 2013 Deep-Water Bid Round and other Energy-Related Projects held in October in Houston, Texas and London, England
- Developed a Stakeholder Engagement Plan for the Mitsubishi Natural Gas to Petrochemicals Project
- Hosted three (3) Supplier Forums by the Procurement Section to Engage Suppliers in our Fenceline Communities on National Energy's Procure-to-Pay Process

AESTHETICS WORKSHOP AT GUAYAGUAYARE

National Energy Financials 2013

Statement of management's responsibilities

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

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

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

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

Narinejit Pariag
Vice President, Finance and Administration
24 April 2014

Dr Vernon Paltoo
President
24 April 2014

Independent Auditors' Report to the Shareholder of National Energy Corporation of Trinidad and Tobago Limited

Report on the financial statements

We have audited the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, which comprises the statement of financial position as at 31 December 2013, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Energy Corporation of Trinidad and Tobago Limited as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Company for the year ended 31 December, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on 30 April, 2013.

Deloitte & Touche

Deloitte & Touche
Port of Spain
Trinidad

24 April 2014

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	402,752	399,119
Asset held for sale		–	473
Investment properties	6	450,850	473,666
Deferred taxation asset	7 (b)	1,094	1,101
Deferred expenses	8	5,048	5,178
Total non-current assets		**859,744**	**879,537**
Current assets			
Cash and short-term deposits	9	478,124	499,843
Debt reserve fund	9 (c)	9,956	9,956
Trade and other receivables	10	75,910	183,411
Due from related parties		2,038	34,919
Taxation recoverable		9,129	15,824
Deferred expenses	8	2,199	1,714
Inventories		57	240
Total current assets		**577,413**	**745,907**
Total assets		**1,437,157**	**1,625,444**

The accompanying notes on pages 29 to 60 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	11	103,427	103,427
Capital contribution by NGC	12	119,514	119,514
Retained earnings		365,506	312,803
Total shareholder's equity		**588,447**	**535,744**
Non-current liabilities			
Long-term debt	13	608,135	706,680
Deferred taxation liability	7 (b)	40,305	39,939
Deferred income	15	49,386	39,617
Total non-current liabilities		**697,826**	**786,236**
Current liabilities			
Current portion of long-term debt	13	9,500	8,924
Trade and other payables	14	48,878	145,360
Deferred income	15	21,029	19,147
Due to related parties		1,682	9,576
Due to parent company		64,833	120,443
Taxation payable		4,962	14
Total current liabilities		**150,884**	**303,464**
Total liabilities		**848,710**	**1,089,700**
Total shareholder's equity and liabilities		**1,437,157**	**1,625,444**

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorised for issue by the Board of Directors on 24 April, 2014

Mr. Roop Chan Chadeesingh
Chairman

Mrs. Haseena Ali
Director

The accompanying notes on pages 29 to 60 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Income			
Marine infrastructure income	16	269,883	248,893
Other operating income	17	4,653	9,694
Land lease income		8,729	6,970
Interest & other investment income		1,047	1,283
Gain on foreign exchange transactions		–	1,891
Project management fees		1,713	5,874
Total income		286,025	274,605
Expenses			
Marine expenses	18 (a)	98,333	97,011
Administrative and general expenses	18 (b)	50,788	81,838
Impairment expenses		8,609	34,832
Other expenses	18 (c)	376	246
Finance costs	18 (d)	44,760	49,996
Loss on foreign exchange transactions		3,407	-
Loss on disposal of property plant and equipment		127	798
		206,400	264,721
Profit before taxation		79,625	9,884
Taxation	7 (a)	(26,922)	(18,731)
Profit/(loss) for the year after taxation		**52,703**	**(8,847)**
Other comprehensive income		**–**	**–**
Total comprehensive income/(loss)		**52,703**	**(8,847)**

The accompanying notes on pages 29 to 60 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Share Capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2012	103,427	119,514	321,650	544,591
Profit for the year after tax	–	–	(8,847)	(8,847)
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	–	(8,847)	(8,847)
Balance at 31 December 2012	**103,427**	**119,514**	**312,803**	**535,744**
Balance at 1 January 2013	103,427	119,514	312,803	535,744
Profit for the year after tax	–	–	52,703	52,703
Other comprehensive income for the year	–	–	–	–
Total comprehensive profit for the year	–	–	52,703	52,703
Balance at 31 December 2013	**103,427**	**119,514**	**365,506**	**588,447**

The accompanying notes on pages 29 to 60 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Cash generated by operations	19	231,029	139,824
Taxation paid		(21,600)	(15,154)
Interest paid		(40,347)	(48,417)
Taxation received		6,698	–
Interest received		1,055	1,250
Net cash generated by operating activities		**176,835**	**77,503**
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,819)	(13,930)
Additions to investment properties		(5,391)	(6,940)
Net increase in short-term investments		(7,984)	(63,853)
Net proceeds from disposal of property, plant & equipment		655	–
Net cash used in investing activities		**(42,539)**	**(84,723)**
Cash flows from financing activities			
Net (decrease)/increase in balance due to parent company		(55,050)	42,324
Repayment of borrowings		(108,949)	(8,419)
Net cash (used in)/ generated by financing activities		**(163,999)**	**33,905**
Net (decrease)/increase in cash and cash equivalents		**(29,703)**	**26,685**
Cash and cash equivalents at beginning of year		378,121	351,436
Cash and cash equivalents at end of year	9 (d)	**348,418**	**378,121**

The accompanying notes on pages 29 to 60 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(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) 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 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.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost basis. The financial statements are presented in Trinidad and Tobago Dollars (TT$).

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).

2. New and Revised Accounting Standards and interpretation

Standards and Interpretations adopted which impacted the financial statements

- **Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012)**

  The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**

  The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

2. New and Revised Accounting Standards and interpretation (continued)

Standards and Interpretations adopted which impacted the financial statements (continued)

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income** (continued)

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section; (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations adopted with no effect on the financial statements

- IFRS 10, Consolidated Financial Statements (annual periods beginning on or after 1 January 2013)
- IFRS 11, Joint Arrangements (annual periods beginning on or after 1 January 2013)
- IFRS 12, Disclosure in Interests in Other Entities (annual periods beginning on or after 1 January 2013)
- IFRS 13, Fair Value Measurement (annual periods beginning on or after 1 January 2013)
- IAS 16, Property, Plant and Equipment. Classification of servicing equipment (annual periods beginning on or after 1 January 2013)
- IAS 19, Employee Benefit (as revised in 2011) (annual periods beginning on or after 1 January 2013)
- IAS 27, Consolidated and Separate Financial Statements. Re-issued as IAS 27 Separate Financial Statements (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 28, Investments in Associates. Re-issued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 32, Financial Instruments Presentation. Tax effect of distribution to holders of equity instruments (annual periods beginning on or after 1 January 2013)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

2. New and Revised Accounting Standards and interpretation (continued)

New and revised IFRSs in issue but not yet effective

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

- IFRS 9 Financial instruments[2]
- Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure[2]
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities[1]
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities[1]

[1]Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.
[2]Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

The directors of the Company anticipate that the application of IFRS 9 in the future will impact on the amounts reported in respect of the Company's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

2. New and Revised Accounting Standards and interpretation (continued)

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipated that the investment entities amendments will have any effect on the Company's financial statements as the Company is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments of IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

3. Summary of significant accounting policies

a) Cash and cash equivalents

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

b) Trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

c) Taxes

Current taxes

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

Deferred tax

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

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

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

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

d) Property, plant and equipment

Property, plant and equipment are stated at historical cost.

