Trinidad and Tobago NGL Limited

Financial statements
Three months ended
31 March 2019

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Trinidad and Tobago NGL Limited

Statement of financial position
As at 31 March 2019
(Expressed in Trinidad and Tobago dollars)

Assets	Notes	Unaudited 31-Mar-19 $'000	Unaudited 31-Mar-18 $'000	Audited 31-Dec-18 $'000
Non-current assets				
Investment in joint venture	5(b)	3,079,895	3,039,675	3,097,751
Total non-current assets		**3,079,895**	**3,039,675**	**3,097,751**
Current assets				
Dividend receivable	9	15,373	16,415	16,527
Taxation recoverable		315	-	315
Cash and cash equivalents	7	332,041	362,485	278,886
Total current assets		**347,729**	**378,900**	**295,728**
Total assets		**3,427,624**	**3,418,575**	**3,393,479**
Shareholders' equity and liabilities				
Equity				
Share capital	8	2,772,120	2,772,120	2,772,120
Translation reserve		150,917	140,147	162,680
Retained earnings		349,353	351,096	458,417
Total shareholders' equity		**3,272,390**	**3,263,363**	**3,393,217**
Current liabilities				
Due to parent company/related party	9	47	385	237
Dividends payable		154,800	154,800	-
Trade and other payables	6	387	27	25
Total liabilities		**155,234**	**155,212**	**262**
Total equity and liabilities		**3,427,624**	**3,418,575**	**3,393,479**

The accompanying notes on pages 5 to 28 form an integral part of these financial statements.

The financial statements of Trinidad and Tobago NGL Limited were authorised for issue by the Board of Directors on 08 May 2019.

Director

Kent C Allen

Director

Trinidad and Tobago NGL Limited

Statement of profit or loss and other comprehensive income
For the three months ended 31 March 2019
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Unaudited Three Months Ended 31-Mar-19 $'000	Unaudited Three Months Ended 31-Mar-18 $'000	Audited Year Ended 31-Dec-18 $'000
Income				
Share of profit from investment in joint venture	5 (d)	45,625	61,422	242,644
Interest Income		124	140	493
Foreign exchange gain		597	1,169	1,585
Total income		**46,346**	**62,731**	**244,722**
Expenses				
Impairment reversal	11	-	-	10,568
Legal and professional fees		(364)	(431)	(983)
Other expenses		(46)	-	(725)
Profit before taxation		45,936	62,300	253,582
Income tax expense	10	(161)	(476)	(607)
Profit after taxation for the period		**45,775**	**61,824**	**252,975**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Exchange translation differences, net of tax		(11,763)	(14,317)	8,216
Other comprehensive income for the period		(11,763)	(14,317)	8,216
Total comprehensive profit for the period		**34,012**	**47,507**	**261,191**
Earnings per share				
Basic (dollars per share)	12	**0.30**	**0.40**	**1.63**
Diluted (dollars per share)	12	**0.30**	**0.40**	**1.63**

The accompanying notes on pages 5 to 28 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of changes in equity
For the three months ended 31 March 2019
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Share capital $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
Unaudited three months ended 31 March 2019					
Balance at 1 January 2019		2,772,120	162,680	458,417	3,393,217
Profit for the period		-	-	45,775	45,775
Other comprehensive income		-	(11,763)	-	(11,763)
Dividends	13	-	-	(154,800)	(154,800)
Balance at 31 March 2019		**2,772,120**	**150,917**	**349,353**	**3,272,390**
Unaudited three months ended 31 March 2018					
Balance at 1 January 2018		2,772,120	154,464	444,072	3,370,656
Profit for the period		-	-	61,824	61,824
Other comprehensive income		-	(14,317)	-	(14,317)
Dividends	13	-	-	(154,800)	(154,800)
Balance at 31 March 2018		**2,772,120**	**140,147**	**351,096**	**3,263,363**
Audited year ended 31 December 2018					
Balance at 31 December 2017		2,772,120	154,464	442,072	3,370,656
Net impact of adopting IFRS 9 in joint venture	5.b	-	-	(6,430)	(6,430)
Balance at 01 January 2018		**2,772,120**	**154,464**	**437,642**	**3,364,226**
Profit for the year		-	-	252,975	252,975
Other comprehensive income		-	8,216	-	8,216
Dividends	13	-	-	(232,200)	(232,200)
Balance at 31 December 2018		**2,772,120**	**162,680**	**458,417**	**3,393,217**

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The accompanying notes on pages 5 to 28 form an integral part of these financial statements.

