National Energy

CORPORATION OF TRINIDAD AND TOBAGO

ANNUAL REPORT 2017

efficiency
effectiveness
sustainability

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

Contents

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.

Efficiency • Effectiveness • Sustainability

National Energy's vision is: "To be a global leader in the development of sustainable energy-based industries," so sustainability is central to our business philosophy and influences our decisions and activities. In 2017, driven by the desire and responsibility for sustainability, the company embarked on a transformative process which involved deep introspection, realignment and innovation towards achieving our goal.

National Energy started 2017 by looking inwardly to assess the strengths and weaknesses within its operations. All employees were required to critically evaluate activities and processes they had followed for years, to identify where inefficiencies existed. We then challenged ourselves to devise innovative approaches with measurable outcomes, that allowed for sharing of information and creation of synergies across the organisation and where possible, across the NGC Group of Companies. Implementation of these changes, proved to be painful at times. However, employees demonstrated tremendous commitment to the purpose, which resulted in reduced costs across the operations; improved use of resources and achievement of profitability targets.

Following the initial phase of driving efficiency through its operations, National Energy continued moving forward, not being satisfied simply to do things better, but desiring to adopt a more strategic approach at all levels of the business. This led to the reorganisation of business units and the formation of a Commercial Division which provided

renewed focus on current and future revenue-generating activities for business growth. Some staff were also reassigned to strengthen relationships with key customers by providing more direct support.

Despite the strenuous global and local economic environment which persisted throughout 2017, strategic projects were completed, thereby enhancing the company's overall ability to serve its existing and new customers. These included the repairs to Berth 2 at the Port of Brighton in La Brea and the reconstruction of the main corridor at La Brea Industrial Estate, which facilitated the successful loadout of bpTT's Juniper platform, a project of national significance.

In its role of conceptualisation and development of new energy-related projects, National Energy redefined and broadened its scope, taking a leading role in the country's thrust towards renewable energy and other low-volume, gas-based initiatives. Local, regional and international organisations were also actively engaged, as part of National Energy's ongoing pursuit of strategic partnerships and investment opportunities at the company and Group levels.

National Energy is pleased with its accomplishments in 2017, which provide evidence that the company is moving in the right direction towards creation of a sustainable energy future for the people of Trinidad and Tobago.

In 2017, driven by the desire and responsibility for sustainability, the company embarked on a transformative process which involved deep introspection, realignment and innovation towards achieving our goal.

Corporate Profile

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

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

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

Report of Directors

YEAR ENDED DECEMBER 31, 2017

The Directors are pleased to submit their Report together with the Financial Statements for the year ended December 31, 2017.

1. ACTIVITIES

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

The mandate of National Energy includes:

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

ii) Identifying and developing new industrial estates

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

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

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

vi) Towage and harbour operations

vii) Managing the environmental sustainably

National Energy, having successfully completed various elements of its mandate, continued to focus on the above items during 2017.

2. FINANCIAL RESULTS

The financial results for the period are summarised as follows:

	2017 TT$'000	2016 TT$'000
Profit before Tax	109,676	103,200
Provision for Tax	(35,873)	(48,368)
Net Profit	73,803	54,832
Retained Earnings	73,803	54,832
Retained Earnings – At Beginning of Year	548,971	494,139
Retained Earnings – At End of Year	622,774	548,971

In 2017, National Energy's total revenue increased by 6% to TT$340.57M from the 2016 amount of TT$321.56M. This resulted mainly from increased operating revenue from Savonetta Piers and ISCOTT Dock.

It should be noted that through much negotiation, TT$23.87M was successfully recovered from the funds that were illegally transferred in September 2011 to Dubai, bringing the matter to a close.

Expenses for 2017 totalled TT$230.90M (2016: TT$218.36M), an increase of 6.0%. This resulted mainly from the recognition of full dredging expense in the year.

National Energy recorded a profit before tax of TT$109.68M in 2017 as compared to TT$103.20M for 2016. This improvement in performance was driven by higher operating revenue, coupled with higher income from insurance proceeds on vessel claims and the recovery of funds from the illegal wire transfer. Profit after tax of TT$73.80M was 35% higher than the profit of TT$54.83M recorded for 2016. This increase resulted due to the reduction in the tax expense from the recognition of deferred tax liability in 2016 from the increase in the corporation tax rate from 25% to 30%.

3. DIRECTORS

During the year 2017, the Board of Directors comprised Messrs. Gerry Brooks - Chairman, Kenneth Allum, Arnold de Four, Marcus Ganness, Hadyn Gittens, Wade Hamilton and Sham Mahabir. Mr. Hadyn Gittens resigned on July 31, 2017.

4. SIGNIFICANT EVENTS

Investment Facilitation

- In March 2017, National Energy commenced its international investor engagement for the Solar Energy Park and in April 2017, local investor engagement.
- A Memorandum of Understanding (MOU) was signed to facilitate stakeholder meetings leading to the advancement of a wind power project.
- An MOU for the conduct of a Preliminary Study to assess the market; technical, commercial and economic components for the establishment of a suitably sized photovoltaic (PV) assembly facility in Trinidad and Tobago.
- Facilitation of the development of two (2) aluminium-based processing projects were advanced significantly in 2017.
- National Energy hosted a derivative melamine/engineered board workshop with US-based Forest Economic Advisors. Other speakers included industry specialists/representatives, e.g. Methanol Holdings Trinidad Limited, Caribbean Petrochemical Manufacturing Limited and Forestry Division.

Infrastructure Development

- Repair works to Berth 2 Heavy Lift Platform at Port of Brighton La Brea, were completed ahead of schedule to facilitate the bpTT Juniper Platform loadout which occurred in January 2017.
- Berth 2 Quay Wall repair works were substantially completed and the berth operational in April 2017.

- Reconstruction of the LABIDCO Corridor and Pipeline Right-of-Way at La Brea Industrial Estate was substantially completed in February 2017.
- Port of Galeota Warehouse construction works by General Earth Movers Ltd, were mechanically completed in July 2017.
- Maintenance dredging at all three (3) sites (Point Lisas Harbour, Port of Brighton and Galeota) was completed ahead of schedule in October 2017.

Commercial Activity

- There were five hundred and twenty-five (525) vessel calls to the Savonetta Piers facilitating a total of 15.46 million metric tonnes handled, allowing it to exceed its revenue target by 4%.
- Ten (10) new users were included towards new business generation in Towage and Harbour Operations.
- Four (4) new users were included towards new business generation at ISCOTT Dock, allowing it to exceed its revenue target by 70%.
- Eleven (11) new users were included towards new business generation at the Port of Galeota.
- The start of logistic operations by an international logistics company at the Port of Galeota and Port of Brighton.

AUDITORS

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

Dated this 12th day of March 2018
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

Operations Highlights

INVESTMENT FACILITATION & INFRASTRUCTURE DEVELOPMENT

As part of the ongoing process of business improvement, the Investment Facilitation and Infrastructure Development Division was formed in 2017 to provide focus on the company's responsibility for conceptualisation and development of new energy-related projects, and provision of infrastructure required to support these projects. Some of the major accomplishments in this area included:

Investment Facilitation

- In the early development stages of a new project, stakeholder engagement is critical to the process of refining the project's scope and gaining insights into its overall feasibility. Therefore, National Energy engaged key stakeholders on several new projects during the year, beginning with a Development and Investment Forum in January. In March 2017, a stakeholder feedback session was held to provide an update on the Solar Energy Park Project's feasibility study to key stakeholders. Direct engagement of international and local investors also commenced in the first half of the year.
- National Energy continued to advance its renewable energy thrust with the signing of an MOU with a consortium of investors in April 2017, to facilitate a wind power project. In November 2017, an MOU was signed between National Energy and a local company for the conduct of a preliminary study for the establishment of a PV assembly facility in Trinidad and Tobago.
- In its ongoing commitment to maximisation of value from the nation's energy resources for the benefit of all citizens National Energy signed a Memorandum of Cooperation with the Trinidad and Tobago Manufacturers' Association (TTMA) to further strengthen the link between energy and manufacturing.
- In November 2017, the company hosted a derivative melamine/engineered board workshop with US-based, Forest Economic Advisors and other stakeholders.
- In 2017, National Energy facilitated the assessment of establishing two (2) aluminium processing projects at La Brea. Work is proceeding towards developing the facilities at appropriate sites.

Infrastructure Development

- In February 2017, tenders were awarded for electrical, civil and mechanical site services infrastructure for the Port of Galeota and works began in August 2017. In March 2017, a tender was awarded to Van Oord Dredging and Marine Contractors B.V. for maintenance dredging of the Point Lisas Channel and Turning Basin and the Ports of Brighton and Galeota. Maintenance dredging at all three (3) sites was completed in October 2017, ahead of schedule.
- Repair works to Berth 2 Quay Wall at Port of Brighton La Brea, which were critical in facilitation of the bpTT Juniper Platform loadout in January 2017, were mechanically completed by contractor Soletanche Bachy Cimas, in July 2017.
- In June 2017, works on the reconstruction of the La Brea Industrial Estate Corridor and Pipeline Right-of-Way were successfully completed. The corridor facilitated the timely movement of components, equipment and materials associated with the construction of the Caribbean Gas Chemicals Limited Methanol to Di-methyl Ether (DME) plants.