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 and other comprehensive income 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 and other comprehensive income in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

e) Investment property

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

Development costs	3.33%
Buildings	3.33%

No depreciation is provided on freehold land.

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

f) Long-term debt

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

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

g) Foreign currencies

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

h) Borrowing costs

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

i) Payables and accruals

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

j) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

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

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

k) Financial liabilities

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

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

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

l) Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets (continued)

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

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

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

m) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

n) Derecognition of financial assets and liabilities

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

- The rights to receive cash flows from the asset have expired;

- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

n) Derecognition of financial assets and liabilities (continued)

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

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

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

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

o) Employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

p) Revenue recognition

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

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

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

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

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

q) Leases

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

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

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

r) Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

s) 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

t) 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.

u) Comparative information

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

4. Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, management has determined that there were no judgments 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 cognizance 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 judgment 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment

	Marine infrastructure $'000	Machinery equipment $'000	Development cost $'000	Leasehold property $'000	Other assets $'000	Capital work in progress $'000	Total $'000
Cost							
Balance at 1 January 2012	637,151	5,579	2,062	18,698	7,185	5,583	676,258
Additions	6,924	1,554	–	–	1,821	3,631	13,930
Transfers	5,464	112	–	–	–	(5,576)	–
Transfer to asset held for sale	(1,053)	–	–	–	–	–	(1,053)
Disposals	(1,055)	(35)	–	–	(313)	–	(1,403)
Balance at 31 December 2012	**647,431**	**7,210**	**2,062**	**18,698**	**8,693**	**3,638**	**687,732**
Additions	12,811	970	–	561	2,503	12,975	29,820
Transfers	14,798	–	–	1,406	–	(16,204)	–
Disposals	(4,290)	(7)	–	–	(1,757)	–	(6,054)
Balance at 31 December 2013	**670,750**	**8,173**	**2,062**	**20,665**	**9,439**	**409**	**711,498**
Accumulated depreciation							
Balance at 1 January 2012	(255,428)	(2,765)	(963)	(2,297)	(4,302)	–	(265,755)
Depreciation charge	(21,360)	(654)	(199)	(389)	(1,470)	–	(24,072)
Transfer to asset held for sale	580	–	–	–	–	–	580
Disposals	307	35	–	–	292	–	634
Balance at 31 December 2012	**(275,901)**	**(3,384)**	**(1,162)**	**(2,686)**	**(5,480)**	**–**	**(288,613)**
Depreciation charge	(22,516)	(953)	(197)	(402)	(1,811)	–	(25,879)
Disposals	4,015	6	–	–	1,725	–	5,746
Balance at 31 December 2013	**(294,402)**	**(4,331)**	**(1,359)**	**(3,088)**	**(5,566)**	**–**	**(308,746)**
Carrying amount							
At 31 December 2012	**371,530**	**3,826**	**900**	**16,012**	**3,213**	**3,638**	**399,119**
At 31 December 2013	**376,348**	**3,842**	**703**	**17,577**	**3,873**	**409**	**402,752**

a) In 2012 a decision was taken by management to dispose of the Robert M vessel which has a net book value of $0.473 million at 31 December 2012. The sale was finalised in March 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

6. Investment properties

	Buildings	Development	Capital Work in Progress	Total
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Balance at 1 January 2012	571,512	388,586	31,455	991,553
Additions	–	–	6,940	6,940
Balance at 31 December 2012	**571,512**	**388,586**	**38,395**	**998,493**
Additions	–	5,352	38	5,390
Transfers	–	38,395	(38,395)	–
Balance at 31 December 2013	**571,512**	**432,333**	**38**	**1,003,883**
Accumulated depreciation				
Balance at 1 January 2012	(4,011)	(35,627)	–	(39,638)
Depreciation charge	(5,142)	(13,919)	–	(19,061)
Balance at 31 December 2012	**(9,153)**	**(49,546)**	**–**	**(58,699)**
Depreciation charge	(4,125)	(15,472)	–	(19,597)
Effect of reversal of impairment losses	-	(6,462)	–	(6,462)
Balance at 31 December 2013	**(13,278)**	**(71,480)**	**–**	**(84,758)**
Accumulated impairment				
Balance at 1 January 2012	(417,263)	(14,033)	–	(431,296)
Impairment losses charged to the profit or loss	(30,480)	(4,352)		(34,832)
Balance at 31 December 2012	**(447,743)**	**(18,385)**	**–**	**(466,128)**
Impairment (losses)/reversals charged to the profit or loss	(20,532)	11,923	–	(8,609)
Transfer to accumulated depreciation	-	6,462	–	6,462
Balance at 31 December 2013	**(468,275)**	**–**	**–**	**(468,275)**
Carrying amount				
At 31 December 2012	**114,616**	**320,655**	**38,395**	**473,666**
At 31 December 2013	**89,959**	**360,853**	**38**	**450,850**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

6. Investment properties (continued)

	2013 $'000	2012 $'000
Amounts recognised in profit or loss		
Rental income from investment properties	8,729	6,970
Direct operating expenses	3,142	2,232

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 was 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 5.72%. As a result of this analysis, management has recognised an impairment charge of $8.609 million (2012: $34.832 million) on its investment properties in the statement of profit or loss

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At December 31, 2013	–	–	354,932	–
At December 31, 2012	–	–	317,281	–

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
At December 31, 2013	–	–	89,958	–
At December 31, 2012	–	–	114,616	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

7. Taxation

a) Taxation charge

	2013 $'000	2012 $'000
The major components of the taxation expense were as follows:		
Corporation taxation – current year	26,263	13,258
– prior year	–	5,883
Green fund levy	286	267
Deferred tax charge/(credit)	373	(677)
	26,922	**18,731**