CGCL module is offloaded at Berth 2, Port of Brighton

- In August 2017, construction works on the Port of Galeota warehouse facility were mechanically completed.
- Statutory approvals were obtained for several projects including:
    - Ministry of Planning and Development Outline Permission approval for development of Point Lisas North Industrial Estate was received in July 2017.
    - Ministry of Works Structural Approval received for Port of Galeota Administration Building in February 2017.
    - Approval for dredging dumpsite at the Ports of Brighton and Galeota received from the Commissioner of State Lands on May 11, 2017.

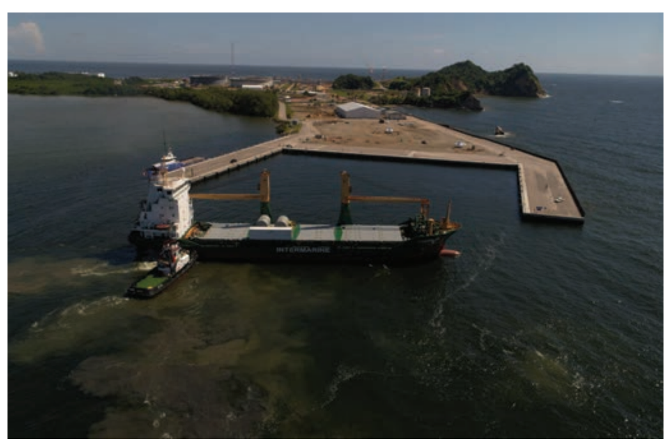
COMMERCIAL

In 2017, the Commercial Division was formed to better align the company's operations to the objective of increasing revenue from our assets and activities. At the end of December 2017, combined revenue from National Energy's commercial assets as well as LABIDCO exceed targets, with LABIDCO's revenue surpassing its target by 21%.

Marine Terminals

The Savonetta Piers continue to be strategically significant assets for National Energy, contributing 43% of overall revenue in 2017. Despite the slow global economy, there were 525 vessel calls at the piers, representing growth of 5% in cargo handled. Revenue from these assets was 4% higher than budgeted at the end of the year.

Despite the closure of the ArcelorMittal Steel Plant in 2016, National Energy's Commercial team successfully marketed ISCOTT Dock and achieved revenue of 70% over budget. Thirty-six (36) vessels called at the facility and there was a 64% increase in cargo handled over the 2016 volume.



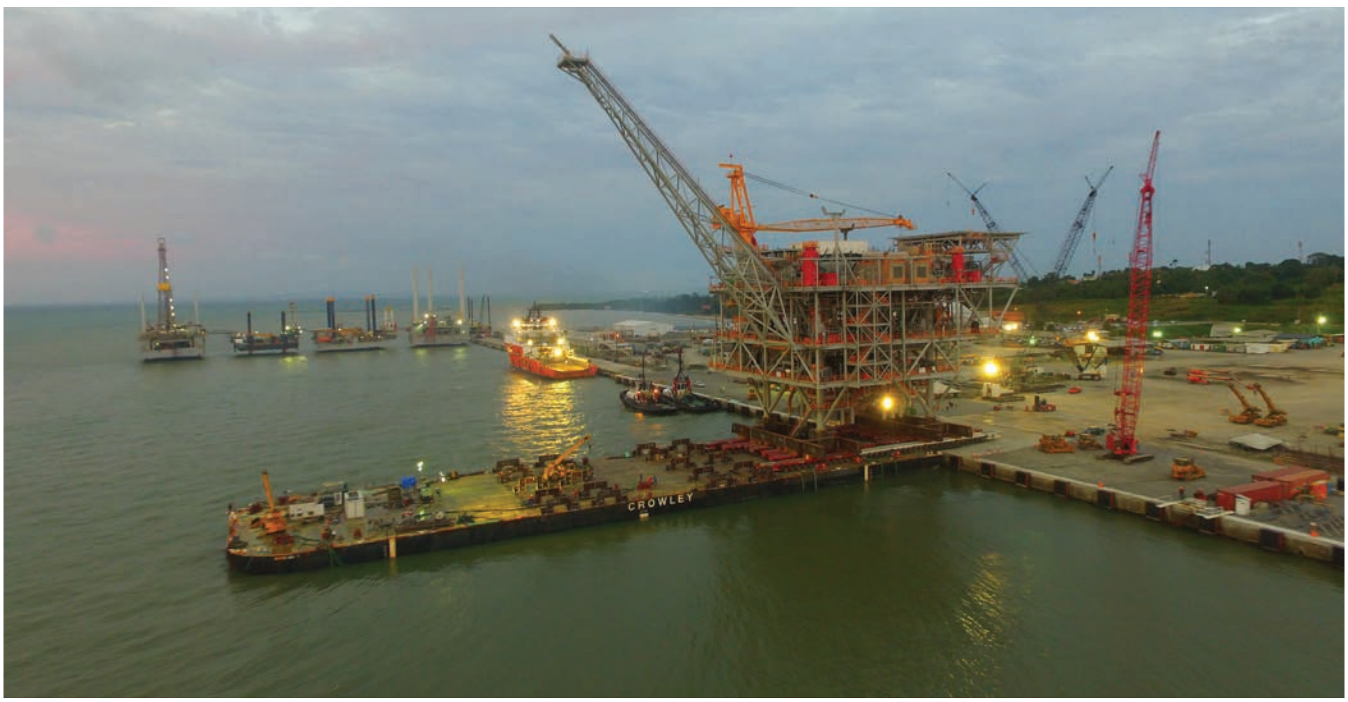
National Energy tug assists vessel berthing at the Port of Galeota

Towage & Harbour Operations

National Energy owns and operates a fleet of 10 marine vessels – eight tugs, one launch and one fast crew supply vessel – which provide vital support for local and regional businesses. The year under review saw a decline in revenue from towage activities due, in part, to the reduced activity at the Point Lisas Industrial Estate, where the country's petrochemical plants are located. Average vessel availability throughout the year was recorded at 84 %.

Revenue from harbour operations was consistent with budgeted targets and ten (10) new users were added to the company's customer base for this service area.

National Energy Explorer departs Point Lisas en route to Dominica



bpTT's Juniper platform is loaded out from Berth 2 at the Port of Brighton

Ports and Estates

The Port of Galeota achieved some important milestones in 2017 with the arrival of the first international vessel at Berth 2; completion of the 2,700 m^2 warehouse facility and the start of logistics operations by an international integrated logistics company. Revenue at the end of the year was comparable to targeted revenue. However, there was a 108% increase in cargo handled at the port over the previous year, as materials and equipment were imported for bpTT's terminal upgrade project. Notably, eleven (11) new users were added to the port's customer base in 2017.

The Port of Brighton completed the year at 13% below its targeted revenue. This was due in part to continuing works at Berth 2, which were completed in Quarter 2, 2017. Revenue is expected to grow in 2018 as a contract was signed with an offshore operator to support the Iguana Field Development.

La Brea Industrial Development Company Limited (LABIDCO)

Overall revenue for LABIDCO had a positive variance of 21.24% above budget. This resulted from the increase in vessel calls and cargo handled at Berth 2 which returned to full service in July 2017.

National Energy engages stakeholders on melamine derivative project 1

National Energy engages stakeholders on melamine derivative project 2

LOSS PREVENTION AND SUSTAINABILITY

National Energy is governed by the NGC Group HSSE Policy which seeks to achieve 'zero unsafe behaviours' among our staff and stakeholders. Guided by this principle, the company continued to take actions to maintain the highest standards of HSSE in its operations. Some of the notable achievements of 2017 included:

- STOW recertification of the company's towage and harbour services for a period of two (2) years. National Energy is a signatory to STOW, which requires that all high-risk services, such as marine services, maintain certification.
- In collaboration with CGCL and Mitsubishi Heavy Industries, the Heavy Lifts and Module Transportation Plan was developed, and approval obtained from the Trinidad and Tobago Police Service and Highways Division. This plan allowed for the safe movement of modules and components for the CGCL methanol plant from the Port of Brighton to the Union Industrial Estate with minimal disruption to the regular flow of traffic at La Brea Industrial Estate and the Southern Main Road in La Brea.
- Asset integrity is a major strategic priority for National Energy, as the company owns and operates several critical assets which support the local energy sector. Cognisant of the crucial role asset integrity plays in ensuring business sustainability, the Loss Prevention and Sustainability Division developed and implemented the Asset Integrity Policy and Management Framework for the company's piers, ports and marine assets.
- The SOLAS Convention, which was ratified by Trinidad and Tobago, requires that all ports at which international trade is carried out, must have Internal Ship and Port Facility Security (ISPS) Code certification. Therefore, the Trinidad and Tobago Coast Guard (designated authority for ports in Trinidad and Tobago), engaged the United States Coast Guard, to conduct ISPS audits at various ports around the country, including the Port of Brighton. The audit verified the facility's state of compliance with the ISPS Code.
- A Certificate of Environmental Clearance (CEC) was obtained for re-abandonment of seven (7) wells at the La Brea Industrial Estate and works are expected to commence in 2018.

HUMAN RESOURCES AND STRATEGIC PLANNING

One of the NGC Group's strategic pillars is to develop the organisation. Therefore in 2017, National Energy placed emphasis on effective deployment of staff to optimise use of the knowledge and skills and strengthening of competencies where they might have been lacking. Some of the major human resource development achievements during the year included:

- Implementation of Human Resources Audit priority recommendations for 2017, which focused on training and development.
- Completion of job competency profiles for all National Energy employees. The competency-based management system which was implemented in conjunction with NGC was designed to contribute to the company's overall business continuity through enhanced employee development, talent management and succession planning.

- Execution of Phase 1 of an organisation restructuring exercise, which led to the formation of the Commercial and Investment Facilitation and Infrastructure Development Divisions. The LPS Department was also realigned to report directly to the President of the company.
- Completion of a five-year strategic plan for National Energy and LABIDCO.

National Energy engages stakeholders on melamine derivative project 1

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In keeping with its commitment to responsible corporate citizenship, National Energy continued to contribute to the sustainability of the communities in which we operate. Due to reduced finances, a more targeted approach was taken, which saw the company focusing on the CSR pillar of Education. Accordingly, National Energy donated book bags and school supplies to SEA graduates of Milton Presbyterian Primary School and Brighton Anglican Primary School. Book vouchers were also donated to primary and secondary school children in our fenceline communities of Mayaro/Guayaguayare and La Brea and environs for the purchase of books and stationery for the September 2017 school term.

In collaboration with the Loss Prevention and Sustainability Department, the Corporate Communication and Administration Department oversaw the installation of safety signage at Milton Presbyterian Primary School, an activity which is aligned with the NGC Group's HSSE focus on 'world-class safety'.

Employees of National Energy came together to commemorate Independence and Republic Day with our inaugural 'Raise Your Flag' celebrations which ran from 31 August to 24 September 2017. The month-long celebration was designed to rekindle the spirit of national pride and raise awareness of the significance of these national holidays. A highlight of the commemoration was the 'Raise Your Flag' Game Show in which teams competed for prizes in a series of mental and physical challenges.

In September 2017, National Energy joined with the members of the NGC Group to aid the people of Dominica. The *National Energy Explorer*, a fast crew supply vessel, owned and operated by National Energy, sailed to Dominica to deliver supplies donated by employees of the Group, the Energy Chamber of Trinidad and Tobago and other corporate entities.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Report of Directors

YEAR ENDED DECEMBER 31, 2017

The Directors are pleased to submit their Report to the Members together with the Financial Statements for the year ended December 31, 2017.

1. ACTIVITIES

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

2. FINANCIAL POSITION

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

		2017 TT$	**2016** TT$
Assets:	Property, plant and equipment	489,085,163	433,065,332
	Debtors and prepayments	53,983,811	53,882,285
	Cash & short-term investments	71,838,192	64,373,968
		614,907,166	551,321,585
Liabilities:	Share capital	254,919,000	254,919,000
	Accumulated losses	(88,092,345)	(72,544,813)
	Capital contribution	318,211,948	249,445,563
	Shareholder advances	12,847,404	84,845,214
	Creditors & accruals	117,021,158	34,656,621
		614,907,166	551,321,585

3. FINANCIAL PERFORMANCE

The financial performance for the period is summarised as follows:

	2017 **TT$**	**2016** **TT$**
Revenue	43,158,181	24,918,145
Operating expenses	(49,615,219)	(6,871,695)
Operating (loss)/profit	(6,453,038)	18,046,450
Other income/(expenses)	(9,094,494)	(7,608,045)
Net (loss)/profit for year	(15,547,532)	10,438,405

3. FINANCIAL PERFORMANCE (continued)

Performance for 2017 was primarily impacted by the following factors:

- The cost of dredging works at the Port of Brighton (TT$28.1 million). This is a one-time charge for significant dredging works required to facilitate the start of methanol shipments for the CGCL Project at Union Industrial Estate (UIE).

- Additional depreciation charges of TT$14.6 million relating to the completion and commissioning in 2017 of significant capitals works on the Berth 2 Quay Wall (TT$10.6 million) and the reconstruction of the LABIDCO Corridor and Pipeline Right-of-Way (TT$4.0 million). These works were also required to facilitate the CGCL Methanol Project and the depreciation costs would apply over the remaining life of these assets.

Excluding the impact of the dredging expenses, profit after tax would amount to $4,080,222. Notwithstanding, the forecast is for a positive net profit in 2018.

4. DIRECTORS

For the financial year ended December 31, 2017 the membership of the Board comprised Messrs. Gerry Brooks, Arnold de Four, Wade Hamilton, Dr. Zameer Mohammed and Mr. Randhir Rampersad. Dr. Zameer Mohammed was replaced by Mr. Randhir Rampersad as Petrotrin's representative on October 25, 2017.

5. SIGNIFICANT EVENTS

The significant events occurring during the course of the year were:

- Repair works to Berth 2 Heavy Lift Platform at Port of Brighton La Brea, were completed to facilitate the bpTT Juniper Platform loadout which occurred in January 2017.
- Berth 2 Quay Wall repair works were substantially completed and the berth became operational in April 2017.
- Reconstruction of the LABIDCO Corridor and Pipeline Right-of-Way at La Brea Industrial Estate was substantially completed in February 2017.
- Maintenance dredging was completed at the Port of Brighton in October 2017.
- The start of logistic operations by an international logistics company at the Port of Port of Brighton

6. AUDITORS

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

Dated this 28th day of March 2018
By ORDER OF THE BOARD

Camille Blackman
Company Secretary

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

Financial Statements

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Energy Corporation of Trinidad and Tobago Limited, ('the Company') which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

President	VP Finance & Administration
6 March 2018	6 March 2018

Deloitte.

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Energy Corporation of Trinidad and Tobago Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
19 March 2018

Statement of financial position

As at 31 December 2017

(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	415,368	439,480
Investment properties	6	447,074	464,988
Deferred taxation asset	7 (b)	2,368	2,622
Total non-current assets		864,810	907,090
Current assets			
Cash and short-term deposits	8	253,566	318,787
Trade and other receivables	9	184,973	175,378
Due from related parties	19	60,971	1,650
Taxation recoverable		14,811	11,235
Total current assets		514,321	507,050
Total assets		**1,379,131**	**1,414,140**

Statement of financial position (continued)

As at 31 December 2017

(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	10	103,427	103,427
Capital contribution	11	43,325	43,325
Retained earnings		622,774	548,971
Total shareholder's equity		769,526	695,723
Non-current liabilities			
Long-term debt	12	276,311	388,586
Deferred taxation liability	7 (b)	65,684	62,722
Deferred income	14	74,629	79,928
Total non-current liabilities		416,624	531,236
Current liabilities			
Current portion of long-term debt	12	48,195	48,195
Trade and other payables	13	77,846	93,025
Deferred income	14	30,678	30,133
Due to related parties	19	6,038	5,532
Due to parent company	19	30,222	5,864
Taxation payable		2	4,432
Total current liabilities		192,981	187,181
Total liabilities		**609,605**	**718,417**
Total shareholder's equity and liabilities		**1,379,131**	**1,414,140**

The accompanying notes on pages 26 to 60 form an integral part of these financial statements.

The financial statements of National Energy Corporation of Trinidad and Tobago Limited were authorised for issue by the Board of Directors on 6 March 2018.

Chairman

Director

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Revenue	15	323,457	308,111
Operating costs	17 (a)	(168,195)	(128,016)
Operating profit		155,262	180,095
Other income	16	15,764	12,612
Interest income		1,354	834
Administrative and general expenses	17 (b)	(41,221)	(60,992)
Finance costs	17 (c)	(23,408)	(27,687)
Gain/(loss) on foreign exchange transaction		1,925	(1,662)
Profit before taxation		109,676	103,200
Income tax expense	7 (a)	(35,873)	(48,368)
Profit for the year after taxation		73,803	54,832
Other comprehensive income		–	–
Total comprehensive income		**73,803**	**54,832**

The accompanying notes on pages 26 to 60 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2016				
Balance at 1 January 2016	103,427	119,514	494,139	717,080
Decrease in capital contribution	–	(76,189)	–	(76,189)
Profit for the year after taxation	–	–	54,832	54,832
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	54,832	54,832
Balance at 31 December 2016	**103,427**	**43,325**	**548,971**	**695,723**
Year ended 31 December 2017				
Balance at 1 January 2017	103,427	43,325	548,971	695,723
Profit for the year after taxation	–	–	73,803	73,803
Other comprehensive income	–	–	–	–
Total comprehensive profit	–	–	73,803	73,803
Balance at 31 December 2017	**103,427**	**43,325**	**622,774**	**769,526**

The accompanying notes on pages 26 to 60 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Cash generated by operations	18	119,525	282,363
Taxation paid		(36,559)	(31,773)
Interest paid		(17,941)	(22,269)
Interest received		1,163	712
Net cash generated from operating activities		66,188	229,033
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,679)	(20,391)
Additions to investment properties		(4,340)	(27,824)
Net decrease/(increase) in short-term investments		4,833	(1,911)
Proceeds from disposal of property, plant & equipment		3,805	4,315
Net cash (used in)/generated from investing activities		(8,381)	(45,811)
Cash flows from financing activities			
Repayment of borrowings		(118,196)	(123,705)
Net cash used in financing activities		(118,196)	(123,705)
Net (decrease)/increase in cash and cash equivalents		(60,389)	59,517
Cash and cash equivalents at beginning of year		271,230	211,713
Cash and cash equivalents at end of year	8 (c)	**210,841**	**271,230**

The accompanying notes on pages 26 to 60 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

1. Corporate information

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

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

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

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

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

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

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

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

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

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 7, *(Disclosure Initiative)***

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

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- ***Annual Improvements 2014-2016***

  IFRS 12 – Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

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

2.2 New and revised IFRS in issue but not yet effective

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

• IFRS 9	Financial instruments[1]
• IFRS 15	Revenue from Contracts with Customers[1]
• IFRS 16	Leases[2]
• IFRS	Annual improvements to IFRS standards 2015 - 2017 cycle[2]
• Amendments to IFRS 2	Classification and Measurement of Share - Based Payments[1]
• Amendments to IFRS 9	Financial instruments[2]
• Amendments to IAS 28	Long-term interests in associates and joint Ventures[2]
• Amendments to IAS 40	Transfers of investment property[1]
• IFRIC 22	Foreign currency transactions and advance Considerations[1]
• IFRIC 23	Uncertainty over income tax treatments[2]

1 Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January, 2021, with earlier application permitted.