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

	2013 $'000	2012 $'000
Profit before tax	79,625	9,884
Tax at the rate of 25%	19,906	2,471
Non-deductible expenses	2,946	1,389
Permanent differences	3,784	8,731
Prior year adjustment	–	5,883
Other differences	–	(10)
Green fund levy	286	267
	26,922	**18,731**

b) Deferred tax

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

	2013 $'000	2012 $'000
Assets:		
Accrued vacation leave	606	457
Accrued interest payable	488	644
	1,094	**1,101**
Liabilities:		
Property, plant and equipment	**40,305**	**39,939**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

7. Taxation (continued)

	2013 $'000	2012 $'000
Movement for the year in the net deferred tax liability:		
Balance at 1 January	38,838	39,515
Deferred tax charge/(credit) to statement of profit and loss	373	(677)
Balance at 31 December	**39,211**	**38,838**

8. Deferred expenses

	2013 $'000	2012 $'000
Balance at 1 January	6,892	3,675
Additions for the year	2,423	4,552
Amortisation for the year	(2,068)	(1,335)
	7,247	**6,892**
Represented by:		
Non-current	5,048	5,178
Current	2,199	1,714
	7,247	**6,892**

Deferred expenses represent the cost of major overhaul to engines of vessels and tugs and associated dry docking costs which are being amortised over five years.

9. Cash and short-term deposits

	2013 $'000	2012 $'000
Cash at bank	348,418	371,121
Short-term deposits	129,706	128,722
	478,124	**499,843**
Investment held with Clico (Note b)	14,381	14,381
Less: Provision for impairment of short-term deposits (Note b)	(14,381)	(14,381)
	–	–
	478,124	**499,843**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

9. Cash and short-term deposits (continued)

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $478.124 million (2012: $499.843 million).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of $14.381 million. CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of Trinidad and Tobago. The investment note certificates in CIB were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December, 2013.

(c) The Company has an Escrow account with First Citizens Bank Limited (FCB) and is required to maintain a balance on the account equivalent to two (2) loan instalments with the bank at all times. (See Note 13 (a))

(d) For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2013.

	2013 $'000	**2012 $'000**
Cash at banks and on hand	348,418	371,121
Short-term deposits (with an original maturity date of less than three months)	–	7,000
	348,418	**378,121**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

10. Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables - third parties	78,754	91,065
Provision for doubtful debts	(17,143)	(21,625)
	61,611	69,440
Other receivables:		
Due from Government of Trinidad & Tobago - billed	(6,829)	73,798
Due from Government of Trinidad & Tobago - unbilled	6,180	10,977
Value Added Tax recoverable	6,407	10,719
Prepaid expenses	1,241	10,417
Insurance prepayment	1,260	1,071
Interest receivable	154	161
Wire transfers recoverable (note 18)	2,166	3,669
Other	3,720	3,159
	75,910	**183,411**

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

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

Subsequently, the Company received $5.835 million and at 31 December 2013, the company continues to hold a provision of $23.509 million.

(c) As at 31 December 2013, trade receivables at a value of $17.143 million (2012:$21.625 million) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2013 $'000	2012 $'000
As at 1 January	21,625	5,338
Charge for year	–	18,169
Provision reversed	(4,482)	(1,882)
At 31 December 2013	**17,143**	**21,625**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

10. Trade and other receivables (continued)

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

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013	**61,611**	**41,818**	**8,764**	**5,222**	**1,775**	**1,675**	**2,357**
2012	**69,440**	**43,555**	**8,943**	**2,347**	**9,646**	**734**	**4,215**

11. Stated capital

	2013 $'000	2012 $'000
Authorized		
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**

12. 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 13(b)). 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 2012 and 1 January 2015 respectively.

13. Long-term debt

	Long-term Portion $'000	Current Portion $'000	2013 $'000	2012 $'000
First Citizens Bank (Note a)	–	9,500	9,500	18,424
NGC - UIE loan (Note b)	284,653	–	284,653	277,155
NGC advance (Note c)	323,482	–	323,482	420,025
	608,135	**9,500**	**617,635**	**715,604**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

13. Long-term debt (continued)

a) The Company in pursuit of its capital expansion program obtained a loan from First Citizens Bank (FCB) on the 17 May 2004 in the value of $67.9 million. The loan provides for two equal semi-annual payments of interest only, followed by 18 semi-annual payments of principal and interest. Interest rate is fixed at 6.20% per annum. The loan is secured by the following:

i) Collateral Chattel Mortgage over two (2) tugboats - *NEC Empress* & *NEC Majestic* with carrying amounts totalling $37.780 million (2012: $39.658 million).
ii) Marine Hull, Machinery Risk and Protection & Indemnity Insurance over the two (2) tugboats.
iii) Deed of Assignment and Notice of Assignment of the proceeds of a Pier Usage contract.
iv) Deed of Charge over Deposit Account in the name of NEC to service loan facility.

b) On 12 April 2009, the Company was mandated by the Government of the Republic of Trinidad and Tobago (GORTT) 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 2011 and 2010 has been capitalised with the loan. Interest payments commenced in 2012.

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. (Note 12)

c) 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. At 31 December 2011 the loan repayments have been rescheduled to commence in December 2014.

As part of a proposal for the restructuring of National Energy's inter-company loans with NGC, a principal repayment of US$15.6 million was made on 31 August 2013, thus reducing the outstanding loan balance to US$50.2 million as at 31 December 2013. The principal installment is scheduled to commence in June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

13. Long-term debt (continued)

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

Fair values	Carrying amount		Fair value	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 31 December	**617,635**	**715,604**	**608,635**	**715,705**

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

	2013 $'000	2012 $'000
In one year or less	22,664	8,924
In more than one year but not more than two years	18,759	25,910
In more than two years but not more than three years	20,043	22,663
In more than three years but not more than four years	21,415	24,224
In more than four years but not more than five years	22,881	25,894
In more than five years	511,873	607,989
	617,635	**715,604**

14. Trade and other payables

	2013 $'000	2012 $'000
Trade creditors	13,638	100,442
Accrued material/service	10,931	21,451
Employee related accruals	14,518	8,830
Retention	3,664	8,498
VAT payable	6,063	6,013
Accrued interest and taxes	64	126
	48,878	**145,360**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

15. Deferred income

	2013 $'000	2012 $'000
Billings in advance (Note a)	16,810	16,413
Deferred income - Union Industrial Estate (Note b)	53,103	41,768
Deferred income - Other	502	583
	70,415	**58,764**
Non-current	49,386	39,617
Current	21,029	19,147
	70,415	**58,764**

Notes:

a) This amount relates to pier user charges billed in advance.

b) Deferred income - Union Industrial Estate:

	2013 $'000	2012 $'000
Balance at 1 January	41,768	20,481
Received during the year	15,052	–
Transferred from deferred Capital Grant	–	23,438
Amount released to income	(3,717)	(2,151)
Balance at 31 December	**53,103**	**41,768**

16. Marine infrastructure income

The marine assets principally consist of the ISCOTT dock, the Savonetta piers, the Point Lisas harbour and the tugs and workboats. Income earned is as follows:

	2013 $'000	2012 $'000
ISCOTT dock	5,687	5,687
Savonetta piers	133,067	132,074
Point Lisas harbour	35,611	34,071
Tugs and workboats	88,033	71,549
Dock fees – Berth	5,201	5,512
Rental Storage Facilities	1,530	–
Rental Storage Yard	754	–
	269,883	**248,893**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
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17. Other operating income

	2013 $'000	2012 $'000
Management fees - Labidco	696	578
Amortisation of deferred capital grant	3,717	2,151
Miscellaneous	240	6,965
	4,653	**9,694**

18. Expenses

	2013 $'000	2012 $'000
(a) Marine expenses:		
Depreciation and amortisation	40,455	38,540
Maintenance - marine facilities	23,991	25,869
Salaries and related benefits	8,698	8,995
Management fees - tugs & workboats	23,190	21,523
Insurance	1,880	1,965
Sea bed lease rent	119	119
	98,333	**97,011**
(b) Administrative and general expenses:		
Salaries and related benefits	40,192	34,427
Depreciation and amortisation	5,018	4,593
Management fees - NGC	1,000	1,000
Penalties	2,280	4,424
Insurance	1,555	683
Movement in provision for doubtful debts	(16,834)	16,286
Motor vehicle expense	2,422	1,995
General business travel	402	2,066
Fraudulent wire transfers (note 10 (b))	(2,166)	(3,669)
Security	2,269	1,888
Advertising and communications	2,874	2,791
Legal and professional fees	1,770	2,921
Other	10,006	12,433
	50,788	**81,838**
(c) Other expenses:		
Donation - other	**376**	**246**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

18. Expenses (continued)

		2013 $'000	2012 $'000
(d) Finance costs:			
Interest on debt and borrowings	- related parties	38,776	43,786
	- third parties	971	1,521
Notional interest on related party loan		5,013	4,689
		44,760	**49,996**
(e) Staff costs:			
Included under marine expenses		8,698	8,995
Included under administrative and general expenses		40,192	34,427
		48,890	**43,422**

19. Cash flows from operating activities

	2013 $'000	2012 $'000
Profit before taxation	79,625	9,884
Adjustments for:		
Depreciation	45,475	43,133
Impairment of investment properties	8,609	34,832
Amortisation of deferred expenses	2,069	1,335
Interest expense	44,760	49,996
Non-cash offset of penalties	–	4,104
Loss on disposal of property, plant & equipment	127	798
Interest income	(1,047)	(1,283)
Amortisation of deferred income	(3,717)	(2,151)
Decrease/(increase) in parent company loan due to foreign currency translation	5,941	(2,986)
Operating profit before working capital changes	181,842	137,662
Decrease/(increase) in trade and other receivables and due from related parties	140,374	(64,578)
Decrease in inventories	183	6
Increase in deferred income & deferred capital grant	15,368	854
Increase in deferred expenses	(2,423)	(4,552)
(Decrease)/increase in trade and other payables	(104,315)	70,432
Cash generated by operations	**231,029**	**139,824**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

20. 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 Trinidad and Tobago. 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), Petrotrin and First Citizens Bank Limited.

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 13 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 2013, the Company has recorded a provision for doubtful debts relating to amounts owed by related party Alutech of $22.419 million (2012: $22.419 million) and nil (2012: $20.309 million) due by Alutrint Limited. 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 2013 and 31 December 2012.

		Income from related parties $'000	Purchase from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago					
Reimbursements	2013	–	–	–	64,833
	2012	–	–	–	120,443
Lease land	2013	2,672	–	–	–
	2012	–	–	–	–
Management fees	2013	–	1,000	–	–
	2012	–	1,000	–	–
Loans	2013	–	38,776	–	608,135
	2012	–	43,786	–	697,180
La Brea Industrial Company Limited					
Management fees/ reimbursements	2013	696	–	–	2,038
	2012	578	–	9,250	10,767
Government of the Republic of Trinidad and Tobago					
Government funded project costs	2013	1,713	–	(649)	–
	2012	5,874	–	84,774	–
Directors' allowances and fees	2013	–	396	–	–
	2012	–	424	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

20. Related party transactions (continued)

	2013 $'000	2012 $'000
Compensation of key management personnel		
Short-term employee benefits	**12,154**	**9,536**

21. Operating lease arrangements

The Company as a lessor

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

Future minimum rentals receivable under operating leases as at 31 December 2013 are as follows:

	2013 $'000	2012 $'000
Within one year	3,286	7,348
After one year but not more than five years	12,828	13,060
More than five years	66,375	51,777
	82,489	**72,185**

The Company as a lessee

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

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

	2013 $'000	2012 $'000
Within one year	411	84
After one year but not more than five years	1,793	119
	2,204	**203**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
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22. Financial risk management objectives and policies

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

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

Credit risk

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

The Company has US$14.381M in investment note certificates with Clico Investment Bank Limited. As stated in Note 9 b), a provision has been established for this entire balance as the recoverability of this balance is doubtful.

Interest rate risk

The Company is exposed to minimal interest rate risk because the Company borrows funds at fixed interest rates. See Note 13.

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
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22. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December, 2013						
Assets						
Cash and cash equivalents	358,375	129,705	–	–	–	488,080
Trade and other receivables	–	8,789	67,121	–	–	75,910
Due from related parties	–	–	2,038	–	–	2,038
	358,375	**138,494**	**69,159**	**–**	**–**	**566,028**
Liabilities						
Interest bearing debt	–	–	62,319	230,866	813,837	1,107,022
Trade creditors and accruals	–	42,792	3,663	–	–	46,455
Due to related parties	–	–	1,682	–	–	1,682
Due to parent company	–	–	64,833	–	–	64,833
	–	**42,792**	**132,497**	**230,866**	**813,837**	**1,219,992**
Net liquidity position	**358,375**	**95,702**	**(63,338)**	**(230,866)**	**(813,837)**	**(653,964)**
As at 31 December, 2012						
Assets						
Cash and cash equivalents	381,077	128,722	–	–	–	509,799
Trade and other receivables	–	22,068	127,559	–	–	149,627
Due from related parties	–	–	34,919	–	–	34,919
	381,077	**150,790**	**162,478**	**–**	**–**	**694,345**
Liabilities						
Interest bearing debt	–	–	51,086	271,404	993,910	1,316,400
Trade creditors and accruals	–	135,035	8,497	–	–	143,532
Due to related parties	–	–	9,576	–	–	9,576
Due to parent company	–	–	120,443	–	–	120,443
	–	**135,035**	**189,602**	**271,404**	**993,910**	**1,589,951**
Net liquidity position	**381,077**	**15,755**	**(27,124)**	**(271,404)**	**(993,910)**	**(895,606)**