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

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

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

- **IFRS 9 *Financial Instruments***

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

  Key requirements of IFRS 9:

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

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

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

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

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

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

  The management of the Company anticipates that the application of IFRS 9 in the future may have a material 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 the Company undertakes a detailed review.

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

  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

  The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

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

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

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

  On June 20, 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

  The management of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- ***IFRS 16 Leases***

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

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

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

  Makes amendments to the following standards:

  – **IFRS 3** and **IFRS 11** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

  – **IAS 12** – The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

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

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

- **Classification and Measurement of Share-based Payment Transactions *(Amendments to IFRS 2)***

  Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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

- ***Prepayments Features With Negative Compensation (Amendments to IFRS 9)***

  Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

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

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

  Clarifies that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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

- **Amendments to IAS 40, *Transfer of investment property***

  The amendments to IAS 40 *Investment Property*:

  a) Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

  b) The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

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

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

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

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

  The interpretation addresses foreign currency transactions or parts of transactions where:

  a) there is consideration that is denominated or priced in a foreign currency;

  b) the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and

  c) the prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:

  a) The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

  b) If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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

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

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

  a) Whether tax treatments should be considered collectively

  b) Assumptions for taxation authorities' examinations

  c) The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

  d) The effect of changes in facts and circumstances

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies

Basis of preparation

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

Statement of compliance

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

a) **Cash and cash equivalents**

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

b) **Trade receivables**

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

c) **Taxes**

Current taxes

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

Deferred tax

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

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

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

d) **Property, plant and equipment**

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

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

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

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

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

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

e) **Investment property**

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

Development costs	3.33%
Buildings	3.33%

No depreciation is provided on freehold land.

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

f) **Long-term debt**

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

g) **Foreign currencies**

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

h) **Borrowing costs**

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

i) **Payables and accruals**

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

j) **Financial assets**

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

Loans and receivables

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

Amortised cost

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

k) **Financial liabilities**

Interest bearing loans and borrowings

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

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

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

l) **Impairment of non-financial assets**

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

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

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

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

m) **Impairment of financial assets**

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

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

Financial assets

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

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

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

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

Financial liabilities

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

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

o) **Revenue recognition**

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

Marine infrastructure income

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

Property rental income

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

Management fees

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

Interest income

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

3. Summary of significant accounting policies (continued)

p) **Leases**

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

The Company as a lessor

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

The Company as a lessee

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

q) **Provisions**

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

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

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

r) **Government grants**

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

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

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

s) Deferred income

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

t) Comparative information

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

4. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Estimates and assumptions

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

Useful lives of property, plant and equipment and investment property

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment and investment property policies above. These rates and the residual lives of the assets are reviewed annually taking 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.

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

Operating lease commitments - Company as lessor

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

Deferred tax assets

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

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

5. Property, plant and equipment

	Marine infrastructure assets	Machinery equipment	Development cost	Leasehold property	Other assets	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 January 2016	764,419	10,442	2,562	20,665	15,233	12,141	825,462
Additions	11,544	4,117	–	–	362	4,368	20,391
Transfers	4,367	–	–	–	–	(4,367)	–
Transfers to investment properties (Note 6)	–	–	–	–	–	(12,134)	(12,134)
Disposals	(24)	(131)	–	(29)	(257)	–	(441)
Balance at 31 December 2016	**780,306**	**14,428**	**2,562**	**20,636**	**15,338**	**8**	**833,278**
Additions	8,923	1,786	–	–	474	1,496	12,679
Transfers	744	–	–	–	–	(744)	–
Disposals	–	–	–	–	(1,303)	–	(1,303)
Balance at 31 December 2017	**789,973**	**16,214**	**2,562**	**20,636**	**14,509**	**760**	**844,654**
Accumulated depreciation							
Balance at 1 January 2016	(338,087)	(5,399)	(1,826)	(3,923)	(9,692)	–	(358,927)
Depreciation charge	(30,768)	(1,839)	(235)	(417)	(1,996)	–	(35,255)
Disposals	19	128	-	2	235	–	384
Balance at 31 December 2016	**(368,836)**	**(7,110)**	**(2,061)**	**(4,338)**	**(11,453)**	**–**	**(393,798)**
Depreciation charge	(32,464)	(2,004)	(80)	(417)	(1,754)	–	(36,719)
Disposals	–	–	–	–	1,231	–	1,231
Balance at 31 December 2017	**(401,300)**	**(9,114)**	**(2,141)**	**(4,755)**	**(11,976)**	**–**	**(429,286)**
Net book value							
At 31 December 2016	**411,470**	**7,318**	**501**	**16,298**	**3,885**	**8**	**439,480**
At 31 December 2017	**388,673**	**7,100**	**421**	**15,881**	**2,533**	**760**	**415,368**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

6. Investment properties

	Buildings	Development cost	Capital work in progress	Total
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Balance at 1 January 2016	572,295	456,926	7,773	1,036,994
Additions	15,015	11,550	1,259	27,824
Transfers	–	8,577	(8,577)	–
Transfers from property, plant & equipment (Note 5)	12,134	–	–	12,134
Balance at 31 December 2016	**599,444**	**477,053**	**455**	**1,076,952**
Additions	1,095	1,686	1,559	4,340
Transfers	–	–	–	–
Balance at 31 December 2017	**600,539**	**478,739**	**2,014**	**1,081,292**
Accumulated depreciation				
Balance at 1 January 2016	(19,969)	(104,082)	–	(124,051)
Depreciation charge	(3,710)	(18,132)	–	(21,842)
Balance at 31 December 2016	**(23,679)**	**(122,214)**	**–**	**(145,893)**
Depreciation charge	(3,964)	(18,290)	–	(22,254)
Balance at 31 December 2017	**(27,643)**	**(140,504)**	**–**	**(168,147)**
Accumulated impairment				
Balance at 1 January 2016	(466,071)	–	–	(466,071)
Impairment reversals charged to the profit or loss	–	–	–	–
Balance at 31 December 2016	**(466,071)**	**–**	**–**	**(466,071)**
Balance at 31 December 2017	**(466,071)**	**–**	**–**	**(466,071)**
Net book value				
At 31 December 2016	**109,694**	**354,839**	**455**	**464,988**
At 31 December 2017	**106,825**	**338,235**	**2,014**	**447,074**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

6. Investment properties (continued)

Amounts recognised in statement of profit or loss

	2017 $'000	2016 $'000
Rental income from investment properties	16,673	16,116
Direct operating expenses	2,260	1,404

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

ii) The fair value is based on the investment property value in use. The recoverable amount of the Company's major assets has been determined based on a value-in-use calculation using cash flow projections from lease agreements and the Board approved business development, at a discount rate of 5.717%. As a result of this analysis, no impairment was recognised by Management for 2017 on its investment properties in the statement of profit or loss.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2017	–	–	362,159	362,159	263,495
At 31 December 2016	–	–	303,375	303,375	273,999

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2017	–	–	175,796	175,796	79,467
At 31 December 2016	–	–	87,954	87,954	82,860

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

7. Taxation

a) Taxation charge

The major components of the taxation expense are as follows:

	2017 $'000	2016 $'000
Corporation tax: current year	29,161	32,145
prior year tax	2,474	1,601
Green fund levy	1,022	963
Deferred taxation expense (note 7b)	3,216	3,642
Deferred taxation resulting from increase in enacted future tax from 25% to 30%	–	10,017
	35,873	**48,368**

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

	2017 $'000	2016 $'000
Profit before taxation	**109,676**	**103,200**
Income taxes thereon at the rate of 30%	32,903	25,800
Non-deductible expenses	(6,368)	5,342
Permanent differences	5,986	4,987
Green fund levy	1,022	963
Prior year taxes	2,474	1,601
Deferred taxation resulting from increase in enacted future tax from 25% to 30%	–	10,017
Other differences	(144)	(342)
	35,873	**48,368**

b) Deferred tax

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

	2017 $'000	2016 $'000
Assets		
Accrued vacation leave	1,978	2,096
Accrued interest payable	390	526
	2,368	**2,622**
Liabilities		
Long lived assets	**65,684**	**62,722**

Movement for the year in the net deferred tax liability:

Movement for the year:

	2017 $'000	2016 $'000
Balance at 1 January	60,100	46,441
Deferred tax charge to statement of profit and loss	3,216	13,659
Balance at 31 December	**63,316**	**60,100**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

8. Cash and short-term deposits

	2017 $'000	2016 $'000
Cash at bank and on hand	210,841	271,230
Short-term deposits	42,725	47,557
	253,566	**318,787**
Investment held with Clico Investment Bank (Note 8(b))	14,381	14,381
Less: Impairment provision of short-term deposit (Note 8(b))	(14,381)	(14,381)
	253,566	**318,787**

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 $253.566 million (2016: $318.787 million).

b) The Company holds investment note certificates with Clico Investment Bank Limited (CIB) in the amount of $14.381 million. CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic Trinidad and Tobago. The investment note certificates in CIB were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December, 2017.

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

	2017 $'000	2016 $'000
Cash at banks and on hand	**210,841**	**271,230**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

9. Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables - third parties	71,363	78,846
Provision for doubtful debts (note 9c)	(5,473)	(8,102)
	65,890	70,744
Other receivables:		
Due from Government of Trinidad & Tobago	91,437	81,829
Due from Government of Trinidad & Tobago - unbilled	3,736	4,083
Value Added Tax recoverable	4,695	5,481
Prepaid expenses	899	44
Insurance prepayment	2,163	1,381
Interest receivable	412	221
Other	15,741	11,595
Total receivables and prepayments	**184,973**	**175,378**

(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.

As at August 2017, the Company received the outstanding balance of $23.509 million.

(c) As at 31 December 2017, trade receivables at a value of $5.473 million (2016: $8.102 million) were impaired and provided for fully. Movements in the provision for impairment of receivables were as follows:

	2017 $'000	2016 $'000
At 1 January	8,102	16,360
Charge for year	713	2,962
Amounts written off	(2,731)	–
Provision reversed	(611)	(11,220)
At 31 December	**5,473**	**8,102**

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
2017	**65,890**	**18,854**	**19,933**	**3,239**	**13,341**	**844**	**9,679**
2016	**70,744**	**37,735**	**11,447**	**2,723**	**1,800**	**1,175**	**15,864**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

10. Stated capital

	2017 $'000	2016 $'000
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
1,034,270 ordinary shares of no par value	103,427	103,427

11. Capital contribution

The parent company, NGC provided the Company with a loan at an interest rate below market rate effective 31 December 2008. This resulted in the Company recognising a capital contribution of $97.223 million when the loan was recorded at fair value at 31 December 2008. (See note 12 (a)). As at 31 December 2010 and 2011 additional fair value adjustments of $4.256 million and $18.035 million were recorded on the loan from the parent due to a deferral of the commencement of loan instalments to 1 January 2016 and 1 January 2017 respectively.

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

12. Long-term debt

	Long-term portion $'000	Current portion $'000	2017 $'000	2016 $'000
NGC – UIE Loan (Note 12(a))	–	–		–
NGC advance (Note 12(b))	–	–		–
Consolidated loan (Note 12(c))	276,311	48,195	324,506	436,781
	276,311	**48,195**	**324,506**	**436,781**

a) On 12 April 2009, the Company was mandated by the Government of the Republic of Trinidad and Tobago to reimburse the Parent Company, NGC, for the cost of the development of Union Industrial Estate, La Brea. The purchase consideration of US$58.518 million (TT$367.078 million) was set up as a loan with an effective date of 31 December 2008. The principal is to be paid in equal semi-annual instalments originally commencing 1 July 2009 with interest at a rate of 3.0% per annum. Interest for 2010 and 2011 have been capitalised. Interest payments commenced in 2012 and principal repayments in 2017.

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

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

12. Long-term debt (continued)

c) On 2 June 2016, the Company refinanced the two (2) loans mentioned in Note 12(a) and 12(b) above. These loans were consolidated with the following terms:

i. Currency denomination changed from United States dollars to Trinidad and Tobago dollars
ii. Interest rate changed to 4.6%
iii. Tenure of ten (10) years with equal semi-annual principal payment

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

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

	Carrying amount		**Fair value**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
	324,506	**436,781**	**324,506**	**436,781**

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

	2017 $'000	**2016 $'000**
In one year or less	48,195	48,195
In more than one year but not more than two years	48,195	48,195
In more than two years but not more than three years	48,195	48,195
In more than three years but not more than four years	48,195	48,195
In more than four years but not more than five years	48,195	48,195
In more than five years	83,531	195,806
	324,506	**436,781**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

13. Trade and other payables

	2017 $'000	2016 $'000
Trade payables	5,575	22,442
Accrued material/service amounts	39,167	30,648
Employee related accruals	10,900	7,036
Retentions	19,305	29,922
VAT payable	2,899	2,977
	77,846	**93,025**

The table below summarises the trade and other payables:

	Under 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2017			
Trade creditors & accruals	51,858	19,305	71,163
Accrued vacation leave	–	6,592	6,592
Accrued audit fees	–	91	91
Total trade creditors and accruals	**51,858**	**25,988**	**77,846**
As at 31 December 2016			
Trade creditors & accruals	56,026	29,921	85,947
Accrued vacation leave	–	6,986	6,986
Accrued audit fees	–	92	92
Total trade creditors and accruals	**56,026**	**36,999**	**93,025**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

14. Deferred income

	2017 $'000	2016 $'000
Billings in advance (Note 14a)	17,136	16,904
Deferred income – Union Industrial Estate and Renewables (Note 14b)	79,897	85,165
Deferred income – Other	8,274	7,992
	105,307	**110,061**
Non-current	74,629	79,928
Current	30,678	30,133
	105,307	**110,061**

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

b) Deferred income - Union Industrial Estate and Renewables:

	2017 $'000	2016 $'000
Balance at 1 January	85,165	88,618
Solar House Project	–	(113)
Received during the year	–	1,897
Amount released to income	(5,268)	(5,237)
Balance at 31 December	**79,897**	**85,165**

15. Revenue

The revenue principally consists of the following:

	2017 $'000	2016 $'000
ISCOTT dock	11,693	6,294
Savonetta piers	139,363	126,809
Point Lisas harbour	36,353	35,586
Tugs and workboats	89,956	91,312
Lease land (Note 6)	16,673	16,116
Amortisation of deferred capital grant	5,268	5,237
Galeota port	11,736	13,043
Berth 3 - Brighton	10,507	6,014
Tug mooring facility rental	880	1,097
Rental storage facilities	963	5,851
Rental storage yard	–	752
Marshalling Yard	65	–
	323,457	**308,111**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

16. Other income

	2017 $'000	2016 $'000
Management fees – La Brea Industrial Development Company Limited	731	721
Project management fees	608	181
Gain on disposal of property, plant & equipment	3,734	4,291
Miscellaneous	10,691	7,419
	15,764	**12,612**

17. Expenses

(a) Operating costs:

	2017 $'000	2016 $'000
Depreciation and amortisation	54,632	52,523
Maintenance – marine facilities	29,151	29,783
Dredging	35,976	–
Salaries and related benefits (Note 17(d))	13,371	11,761
Management fees – tugs & workboats	25,447	25,918
Insurance	4,035	2,889
Security	5,464	5,023
Sea bed lease rent	119	119
	168,195	**128,016**

(b) Administrative and general expenses:

	2017 $'000	2016 $'000
Salaries and related benefits (Note 17(d))	50,032	47,996
Depreciation and amortisation	4,342	4,575
Management fees – NGC	1,000	1,000
Insurance	464	644
Movement in provision for doubtful debts	(23,194)	(8,258)
Motor vehicle expense	1,986	2,314
General business travel	227	157
Security	668	512
Advertising and communications	691	670
Legal and professional fees	2,896	6,090
Donation – other	236	300
Other	1,873	4,992
	41,221	**60,992**

17. Expenses (continued)

	2017 $'000	2016 $'000
(c) Finance costs:		
Interest on debt and borrowings - related parties	17,488	22,970
Notional interest on related party loan	5,920	4,717
	23,408	**27,687**
(d) Staff costs:		
Included under marine expenses	13,371	11,761
Included under administrative and general expenses	50,032	47,996
	63,403	**59,757**

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

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

18. Cash flows from operating activities

	2017 $'000	2016 $'000
Cash flows from operating activities		
Profit before taxation	109,676	103,200
Adjustment for:		
Depreciation	58,974	57,098
Interest expense	23,408	27,687
Penalties	(4,104)	–
Interest income	(1,354)	(834)
Loss on disposal of property, plant and equipment	(3,734)	(4,291)
Amortisation of deferred income	(5,268)	(5,237)
Decrease in parent company loan due to foreign currency translation	–	15,123
Operating profit before working capital changes	177,598	192,746
(Increase)/decrease in trade and other receivables and due from related parties and Parent Company	(68,725)	96,353
Decrease in inventories	–	2
Decrease in deferred income & deferred capital grant	514	3,534
Increase/(decrease) in trade and other payables and due to Parent Company	10,138	(10,272)
Cash generated from operating activities	119,525	282,363

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

19. Related party transactions

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

The sales to and purchases from related parties are at arm's length, with the exception of the interest rate on the UIE loan from the parent company (See Note 12 (b)). Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables with the exception of that relating to Alutech Limited. At 31 December 2017, the Company has recorded a provision for doubtful debts relating to amounts owed by related party Alutech Limited of $20.309 million (2016: $20.309 million). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table provides the total amount of material transaction, which have been entered into with related parties and the balance outstanding for the year ended 31 December 2017 and 31 December 2016.