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 employees appropriate strategies to mitigate any potential losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

22. Financial risk management objectives and policies (continued)

Foreign Currency Risk (continued)

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

As at December 31, 2013	Amount denominated in foreign curreny $'000s		TT$ equivalent $'000s	
Cash and cash equivalents	US$	44,562	TT$	286,913
Trade and other receivables	US$	7,890	TT$	50,799
	GBP	7	TT$	79
Trade and other payables	US$	1,435	TT$	9,241
	GBP	15	TT$	163
	EUR	16	TT$	141
Long-term debt	US$	94,453	TT$	608,135
As at December 31, 2012				
Cash and cash equivalents	US$	37,815	TT$	241,316
Trade and other receivables	US$	13,327	TT$	84,046
	GBP	3	TT$	26
Trade and other payables	US$	15,434	TT$	98,488
	GBP	1	TT$	6
	EUR	40	TT$	332
Long-term debt	US$	106,868	TT$	681,974

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

22. Financial risk management objectives and policies (continued)

Foreign Currency Risk (continued)

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

	Increase/ (decrease) in exchange rate %	Effect on profit before tax $'000
2013	**5%**	**13,986**
	(5%)	**(13,986)**
2012	**5%**	**22,721**
	(5%)	**(22,721)**

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 maximize 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 2012.

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 2013 and 31 December 2012.

23. 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 13(c)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

24. Transfer of assets and liabilities of La Brea Industrial Development Company Limited

In 2007, the Board of Directors of La Brea Industrial Development Company Limited (LABIDCO) agreed to wind up LABIDCO and transfer the assets and liabilities of the Company to National Energy Corporation of Trinidad and Tobago Limited (NEC), subject to the approval of the shareholders of LABIDCO. This decision has not yet been effected.

25. Capital commitments

	2013 $'000	2012 $'000
Approved and contracted capital expenditure	**64,313**	**142,407**

These commitments include contractual commitments of $61.748 million (2012: $119.036 million) entered into by the Company on behalf of the Government of Trinidad and Tobago.

26. Contingent liabilities

Based on 2007 tax audit, the Board of Inland Revenue (BIR) has advised the Company of an outstanding tax obligation of $15.9 million, of which $7.6 million relates to penalty and interest. The Company has written to the BIR requesting a waiver of these payments as the wear and tear allowance for marine infrastructure assets is under review by BIR and yet to be determined. No provision has been made in the accounts for any tax liabilities.

27. 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.

LABIDCO
Financials
2013

Statement of management's responsibilities

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

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

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

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

Narinejit Pariag
Vice President, Finance and Administration
24 April 2014

Dr Vernon Paltoo
President
24 April 2014

Independent Auditors' Report to the Shareholder of La Brea Industrial Development Company Limited

Report on the financial statements
We have audited the accompanying financial statements of La Brea Industrial Development Company Limited, which comprises the statement of financial position as at 31 December 2013, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of La Brea Industrial Development Company Limited as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
We draw attention to Note 21 to the financial statements which describe the uncertainty relating the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other matter
The financial statements of the Company for the year ended 31 December, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on 30 April, 2013.

Deloitte & Touche

Deloitte & Touche
Port of Spain
Trinidad

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	21,019	24,952
Investment properties	6	100,881	103,385
Deferred taxation	11 (b)	3,051	699
Total non-current assets		124,951	129,036
Current assets			
Cash and short-term deposits	7	43,742	55,665
Trade and other receivables	8	6,695	8,186
Due from related parties	17	7,278	6,581
Taxation recoverable		592	1,645
Total current assets		58,307	72,077
Total assets		**183,258**	**201,113**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	9	144,009	144,009
Accumulated losses		(105,944)	(117,598)
Total shareholders' equity		38,065	26,411
Non-current liabilities			
Shareholders' advances	10,17	130,258	139,294
Long-term borrowings	12	3,440	10,332
Total non-current liabilities		133,698	149,626
Current liabilities			
Current portion of long-term borrowings	12	6,893	6,872
Trade and other payables	13	3,460	8,410
Deferred income	14	445	334
Due to related party	17	–	9,250
Taxation payable		697	210
Total current liabilities		11,495	25,076
Total liabilities		**145,193**	**174,702**
Total liabilities and equity		**183,258**	**201,113**

The financial statements of La Brea Industrial Development Company Limited were authorised for issue by the Board of Directors on 24 April, 2014.

Haseena Ali

Mrs. Haseena Ali - Chairman

Mr. Rudranath Maharaj – Director

The accompanying notes on pages 68 to 95 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

	Notes	2013 $'000	2012 $'000
Income			
Port and harbour dues		26,404	20,433
Property rental income	6	14,021	13,670
Bio-remediation services		439	724
Gain on foreign exchange transactions		96	–
Other income		6	89
Interest and other investment income		127	81
		41,093	34,997
Expenses			
Operating expenses	15	16,997	17,313
Administrative, general and maintenance expense	16	10,577	13,250
Impairment losses	5,6	160	960
Loss on disposal of property, plant and equipment		4	–
Loss on foreign exchange transactions		–	595
Other expenses		58	86
Finance cost		907	1,353
		28,703	33,557
Profit before tax		12,390	1,440
Income tax expense	11 (a)	(736)	(478)
Profit for the year after tax		11,654	962
Total comprehensive income		**11,654**	**962**

The accompanying notes on pages 68 to 95 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Year ended 31 December 2012			
Balance at 1 January 2012	144,009	(118,560)	25,449
Profit for the year after tax	–	962	962
Other comprehensive income for the year	–	–	–
Total comprehensive income	–	962	962
Balance at 31 December 2012	**144,009**	**(117,598)**	**26,411**
Year ended 31 December 2013			
Balance at 1 January 2013	144,009	(117,598)	26,411
Profit for the year after tax	–	11,654	11,654
Other comprehensive income for the year	–	–	–
Total comprehensive income	–	11,654	11,654
Balance at 31 December 2013	**144,009**	**(105,944)**	**38,065**

The accompanying notes on pages 68 to 95 form an integral part of these financial statements.