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

19. Related party transactions (continued)

		Income from related parties $'000	Related party expenses $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursements	2017	–	–	–	30,222
	2016	–	–	–	5,864
Lease land/building	2017	1,181	–	–	–
	2016	734	–	–	–
Management fees	2017	–	1,000	–	–
	2016	–	1,000	–	–
Loans	2017	–	17,488	–	324,506
	2016	–	22,970	–	436,781
La Brea Industrial Company Limited					
Management fees/reimbursements	2017	731	–	60,895	6,038
	2016	721	–	1,641	4,792
Trinidad Generation Unlimited					
Income Lease Land	2017	2,252	–	–	–
	2016	2,144	–	–	–
NGC CNG					
Building Lease/Reimbursements	2017	720	–	76	–
	2016	420	–	9	–
PPGPL					
Reimbursements	2017	–	–	–	–
	2016	–	–	–	740
Government of the Republic of Trinidad and Tobago					
Government funded project costs	2017	608	-	95,173	–
	2016	181	-	85,913	–
Directors' allowances and fees	2017	–	489	–	–
	2016	–	461	–	–

Compensation of key management personnel

	2017 $'000	2016 $'000
Short-term employee benefits	14,085	14,346

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

20. Operating lease arrangements

The Company as a lessor

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

Future minimum rentals receivable under operating leases are as follows:

	2017 $'000	2016 $'000
Not later than 1 year	19,664	18,273
Later than 1 year and not longer than 5 years	62,607	66,628
Later than 5 years	311,615	331,364
	393,886	**416,265**

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:

	2017 $'000	2016 $'000
Not later than 1 year	–	168
Later than 1 year and not longer than 5 years	–	–
	–	**168**

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

21. Financial risk management objectives and policies

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

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

Credit risk

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

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

Interest rate risk

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

Liquidity risk

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

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

	On demand $'000	Under 3 months $'000	3 - 12 months $'000	1 - 4 years $'000	>5 years $'000	Total $'000
As at 31 December 2017						
Assets						
Cash and cash equivalents	210,841	42,725	–	–	–	253,566
Trade and other receivables	–	61,396	123,577	–	–	184,973
Due from related parties	–	–	60,971	–	–	60,971
	210,841	**104,121**	**184,548**	**–**	**–**	**499,510**
Liabilities						
Interest bearing debt	–	–	63,265	230,891	104,489	398,645
Trade creditors and accruals	–	51,858	19,305	–	–	71,163
Due to related parties	–	–	6,038	–	–	6,038
Due to parent company	–	–	30,222	–	–	30,222
	–	**51,858**	**118,830**	**230,891**	**104,489**	**506,068**
Net liquidity position	**210,841**	**52,263**	**65,718**	**(230,891)**	**(104,489)**	**(6,558)**
As at 31 December 2016						
Assets						
Cash and cash equivalents	271,230	47,557	–	–	–	318,787
Trade and other receivables	–	54,491	120,887	–	–	175,378
Due from related parties	–	–	1,650	–	–	1,650
	271,230	**102,048**	**122,537**	**–**	**–**	**495,815**
Liabilities						
Interest bearing debt	–	–	68,702	252,639	241,819	563,160
Trade creditors and accruals	–	56,026	29,921	–	–	85,947
Due to related parties	–	–	5,532	–	–	5,532
Due to parent company	–	–	5,864	–	–	5,864
	–	**56,026**	**110,019**	**252,639**	**241,819**	**660,503**
Net liquidity position	**271,230**	**46,022**	**12,518**	**(252,639)**	**(241,819)**	**(164,688)**

21. Financial risk management objectives and policies (continued)

Foreign currency risk

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

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

As at 31 December 2017	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 37,766	TT$ 255,404
Trade and other receivables	US$ 15,040	TT$ 101,709
	GBP 2	TT$ 22
	EUR 22	TT$ 180
Trade and other payables	US$ 4,373	TT$ 29,574
	EUR 32	TT$ 263

As at 31 December 2016	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 46,378	TT$ 312,861
Trade and other receivables	US$ 11,600	TT$ 78,250
	GBP 2	TT$ 20
Trade and other payables	US$ 9,119	TT$ 61,518
	EUR 6	TT$ 44

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

21. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

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

	Increase/ (decrease) in exchange rate %	Effect on other comprehensive income $'000
2017	**7%**	**22,923**
	(7%)	**(22,923)**
2016	**7%**	**23,070**
	(7%)	**(23,070)**

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2016.

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 2017 and 31 December 2016.

22. Financial instruments

Fair values

Short-term financial assets and liabilities

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

Long-term financial assets and liabilities

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

23. Capital commitments

	2017 $'000	2016 $'000
Approved and contracted capital expenditure	49,318	52,267

These commitments include contractual commitments of $48.951 million (2016: $25.464 million) entered into by the Company on behalf of the Government of the Republic of Trinidad and Tobago.

24. Contingent liabilities

During 2016, the Company received invoices totalling $11.67M from a contractor, for which no agreement exist. The Company has written to the contractor requesting copies of any agreement(s) and an investigation is in progress. No accruals have been made in the financial statements for any liability in respect of this claim. This issue remains unresolved to date.

25. Events after the reporting date

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

National Energy
CORPORATION OF TRINIDAD AND TOBAGO

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Financial Statements

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of La Brea Industrial Development Company Limited, ('the Company') which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

President	VP Finance & Administration
6 March 2018	6 March 2018

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Deloitte.

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of La Brea Industrial Development Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte & Touche

Deloitte & Touche
Derek Mohammed, (ICATT # 864)

Port of Spain
Trinidad
19th March 2018

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of financial position

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Assets			
Non-current assets			
Property, plant and equipment	5	345,506	311,488
Investment properties	6	131,766	118,162
Deferred taxation	12 (b)	11,813	3,415
Total non-current assets		489,085	433,065
Current assets			
Cash and short-term deposits	7	71,838	64,374
Trade and other receivables	8	42,098	43,004
Due from related parties	17	11,843	10,604
Taxation recoverable		43	274
Total current assets		125,822	118,256
Total assets		**614,907**	**551,321**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	254,919	254,919
Capital contribution	10	318,212	249,446
Accumulated losses		(88,092)	(72,545)
Total shareholders' equity		485,039	431,820
Non-current liabilities			
Shareholders' advances	11/17	12,847	84,845
Deferred taxation	12(b)	4,638	–
Total non-current liabilities		17,485	84,845
Current liabilities			
Trade and other payables	13	35,574	24,737
Deferred income	14	15,695	8,141
Due to related party	17	60,895	1,562
Taxation payable		219	216
Total current liabilities		112,383	34,656
Total liabilities		129,868	119,501
Total liabilities and equity		**614,907**	**551,321**

The accompanying notes on pages 69 to 97 form an integral part of these financial statements.

The financial statements of La Brea Industrial Development Company Limited were authorised for issue by the Board of Directors on 6 March, 2018.

Chairman

Director

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Revenue			
Bio-remediation services		528	1,302
Port and harbour		28,470	10,073
Property rental income	6	14,160	13,543
		43,158	24,918
Operating expenses	15	(49,611)	(6,872)
Operating (loss)/profit		(6,453)	18,046
Interest income and other investment income		114	109
Other operating income		1,554	41
(Loss)/gain on foreign exchange transactions		(484)	3,840
Administrative, general and maintenance services	16	(13,622)	(9,069)
Other expenses		(12)	(6)
Loss on disposal of property, plant and equipment		–	(8)
		(12,450)	(5,093)
Net (loss)/profit before taxation		(18,903)	12,953
Income tax expense	12(a)	3,356	(2,515)
Net (loss)/profit for the year after taxation		(15,547)	10,438
Other comprehensive income		–	–
Total comprehensive (loss)/income		**(15,547)**	**10,438**

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of changes in equity

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
Year ended 31 December 2016					
Balance at 1 January 2016		254,919	86,249	(82,983)	258,185
Capital contribution	10	–	163,197	–	163,197
Profit for the year after taxation		–	–	10,438	10,438
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	10,438	10,438
Balance at 31 December 2016		**254,919**	**249,446**	**(72,545)**	**431,820**
Year ended 31 December 2017					
Balance at 1 January 2017		254,919	249,446	(72,545)	431,820
Capital contribution	10	–	68,766	–	68,766
Loss for the year after taxation		–	–	(15,547)	(15,547)
Other comprehensive income for the year		–	–	–	–
Total comprehensive loss for the year		–	–	(15,547)	(15,547)
Balance at 31 December 2017		**254,919**	**318,212**	**(88,092)**	**485,039**

The accompanying notes on pages 69 to 97 form an integral part of these financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Statement of cash flows

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Loss/ profit before taxation		(18,903)	12,953
Adjustment for:			
Depreciation		19,124	4,527
Interest income		(114)	(109)
Loss on disposal of property, plant and equipment		–	8
Operating profit before working capital changes		107	17,379
Decrease/(increase) in receivables and pre-payments		906	(36,152)
Increase in due from related parties		(1,239)	(585)
Increase in deferred income		7,554	7,696
Increase in due to related parties		59,333	227
(Decrease)/increase in trade and other payables and due to parent Company		(37,826)	51,074
Cash generated from operating activities		28,835	39,639
Taxation refund		231	–
Interest received		114	109
Taxation paid		(394)	(3,022)
Net cash generated from operating activities		28,786	36,726
Cash flows from investing activities			
Purchase of property, plant and equipment		(45,424)	(110,712)
Additions to investment properties		(21,322)	(25,791)
Net cash used in investing activities		(66,746)	(136,503)
Cash flows from financing activities			
Advances from parent Company		45,424	110,693
Net cash generated from financing activities		45,424	110,693
Net increase in cash during the year		7,464	10,916
Cash and cash equivalents at beginning of year	7	64,374	53,458
Cash and cash equivalents at end of year		**71,838**	**64,374**

The accompanying notes on pages 69 to 97 form an integral part of these financial statements.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

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

1.1 Corporation Informaiton

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

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

1.2 Revised LABIDCO Shareholding

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

In 2018, an application for new share certificates will be made to effect this change, with the revised shareholding being 91.55% and 8.45% for NGC and PETROTRIN respectively.