STATEMENT OF C ASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

	2013 $'000	2012 $'000
Cash flows from operating activities		
Profit before tax	12,390	1,440
Adjustment for:		
Depreciation	8,227	8,480
Interest expense	907	1,353
Impairment losses	161	960
Interest income	(127)	(81)
Loss on disposal of property, plant and equipment	4	-
Operating profit before working capital changes	21,562	12,152
Decrease in trade and other receivables	1,491	28,199
Increase in due from related parties	(694)	(228)
Increase/(decrease) in deferred income	111	(76)
(Decrease)/increase in trade and other payables	(14,131)	4,175
Cash generated from operating activities	**8,339**	**44,222**
Interest paid	(959)	(1,384)
Interest received	127	81
Taxation refund	1,054	-
Taxation paid	(2,602)	(797)
Net cash generated from operating activities	**5,959**	**42,122**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,955)	(3,286)
Additions to investment properties	-	(296)
Net cash used in investing activities	**(1,955)**	**(3,582)**
Cash flows from financing activities		
Net (repayments)/advances to/from parent company	(9,038)	774
Repayment of long-term debt	(6,889)	(6,889)
Net cash used in financing activities	**(15,927)**	**(6,115)**
Net (decrease)/increase in cash during the year	(11,923)	32,425
Cash and cash equivalents at beginning of year	55,665	23,240
Cash and cash equivalents at end of year	**43,742**	**55,665**

The accompanying notes on pages 68 to 95 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

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

1.1 Corporation information

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

The Company is owned 83% by The National Gas Company of Trinidad and Tobago Limited (NGC) and 17% by the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN).

1.2 Basis of preparation

These financial statements have been prepared under the historical cost convention and are expressed in Trinidad & Tobago Dollars.

Statement of compliance

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

2. New and Revised Accounting Standards and interpretation

Standards and Interpretations adopted which impacted the financial statements

- **Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012)**
  The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**
  The Company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income.

2. New and Revised Accounting Standards and interpretation (continued)

Standards and Interpretations adopted which impacted the financial statements (continued)

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income** (continued)

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section; (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not results in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations adopted with no effect on the financial statements

- IFRS 10, Consolidated Financial Statements (annual periods beginning on or after 1 January 2013)
- IFRS 11, Joint Arrangements (annual periods beginning on or after 1 January 2013)
- IFRS 12, Disclosure in Interests in Other Entities (annual periods beginning on or after 1 January 2013)
- IFRS 13, Fair Value Measurement (annual periods beginning on or after 1 January 2013)
- IAS 16, Property, Plant and Equipment. Classification of servicing equipment (annual periods beginning on or after 1 January 2013)
- IAS 19, Employee Benefit (as revised in 2011) (annual periods beginning on or after 1 January 2013)
- IAS 27, Consolidated and Separate Financial Statements. Re-issued as IAS 27 Separate Financial Statements (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 28, Investments in Associates. Re-issued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011), (annual periods beginning on or after 1 January 2013)
- IAS 32, Financial Instruments Presentation. Tax effect of distribution to holders of equity instruments (annual periods beginning on or after 1 January 2013)

2. New and Revised Accounting Standards and interpretation (continued)

New and revised IFRSs in issue but not yet effective

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

- IFRS 9 Financial instruments[2]
- Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure[2]
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities[1]
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities[1]

[1] Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 Financial Instruments
IFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

The directors of the Company anticipate that the application of IFRS 9 in the future will impact on the amounts reported in respect of the Company's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

2. New and Revised Accounting Standards and interpretation (continued)

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipated that the investment entities amendments will have any effect on the Company's financial statements as the Company is not an investment entity.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments of IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

3. Summary of significant accounting policies

a) Cash and cash equivalents

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

b) Trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

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 utilized. Deferred tax assets arising from tax losses not yet recognised are only carried forward if it is probable that future taxable profit will be sufficient to allow the benefit of the tax losses to be realised.

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

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

c) Property, plant and equipment

Property, plant and equipment are stated at historical cost.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

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 and other comprehensive income in the year the asset is derecognised.

e) Investment property

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

Fabrication yard	3.33%
Development cost	10.00% - 33.33%

No depreciation is provided on freehold land.

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

f) Long-term debt

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

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

g) Foreign currencies

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

h) Borrowing costs

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

i) Payables and accruals

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

j) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Company determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

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

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

3. Summary of significant accounting policies (continued)

k) Financial liabilities

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

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

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

l) Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

m) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

n) Derecognition of financial assets and liabilities

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

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

o) Employee benefits

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

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

p) Revenue recognition

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

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

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

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

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

q) Leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

r) Provisions

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

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

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

s) Comparative information

Where necessary, comparative information has been 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 judgments apart from those involving estimations which have a significant effect on the amounts recognized 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 cognizance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the port and marine operations industry.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

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

Estimates and assumptions (continued)

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 judgment 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

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 2012	161,540	267	411	–	162,218
Additions	3,251	6	29	–	3,286
Disposals	–	–	(3)	–	(3)
Balance at 31 December 2012	164,791	273	437	–	165,501
Additions	–	5	106	1,844	1,955
Disposals	–	(8)	(4)	–	(12)
Balance at 31 December 2013	164,791	270	539	1,844	167,444
Accumulated depreciation					
Balance at 1 January 2012	(34,681)	(113)	(229)	–	(35,023)
Depreciation expense	(5,911)	(37)	(47)	–	(5,995)
Disposals	–	–	3	–	3
Balance at 31 December 2012	(40,592)	(150)	(273)	–	(41,015)
Depreciation expense	(5,699)	(36)	(49)	–	(5,784)
Disposals	–	5	3	–	8
Balance at 31 December 2013	(46,291)	(181)	(319)	–	(46,791)
Accumulated impairment charges losses					
Balance at 1 January 2012	(88,853)	–	–	–	(88,853)
Impairment losses recognised in profit or loss	(10,681)	–	–	–	(10,681)
Balance at 31 December 2012	(99,534)	–	–	–	(99,534)
Impairment losses recognised in profit or loss	(100)	–	–	–	(100)
Balance at 31 December 2013	(99,634)	–	–	–	(99,634)
Carrying Amount					
At 31 December 2013	**18,866**	**89**	**220**	**1,844**	**21,019**
At 31 December 2012	**24,665**	**123**	**164**	**–**	**24,952**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment (continued)

i) 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 2014 financial budgets approved by management and the Board of Directors and extrapolated for a four year period, at a discount rate of 3.48% and a terminal capitalization rate of 3.48%. As a result of this analysis, management has recognised an impairment charge of $0.100 million (2012: $10.681 million) on its property, plant and equipment in the statement of profit or loss.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At December 31, 2013	**–**	**–**	**20,710**	**20,710**
At December 31, 2012	**–**	**–**	**24,665**	**24,665**

6. Investment properties

	Development costs $'000	Freehold land $'000	Fabrication yard $'000	Total $'000
Cost				
At 1 January 2012	113,368	46,465	45,174	205,007
Additions	296	-	-	296
At 31 December 2012	113,664	46,465	45,174	205,303
Additions	-	-	-	-
At 31 December 2013	113,664	46,465	45,174	205,303
Accumulated depreciation and impairment				
At 1 January 2012	(12,935)	-	(10,197)	(23,132)
Depreciation expense	(947)	-	(1,538)	(2,485)
At 31 December 2012	(13,882)	-	(11,735)	(25,617)
Depreciation expense	(905)	-	(1,538)	(2,443)
At 31 December 2013	(14,787)	-	(13,273)	(28,060)
Accumulated impairment charges losses				
Balance at 1 January 2012	(86,022)	-	-	(86,022)
Impairment reversal recognised in profit or loss	9,721	-	-	9,721
Balance at 31 December 2012	(76,301)	-	-	(76,301)
Impairment losses recognised in profit or loss	(61)	-	-	(61)
Balance at 31 December 2013	(76,362)	-	-	(76,362)
Carrying Amount				
At 31 December 2013	**22,515**	**46,465**	**31,901**	**100,881**
At 31 December 2012	**23,481**	**46,465**	**33,439**	**103,385**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

6. Investment properties (continued)

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

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

Amounts recognised in statement of profit or loss

	2013 $'000	2012 $'000
Rental income from investment properties	**14,021**	**13,670**
Direct operating expenses	**825**	**1,021**

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 2014 financial budgets approved by management and the Board of Directors and extrapolated for a four year period, at a discount rate of 3.48% and a terminal capitalisation rate of 3.48%. As a result of this analysis, management has recognised an impairment charge of $0.060 million (2012: reversal of $9.721 million) on its investment properties in the statement of profit or loss.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At December 31, 2013	**–**	**–**	**122,285**	**122,285**
At December 31, 2012	**–**	**–**	**117,897**	**117,897**

7. Cash and short-term deposits

	2013 $'000	2012 $'000
Cash at bank and on hand	43,742	55,665
Short-term deposits	4,253	4,253
	47,995	59,918
Less: Impairment provision of short-term deposit (Note b)	(4,253)	(4,253)
	43,742	**55,665**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

7. Cash and short-term deposits (continued)

a) Cash at bank earns interest at fixed rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is $43.72 million (2012: $55.67 million).

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

CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of Trinidad and Tobago. The investment note certificates and the related accrued interest were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December 2013.

8. Trade and other receivables

	2013 $'000	2012 $'000
Trade receivables	10,818	9,486
Provision for doubtful debts	(5,364)	(5,942)
	5,454	3,544
Other trade receivables and prepayments	1,241	4,642
Total receivables and prepayments	**6,695**	**8,186**

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

As at 31 December 2013, trade receivables at a value of $5.364 million (2012: $5.942 million) were impaired and fully provided for. Movement in the provision for impairment of receivables were as follows:

	2013 $'000	2012 $'000
At 1 January	5,942	3,421
Charge for year	–	2,521
	5,942	5,942
Amounts recovered during the year	(578)	–
At 31 December	**5,364**	**5,942**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

8. Trade and other receivables (continued)

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

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013	**5,454**	**(106)**	**1,256**	**254**	**120**	**127**	**3,803**
2012	**3,544**	**838**	**372**	**534**	**548**	**93**	**1,159**

9. Share capital

	2013 $'000	2012 $'000
Authorized		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
144,009 ordinary shares of no par value	**144,009**	**144,009**

In June 2007, the shareholders of the Company agreed to the re-capitalisation of the Company with a new equity split of 81% to NGC and 19% to Petrotrin. This re-capitalisation is to be effected by the capitalisation of shareholder advances of $86.337M and $24.574M (inclusive of the equity contribution of $22.605M for the land on which the fabrication yard is situated) by NGC and Petrotrin respectively.

The shareholders' decision has not yet been approved nor effected by the Board of Directors of the Company.

10. 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:

	2013 $'000	2012 $'000
The National Gas Company of Trinidad and Tobago Limited	105,685	114,721
Petroleum Company of Trinidad and Tobago Limited	24,573	24,573
	130,258	**139,294**

As stated in Note 9, in June 2007, the shareholders of the Company agreed to the capitalisation of shareholder advances of $86.337 million and $24.574 million by NGC and Petrotrin, respectively. The shareholders' decision has not been approved nor effected by the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

11. Taxation

	2013 $'000	2012 $'000
a) Taxation charge		
The major components of the taxation expense were as follows:		
Corporation tax – current year	3,047	138
– prior year	–	361
Green fund levy	41	35
Deferred taxation credit	(2,352)	(56)
	736	**478**
A reconciliation of the expected income tax expense determined using the statutory tax rate of 25% to the effective income tax expense is as follows:		
Profit before taxation	12,390	1,440
Income taxes thereon at the rate of 25%	3,098	360
(Deductible)/non-deductible expenses	33	(2,140)
(Decrease)/increase in impairment provision	(2,669)	1,932
Prior year charge	–	361
Green fund levy	41	35
Other differences	233	(70)
	736	**478**

b) Deferred tax asset

Significant components of deferred tax asset are as follows:

	2013 $'000	2012 $'000
Assets:		
Property, plant and equipment	6,455	6,742
Accrued interest expense	26	43
Accrued annual leave	15	28
	6,496	6,813
Less: impairment provision	(3,445)	(6,114)
	3,051	**699**

Management is of the opinion that future taxable profit might not be available to utilise total deferred tax asset as a result of the decision made by the Board of Directors to wind up the Company (see Note 22). Deferred tax asset is limited using taxable profits from the 2014 financial budgets approved by management and the Board of Directors. As a result of this analysis, the Company recognised an impairment charge of $3.445 million (2012: $6.114 million) on its deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

11. Taxation (continued)

b) Deferred tax asset (continued)

	2013 $'000	2012 $'000
Movement for the year:		
Balance at 1 January	699	643
Deferred tax credit to statement of profit and loss	2,352	56
Balance at 31 December	**3,051**	**699**

12. Long-term borrowing

	Long-term portion $'000	Current portion $'000	2013 $'000	2012 $'000
RBC Trust (Trinidad and Tobago) Limited	**3,440**	**6,893**	**10,333**	**17,204**

The Fabrication Yard and Dock Expansion projects were financed with a $62 million fixed rate bond issued to RBC Trust (Trinidad and Tobago) Limited on the 2 May 2005.

The Bond provides for two (2) semi-annual interest payments in arrears at a fixed rate of interest of 6.05%, in addition to a one (1) year moratorium on principal. This is followed by 18 semi-annual payments of interest and principal.

Both interest and principal are to be paid to First Caribbean International Banking and Financial Corporation Limited who was assigned as the Paying Agent of the Bond.