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

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

In the current year, the Company has applied a number of amendments to IFRS and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

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

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

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

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

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

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

- **Amendments to IAS 7, *(Disclosure Initiative)***

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

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

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

2.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year (continued)

- ***Annual Improvements 2014-2016***

  IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

  The management of the Company has evaluated that the application of these amendments did not have a significant impact on the Company's financial statements.

2.2 New and revised IFRS in issue but not yet effective

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

• IFRS 9	Financial instruments[1]
• IFRS 15	Revenue from Contracts with Customers[1]
• IFRS 16	Leases[2]
• IFRS	Annual improvements to IFRS standards 2015 - 2017 cycle[2]
• Amendments to IFRS 2	Classification and Measurement of Share - Based Payments[1]
• Amendments to IFRS 9	Financial instruments[2]
• Amendments to IAS 28	Long-term interests in associates and joint Ventures[2]
• Amendments to IAS 40	Transfers of investment property[1]
• IFRIC 22	Foreign currency transactions and advance Considerations[1]
• IFRIC 23	Uncertainty over income tax treatments[2]

1 Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.

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

3 Effective for annual periods beginning on or after 1 January, 2021, with earlier application permitted.

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

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

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

- **IFRS 9 *Financial Instruments***

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

  Key requirements of IFRS 9:

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

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

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

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

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

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

  The management of the Company anticipates that the application of IFRS 9 in the future may have a material 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 the Company undertakes a detailed review.

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

  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

  The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

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

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

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

  On June 20, 2016, the IASB issued amendments in *Clarifications* to IFRS 15 *'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

  The management of the Company anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

- **IFRS 16 Leases**

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

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

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

  Makes amendments to the following standards:

  – **IFRS 3** and **IFRS 11** – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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

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

- ***Annual Improvements to IFRS Standards 2015–2017 Cycle*** (continued)

  – **IAS 12** - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

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

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

- **Classification and Measurement of Share-based Payment Transactions *(Amendments to IFRS 2)***

  Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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

- ***Prepayments Features With Negative Compensation (Amendments to IFRS 9)***

  Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

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

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

  Clarifies that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

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

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

- **Amendments to IAS 40, *Transfer of investment property***

  The amendments to IAS 40 *Investment Property*:

  a) Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

  b) The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

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

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

  The interpretation addresses foreign currency transactions or parts of transactions where:

  a) there is consideration that is denominated or priced in a foreign currency;

  b) the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and

  c) the prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:

  a) The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

  b) If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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

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

  The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is ***uncertainty over income tax treatments*** under IAS 12. It specifically considers:

  a) Whether tax treatments should be considered collectively

  b) Assumptions for taxation authorities' examinations

  c) The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

  d) The effect of changes in facts and circumstances

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

3. Summary of significant accounting policies

Basis of preparation

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

Statement of compliance

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

a) **Cash and cash equivalents**

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

b) **Trade receivables**

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

c) **Taxes**

Current taxes

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

Deferred tax

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

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

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

d) **Property, plant and equipment**

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

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

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

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

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

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

e) **Investment property**

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

Fabrication yard	3.33%
Development cost	10.00% – 33.33%

No depreciation is provided on freehold land.

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

f) **Long-term debt**

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

g) **Foreign currencies**

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

3. Summary of significant accounting policies (continued)

h) Borrowing costs

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

i) Payables and accruals

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

j) Financial assets

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

Loans and receivables

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

Amortised cost

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

k) Financial liabilities

Interest bearing loans and borrowings

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

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

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets

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

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

Such reversal is recognised in profit or loss unless the asset is carried at a 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.

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

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

Financial assets

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

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

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

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

Financial liabilities

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

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

o) **Employee benefits**

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

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

p) **Revenue recognition**

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

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

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

Lease rental from fabrication yard is recognised as revenue in the period in which the rental is earned. Interest and investment income is accounted for on the accruals basis.

q) **Leases**

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

The Company as a lessor

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

The Company as a lessee

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

r) **Provisions**

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

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

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

s) **Comparative information**

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

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

4. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Estimates and assumptions

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

Useful lives of property, plant and equipment and investment property

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

Impairment of non-financial assets

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

Operating lease commitments – Company as Lessor

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

Deferred tax assets

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

Tax assessments

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

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(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 2016	164,891	270	520	183,115	348,796
Additions	–	11	8	110,693	110,712
Disposals	–	–	(18)	–	(18)
Balance at 31 December 2016	164,891	281	510	293,808	459,490
Additions	45,406	18	–	-	45,424
Transfers	293,808	–	–	(293,808)	–
Balance at 31 December 2017	504,105	299	510	–	504,914
Accumulated depreciation					
Balance at 1 January 2016	(47,714)	(250)	(271)	–	(48,235)
Depreciation expense	(756)	(20)	(62)	–	(838)
Disposals	-	-	9	–	9
Balance at 31 December 2016	(48,470)	(270)	(324)	–	(49,064)
Depreciation expense	(11,339)	(8)	(59)	–	(11,406)
Balance at 31 December 2017	(59,809)	(278)	(383)	–	(60,470)
Accumulated impairment losses					
Balance at 1 January 2016	(98,938)	–	–	–	(98,938)
Balance at 31 December 2016	(98,938)	–	–	–	(98,938)
Balance at 31 December 2017	(98,938)	–	–	–	(98,938)
Carrying amount					
At 31 December 2016	**17,483**	**11**	**186**	**293,808**	**311,488**
At 31 December 2017	**345,358**	**21**	**127**	**–**	**345,506**

5. Property, plant and equipment (continued)

Fair value measurement of the Company's marine infrastructure assets

The fair value was based on the marine infrastructure assets' value in use. The recoverable amount of the Company's assets has been determined based on a value-in-use calculation using cash flow projections from the 2018 financial budgets approved by management and the Board of Directors and extrapolated for a four year period, at a discount rate of 4.63%. As a result of this analysis, no impairment was recognised by Management for 2017 (2016: no impairment) on its property, plant and equipment in the statement of profit or loss.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2017	–	–	412,151	412,151	345,358
At 31 December 2016	–	–	318,975	318,975	311,291

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

6. Investment properties

	Development costs $'000	Freehold land $'000	Fabrication Yard $'000	Capital work in progress $'000	Total $'000
Cost					
At 1 January 2016	117,331	46,465	45,174	-	208,970
Additions	-	-	-	25,791	25,791
At 31 December 2016	117,331	46,465	45,174	25,791	234,761
Additions	21,321	-	-	-	21,321
Transfers	25,791	-	-	(25,791)	-
At 31 December 2017	164,443	46,465	45,174	-	256,082
Accumulated depreciation and impairment					
At 1 January 2016	(19,276)	-	(16,351)	-	(35,627)
Depreciation expense	(2,151)	-	(1,538)	-	(3,689)
At 31 December 2016	(21,427)	-	(17,889)	-	(39,316)
Depreciation expense	(6,179)	-	(1,538)	-	(7,717)
At 31 December 2017	(27,606)	-	(19,427)	-	(47,033)
Accumulated impairment charges losses					
Balance at 1 January 2016	(77,283)	-	-	-	(77,283)
Balance at 31 December 2016	(77,283)	-	-	-	(77,283)
Balance at 31 December 2017	(77,283)	-	-	-	(77,283)
Carrying amount					
At 31 December 2016	**18,621**	**46,465**	**27,285**	**25,791**	**118,162**
At 31 December 2017	**59,554**	**46,465**	**25,747**	**-**	**131,766**

Notes to the financial statements

For the year ended 31 December 2017
(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

	2017 $'000	2016 $'000
Rental income from investment properties	14,160	13,543
Direct operating expenses	999	1,065

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

The fair value was based on the investement properties' 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 2018 financial budgets approved by management and the Board of Directors and extrapolated for a four-year period, at a discount rate of 4.63%. As a result of this analysis, no impairment was recognised by Management for 2017 (2016: no impairment) on its investment properties in the statement of profit or loss.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying value $'000
At 31 December 2017	–	–	159,668	159,668	131,766
At 31 December 2016	–	–	137,312	137,312	118,162

7. Cash and short-term deposits

	2017 $'000	2016 $'000
Cash at bank and on hand	71,838	64,374
Short-term deposits	4,253	4,253
	76,091	68,627
Less: Impairment provision of short-term deposit (Note 7b)	(4,253)	(4,253)
	71,838	**64,374**

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(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 $71.84 million (2016: $64.37 million).