This Bond is guaranteed by the following:

- The National Gas Company of Trinidad and Tobago Limited (NGC) – an amount of $51.461 million.
- The Petroleum Company of Trinidad and Tobago Limited (PETROTRIN) – an amount of $10.540 million.

Fair values

Carrying amount 2013 $'000	Carrying amount 2012 $'000	Fair value 2013 $'000	Fair value 2012 $'000
10,333	**17,204**	**10,338**	**17,336**

The fair value of the borrowing has been calculated by discounting the expected future cash flows at prevailing interest rates of 4.95% at 31 December 2013 (2012: 4.95%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

12. Long-term borrowing (continued)

Maturity profile of long-term debt

	2013 $'000	2012 $'000
In one year or less	6,893	6,872
In more than one year but not more than two years	3,440	6,893
In more than two years but not more than three years	–	3,439
	10,333	**17,204**

13. Trade and other payables

	2013 $'000	2012 $'000
Trade payables	484	1,296
Accrued interest – Board of Inland Revenue	196	148
– Other	102	170
Accrued material/service amounts	435	4,678
Employee related accruals	1,521	1,331
Retentions	722	787
	3,460	**8,410**

14. Deferred income

	2013 $'000	2012 $'000
Operating leases – rental income	**445**	**334**

This amount relates to rental income for land billed in advance.

15. Operating expenses

	2013 $'000	2012 $'000
Operating expenses comprise the following:		
Depreciation	7,237	7,450
Stevedoring charges	4,081	3,204
Maintenance and general expenses	1,422	1,659
Equipment rental	1,059	1,817
Insurance	3,198	3,183
	16,997	**17,313**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

16. Administrative, general and maintenance expense

	2013 $'000	2012 $'000
Administrative, general and maintenance services comprise the following:		
Depreciation	990	1,030
Staff costs	2,812	2,784
Management fees – related party	698	578
Security	1,962	2,499
Electricity	404	411
Movement in provision for bad debts	(578)	2,521
Other	4,289	3,427
	10,577	**13,250**

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 Trinidad and Tobago. 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. At 31 December 2013, the Company has a provision for doubtful debts totalling $183,192 (2012: $183,192), relating to amounts owed by related parties. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

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 2013 and 31 December 2012.

	Year	Income from related parties $'000	Purchases from related parties $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursement of expenses paid/shareholder's advances	2013	–	–	5,402	105,685
	2012	–	–	5,399	114,721
National Energy Corporation of Trinidad and Tobago Limited					
Management fees	2013	–	698	1,876	–
	2012	–	578	1,182	9,250
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2013	795	–	37	24,573
	2012	799	–	37	24,573
Water and Sewerage Authority of Trinidad and Tobago					
Reimbursement of expenses paid	2013	–	–	146	–
	2012	–	–	146	–
Directors					
Directors' fees and travel allowances	2013	–	133	–	–
	2012	–	142	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

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 year 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 as at 31 December 2013 are as follows:

	2013 $'000	2012 $'000
Not later than 1 year	13,931	13,999
Later than 1 year and not longer than 5 years	30,783	33,336
Later than 5 years	106,083	122,784
	150,797	**170,119**

The Company as a lessee

As at 31 December 2013, the Company held no asset under operating lease as a lessee (2012: 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 summarized below.

Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

19. Financial risk management objectives and policies (continued)

Interest rate risk

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

Liquidity risk

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

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

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 -5 years $'000	>5 years $'000	Total $'000
As at 31 December 2013						
Assets						
Cash and cash equivalents	43,742	–	–	–	–	43,742
Trade and other receivables	–	2,679	4,016	–	–	6,695
Due from related parties	–	7,278	–	–	–	7,278
Total assets	**43,742**	**9,957**	**4,016**	**–**	**–**	**57,715**
Liabilities						
Interest bearing debt	–	–	7,410	3,549	–	10,959
Shareholders' advances	–	–	–	–	130,258	130,258
Trade and other payables	–	2,233	872	–	–	3,105
Total liabilities	**–**	**2,233**	**8,282**	**3,549**	**130,258**	**144,322**
Net liquidity gap	**43,742**	**7,724**	**(4,266)**	**(3,549)**	**(130,258)**	**(86,607)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Trinidad and Tobago dollars)

19. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand $'000	Less than 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	>5 years $'000	Total $'000
As at 31 December 2012						
Assets						
Cash and cash equivalents	55,665	–	–	–	–	55,665
Trade and other receivables	–	6,908	1,278	–	–	8,186
Due from related parties	–	6,581	–	–	–	6,581
Total assets	**55,665**	**13,489**	**1,278**	**–**	**–**	**70,432**
Liabilities						
Interest bearing debt	–	–	7,827	10,959	–	18,786
Shareholders' advances	–	–	–	–	139,294	139,294
Trade and other payables	–	7,157	849	–	–	8,006
Due to related parties	–	-	9,250	–	–	9,250
Total liabilities	**–**	**7,157**	**17,926**	**10,959**	**139,294**	**175,336**
Net liquidity gap	**55,665**	**6,332**	**(16,648)**	**(10,959)**	**(139,294)**	**(104,904)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

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.

As at December 31, 2013	Amount denominated in foreign curreny $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 6,618	TT$ 42,607
Trade and other receivables	US$ 2,206	TT$ 14,205
Trade and other payables	US$ 1,694	TT$ 10,907
	GBP 10	TT$ 107
As at December 31, 2012		
Cash and cash equivalents	US$ 7,184	TT$ 45,844
Trade and other receivables	US$ 1,868	TT$ 11,918
Trade and other payables	US$ 2,026	TT$ 12,928
	GBP 5	TT$ 55

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

19. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

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

	Increase/ (decrease) in exchange rate %	Effect on profit before tax $'000
2013	5%	**2,290**
	(5%)	**(2,290)**
2012	5%	**2,239**
	(5%)	**(2,239)**

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 maximize 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 2012.

20. Financial instruments

Fair values

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

Long-term financial assets and liabilities
The fair value of fixed rate borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates of 4.95% at 31 December 2013 (2012: 4.95%). (Refer to Note 12).

21. Dissolution of the Company

During the 2007 financial year, the Board of Directors of the Company considered the options available for the winding up of the Company. After evaluating the various options, the Board agreed that the preferred option was for the shareholders to relinquish their shareholdings voluntarily and that all the assets and liabilities of the Company be transferred to National Energy Corporation of Trinidad and Tobago Limited. The Board of the majority shareholder, NGC, has accepted the recommendation.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Trinidad and Tobago dollars)

22. Capital commitments

Capital commitments as at 31 December 2013 were nil (2012: $1.6 million).

23. 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.

NOTES

National Energy

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