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

CIB has experienced financial and liquidity issues and on 31 January 2009 the Central Bank of Trinidad and Tobago (CBTT) under Section 44D of the Central Bank Act Chap. 79.02 assumed control of CIB. The CBTT indicated that the investment note certificates were not covered under the guarantee provided by the Government of the Republic of Trinidad and Tobago. The investment note certificates and the related accrued interest were therefore deemed to be impaired at 31 December 2008 as there was no basis to determine the timing and quantum, if any, of recovery. The amounts remain fully provided for at 31 December 2017.

8. Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables	15,767	14,353
Provision for doubtful debts	(7,345)	(8,162)
	8,422	6,191
VAT receivables	33,102	36,426
Other trade receivables and prepayments	574	387
Total receivables and prepayments	**42,098**	**43,004**

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

As at 31 December 2017, trade receivables at a value of $7.345 million (2016: $8.162 million) were impaired and provided for fully. Movement in the provision for impairment of receivables were as follows:

	2017 $'000	2016 $'000
At 1 January	8,162	7,860
Charge for year	647	614
	8,809	8,474
Amounts recovered during the year	(477)	(312)
Amount written off	(987)	-
At 31 December	**7,345**	**8,162**

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
2017	**8,422**	**246**	**2,061**	**419**	**45**	**1,435**	**4,216**
2016	**6,191**	**(320)**	**1,119**	**494**	**536**	**67**	**4,295**

9. Share capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

	2017 $'000	2016 $'000
254,919 ordinary shares of no par value	**254,919**	**254,919**

10. Capital contribution

The Parent Company, NGC, has injected $318.212 million (2016: $249.446 million) as equity for the Reconstruction of Berth 2 at LABIDCO Port.

11. Shareholders' advances

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

	2017 $'000	2016 $'000
The National Gas Company of Trinidad and Tobago Limited	**12,847**	**84,845**

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(Expressed in Trinidad and Tobago dollars)

12. Taxation

a) Taxation charge

The major components of the taxation expense were as follows:

	2017 $'000	2016 $'000
Corporation tax- current year	(11,748)	2,937
Green fund levy	134	75
Business Levy	269	–
Deferred taxation	7,989	72
Deferred taxation resulting from increase in enacted future tax rate from 25% to 30%	–	(569)
	(3,356)	**2,515**

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

Profit before taxation	(18,903)	12,953
Income taxes thereon at the rate of 30%	(5,671)	3,238
Non-deductible expenses	58	8
Permanent differences	1,854	691
Decrease in impairment provision	–	(846)
Green fund levy	134	75
Business levy	269	–
Other differences	–	(82)
Deferred taxes resulting from increase in tax rate from 25% to 30%	–	(569)
	(3,356)	**2,515**

b) Deferred tax

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

Assets		
Property, plant and equipment	–	3,349
Accrued annual leave	64	66
Accrued tax losses	11,749	–
	11,813	**3,415**
Liabilities		
Property, plant and equipment	**4,638**	**–**
	7,175	**3,415**

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

Movement for the year:

Balance at 1 January	3,415	2,918
Deferred tax charge to statement of profit and loss	3,760	497
Balance at 31 December	**7,175**	**3,415**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

13. Trade and other payables

	2017 $'000	2016 $'000
Trade payables	831	186
Accrued interest- Board of Inland Revenue	195	193
Accrued material/service amounts	30,220	22,285
Employee related accruals	427	218
Retentions	3,901	1,855
	35,574	**24,737**

The table below summarises trade and other payables:

	Less than 3 months $'000	3-12 months $'000	Total $'000
As at 31 December 2017			
Trade creditors & accruals	31,410	3,901	35,311
Accrued vacation leave	–	213	213
Accrued audit fees	–	50	50
Total trade creditors and accruals	**31,410**	**4,164**	**35,574**
As at 31 December 2016			
Trade creditors & accruals	22,614	1,855	24,469
Accrued vacation leave	–	218	218
Accrued audit fees	–	50	50
Total trade creditors and accruals	**22,614**	**2,123**	**24,737**

14. Deferred income

	2017 $'000	2016 $'000
Operating leases – rental income (Note a)	447	437
Capital contribution – LABIDCO Access Road (Note b)	15,248	7,704
	15,695	**8,141**
Non-Current	13,744	7,704
Current	1,951	437
	15,695	**8,141**

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

14. Deferred income (continued)

Notes:

a) This amount relates to rental income

b) Deferred income – LABIDCO Access Road:

	2017 $'000	2016 $'000
Balance at 1 January	7,704	4,320
Received during the year	9,048	3,384
Amount released to income	(1,504)	–
Balance at 31 December	**15,248**	**7,704**

15. Operating expenses

Operating expenses comprise the following:

	2017 $'000	2016 $'000
Depreciation	12,879	2,294
Stevedoring charges	4,064	212
Maintenance and general expenses	363	583
Equipment rental	123	104
Insurance	1,204	1,300
Security	2,843	2,379
Dredging	28,135	–
	49,611	**6,872**

16. Administrative, general and maintenance expense

Administrative, general and maintenance services comprise the following:

	2017 $'000	2016 $'000
Depreciation	6,246	2,233
Staff costs	3,341	3,116
Management fees – related party	731	722
Security	284	237
Electricity	417	548
Movement in provision for bad debts	169	303
Other	2,434	1,910
	13,622	**9,069**

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

17. Related party transactions

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

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

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for the year ended 31 December 2017 and 31 December 2016.

	Year	Income from related parties $'000	Related party expenses $'000	Amounts due from related parties $'000	Amounts due to related parties $'000
The National Gas Company of Trinidad and Tobago Limited					
Reimbursement of expenses paid/shareholder's advances	2017	–	–	5,402	12,847
	2016	–	–	5,402	84,845
National Energy Corporation of Trinidad and Tobago Limited					
Management fees and reimbursements	2017	–	731	6,038	60,895
	2016	–	722	4,792	1,562
Petroleum Company of Trinidad and Tobago					
Lease rental and dock fees	2017	792	–	403	-
	2016	867	–	410	–
Directors					
Directors' fees and travel allowances	2017	–	256	–	–
	2016	–	261	–	–

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017

(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 and 29 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

Future minimum rentals receivable under operating leases are as follows:

	2017 $'000	**2016 $'000**
Not later than 1 year	15,638	18,612
Later than 1 year and not longer than 5 years	31,366	30,749
Later than 5 years	89,412	92,586
	136,416	**141,947**

The Company as a lessee

As at 31 December 2017, the Company held no asset under operating lease as a lessee (2016: nil).

19. Financial risk management objectives and policies

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

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

Credit risk

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

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

19. Financial risk management objectives and policies (continued)

Liquidity risk

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

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

	On demand $'000	Less than 3months $'000	3 - 12 months $'000	1 - 5 years $'000	>5 years $'000	Total $'000
As at 31 December 2017						
Assets						
Cash and cash equivalents	71,838	–	–	–	–	71,838
Trade and other receivables	–	2,942	39,156	–	–	42,098
Due from related parties	–	11,843	–	–	–	11,843
Total assets	**71,838**	**14,785**	**39,156**	**–**	**–**	**125,779**
Liabilities						
Shareholders' advances	–	–	–	–	12,847	12,847
Due to related parties	–	–	60,895	–	–	60,895
Trade and other payables	–	31,410	3,901	–	–	35,311
Total liabilities	**–**	**31,410**	**64,796**	**–**	**12,847**	**109,053**
Net liquidity gap	**71,838**	**(16,625)**	**(25,640)**	**–**	**(12,847)**	**16,726**

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(Expressed in Trinidad and Tobago dollars)

19. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand $'000	Less than 3months $'000	3 - 12 months $'000	1 - 5 years $'000	>5 years $'000	Total $'000
As at 31 December 2016						
Assets						
Cash and cash equivalents	64,374	–	–	–	–	64,374
Trade and other receivables	–	1,840	41,164	-	–	43,004
Due from related parties	–	10,604	–	–	–	10,604
Total assets	**64,374**	**12,444**	**41,164**	**–**	**–**	**117,982**
Liabilities						
Shareholders' advances	–	–	–	–	84,845	84,845
Due to related parties	–	–	1,562	–	–	1,562
Trade and other payables	–	22,614	1,855	–	–	24,469
Total liabilities	**–**	**22,614**	**3,417**	**–**	**84,845**	**110,876**
Net liquidity gap	**64,374**	**(10,170)**	**37,747**	**–**	**(84,845)**	**7,106**

Notes to the financial statements

For the year ended 31 December 2017
(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 31 December 2017	Amount denominated in foreign currency $'000s	TT$ equivalent $'000s
Cash and cash equivalents	US$ 9,553	61,002
Trade and other receivables	US$ 4,049	26,479
Trade and other payables	US$ 5,617	37,478
	GBP 5	65

As at 31 December 2016		
Cash and cash equivalents	US $8,422	53,391
Trade and other receivables	US$ 4,248	27,136
Trade and other payables	US$ 1,095	6,961
	GBP 5	65

LA BREA INDUSTRIAL DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2017
(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 other comprehensive income $'000
2017	7%	3,777
	(7%)	(3,777)
2016	7%	5,462
	(7%)	(5,462)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2016.

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.

21. Capital commitments

Capital commitments as at 31 December 2017 were $5.423 million (2016: $14.479 million).

22. Events after the reporting date

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

Notes

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