Trinidad and Tobago NGL Limited

Statement of cash flows
For the three months ended 31 March 2019
(Amounts expressed in Trinidad & Tobago dollars)

	Notes	Unaudited Three Months Ended 31-Mar-19 $'000	Unaudited Three Months Ended 31-Mar-18 $'000	Audited Year Ended 31-Dec-18 $'000
Cash flows from operating activities				
Profit for the year before taxation		45,936	62,300	253,582
Adjustments to reconcile net profit for the year to net cash used in operating activities:				
Impairment reversal		-	-	(10,568)
Dividends from joint venture		53,841	52,533	200,643
Interest and other investment income		(124)	(140)	(493)
Share of income from investment in joint venture		(45,625)	(61,422)	(242,644)
		54,028	53,271	200,520
(Decrease)/increase in amount due to related party		(190)	60	(88)
Increase/(decrease) in trade and other payables		363	(122)	(124)
Cash flows from operating activities		54,201	53,209	200,308
Taxation paid		(161)	(476)	(921)
Net cash flow generated from operating activities		54,040	52,733	199,387
Cash flows from financing activities				
Dividends paid	13	-	-	(232,200)
Net cash used in financing activities		-	-	(232,200)
Cash flows from investing activities				
Interest and other investment income		124	140	493
Net cash generated from investment activities		124	140	493
Net decrease in cash and cash equivalents		54,164	52,873	(32,320)
Net foreign exchange differences		(1,009)	(1,301)	293
Cash and cash equivalents at beginning of year		278,886	310,913	310,913
Cash and cash equivalents at end of period		**332,041**	**362,485**	**278,886**

The accompanying notes on pages 5 to 28 form an integral part of these financial statements.

1. Corporate information

Trinidad and Tobago NGL Limited (the 'Company' or 'TTNGL') was incorporated in Trinidad and Tobago on 13 September 2013 under The Companies Act, 1995. The Company's registered office is Orinoco Drive, Point Lisas Industrial Estate, Point Lisas. The Company acts as an investment holding company following its acquisition of 39% of the share capital of Phoenix Park Gas Processors Limited ('PPGPL'), in the form of Class B shares of PPGPL. These PPGPL shares were previously held by Trinidad and Tobago Holdings LLC ('TT Holdings LLC'), the sole shareholder of which was The National Gas Company of Trinidad and Tobago Limited ('NGC' or 'parent'). NGC is owned by the Government of the Republic of Trinidad and Tobago ('GORTT').

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

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 new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

- **IFRS 16 *Leases***

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

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

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

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

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

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

  The management of the Company 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 ('IFRSs') (continued)

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

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

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

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

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

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

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

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

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

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

  The Annual Improvements include amendments to the following standards:

  - **IFRS 3 Business Combination** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.
  - **IFRS 11 Joint Arrangements -** The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

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

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

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

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

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

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

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

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

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

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

  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 ('IFRSs') (continued)

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

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

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

  a) Determine whether uncertain tax positions are assessed separately or as a group; and

  b) Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

  The management of the Company 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 ('IFRSs') (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 17	Insurance Contracts[1]
• IFRS 10 Consolidated Financial Statement and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

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

- **IFRS 17 *Insurance Contracts***

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

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

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

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

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

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

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

  Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

  The effective date of the amendments has yet to be set by the IASB; however earlier application of the amendments is permitted.

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

3. **Summary of significant accounting policies**

3.1 **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs').

3.2 **Basis of preparation**

These financial statements have been prepared under the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

3.2 **Basis of preparation (continued)**

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

a) **Investment in joint venture**

The Company has a 39% investment in Phoenix Park Gas Processors Limited, which is a jointly controlled entity involved in the extraction of propane, butanes and natural gasoline from the natural gas stream. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

The Company does not exercise unilateral control over PPGPL's significant operating and financial decisions and, therefore, accounts for PPGPL under the equity method of accounting. Under the equity method, the investment in a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The investment in a joint venture is accounted for using the equity method from the date of acquisition. On acquisition of the investment in the joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

3.2 **Basis of preparation (continued)**

a) **Investment in joint venture (continued)**

Impairment of the investment in the joint venture

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment and is recognised in the statement of profit or loss and other comprehensive.

Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

b) **Cash and cash equivalents**

Cash and cash equivalents are carried at cost. Cash and cash equivalents consist of cash at bank and short-term deposits readily convertible to a known amount of cash with an original maturity of three months or less.

c) **Receivables and payables**

Amounts receivable and payable are recognised and carried at cost including amounts with related parties.

d) **Taxes**

Current tax

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

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilised.

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

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

3.2 **Basis of preparation (continued)**

d) **Taxes (continued)**

Deferred tax (continued)

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 reporting date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

e) **Earnings per share**

Earnings per share are calculated using the weighted average number of shares outstanding during the period.

f) **Foreign currencies**

The presentation currency of the Company's financial statements is Trinidad and Tobago dollars ('TT$'). The Company has determined that its functional currency is the United States dollar ('US$'). The US$ is the currency of the primary economic environment in which the Company's joint venture operates. See note 4.1.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the translation. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognised in the statement of profit or loss and other comprehensive income.

For the purpose of presenting the financial statements, assets and liabilities are translated into TT$ using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period.

Exchange differences arising from the translation into the presentation currency are recognised in other comprehensive income and recorded in the Company's translation reserve as a component of equity.

3. Summary of significant accounting policies (continued)

3.2 **Basis of preparation (continued)**

g) **Financial assets**

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

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

The classification is determined by both:

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

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.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

h) **Impairment of financial assets**

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of profit or loss and other comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

3. Summary of significant accounting policies (continued)

3.2 **Basis of preparation (continued)**

i) **Revenue recognition**

- *Interest* - Interest income is accounted for on the accruals basis.
- *Dividends* - Revenue is recognised when dividends are declared by the investee Company.

j) **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 the asset. 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.

k) **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).

3. Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

k) Provisions (continued)

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.

l) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Functional currency of the Company

The Company is an investment holding company and is not engaged in any other activities. Management has analysed primary and secondary factors as guided by IAS 21 The Effects of Changes in Foreign Exchange Rates and has determined that the functional currency of the Company is the US$. This judgement is made on the basis that all of the Company's income is denominated in US$ which is consistent with the functional currency of PPGPL.

Classification of investment held in PPGPL as a joint venture

PPGPL is a limited liability company whose legal form confers separation between parties to the joint arrangement and the Company itself, see note 3(a) above for details of management's assessments.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting period date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

- *Impairment of joint venture*

(Refer to note 5 – Investment in joint venture)

5. **Investment in joint venture**

a) Acquisition of TT Holdings LLC and investment in Phoenix Park (collectively, the 'Acquisition')

On 27 February 2014, the Company authorised and issued 38,700,000 Class A shares and 116,100,000 Class B shares for $25 per share in each class of shares.

The Company's Class A shares and Class B shares carry the same voting rights and are generally subject to the same rights, privileges, restrictions and conditions, except for the right to appoint directors of the Company and conversion rights. Class A shares may be converted into an equal number of Class B shares at any time.

Share for share exchange

On 27 February 2014, NGC exchanged its 100% shareholding in TT Holdings LLC with the Company in exchange for 38,700,000 Class A shares and 116,100,000 Class B shares of the Company, representing 100% of the Company's issued share capital valued at $3,870,000,000. At the close of this transaction, the Company became the 100% shareholder of TT Holdings LLC, and NGC became the holder of 100% of the Company's issued Class A and Class B shares.

Distribution of investment in specie and dissolution of TT Holdings LLC

As at 24 March 2014, TT Holdings LLC made a distribution in specie whereby all of its net assets, including shares held in Phoenix Park were transferred to the Company. Accordingly, the 39% effective ownership interest in PPGPL previously held by TT Holdings LLC was distributed in specie to the Company in the amount of $3,870,000,000 and the Company became the direct holder of the 39% effective ownership interest in PPGPL.

5. **Investment in joint venture (continued)**

b) Details of the Company's joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company
Phoenix Park Gas Processors Limited	Extraction of propane, butane and natural gasoline from the natural gas stream	Rio Grande Drive, Point Lisas Industrial Estate, Point Lisas	39%

The movement in the carrying value of the Company's 39% share of the assets, liabilities and income and expenses of Phoenix Park Gas Processors Limited as at 31 March 2019, 31 March 2018 and 31 December 2018 are included below.

Share of PPGPL's assets/liabilities:	March 2019 $'000	March 2018 $'000	December 2018 $'000
Movement in investment in joint venture during the reporting period			
Investment in joint venture as at 1 January	3,097,751	3,040,436	3,040,436
Share of impact adopting IFRS 9 in joint venture (Note 5(e))	-	-	(6,430)
Restated balance	3,097,751	3,040,436	3,034,006
Share of profit in joint venture	45,625	61,422	242,644
Dividends received (Note 9)	(52,703)	(49,402)	(198,330)
Impairment reversal on investment	-	-	10,568
Exchange rate adjustment	(10,778)	12,781	8,863
Investment in joint venture	**3,079,895**	**3,039,675**	**3,097,751**

The above joint venture is accounted for using the equity method in the Company's financial statements.

5. **Investment in joint venture (continued)**

c) Summarised financial information in respect of the Company's joint venture is set out below.

The summarised financial information below represents amounts shown in the PPGPL's financial statements prepared in accordance with IFRSs. The information was extracted from PPGPL's unaudited financial statements for the three months ended 31 March 2019 and 31 March 2018 and the audited year ended 31 December 2018 which have been presented in United States dollars, PPGPL'S functional currency.

	March 2019 US$'000	March 2018 US$'000	December 2018 US$'000
Statement of financial position of PPGPL			
Cash and cash equivalents	62,664	86,882	79,684
Other current assets	129,307	77,724	97,882
Total current assets	191,971	164,606	177,566
Non-current assets, excluding goodwill	235,647	256,252	241,059
Total assets	427,618	420,858	418,625
Current financial liabilities	(19,283)	(19,700)	(19,700)
Other current liabilities	(64,779)	(47,718)	(45,074)
Total current liabilities	(84,062)	(67,418)	(64,774)
Non-current financial liabilities	(82,683)	(99,961)	(90,295)
Total liabilities	(166,745)	(167,379)	(155,069)
Net assets	**260,873**	**253,479**	**263,556**

Statement of profit or loss and other comprehensive income of PPGPL	**March 2019**	**March 2018**	**December 2018**
Revenue	102,115	97,247	406,391
Cost of sales	(59,938)	(45,910)	(196,639)
Interest income	333	177	1,164
Other operating expenses (net)	(9,743)	(9,162)	(43,821)
Depreciation and amortisation	(5,716)	(5,669)	(23,095)
Interest expense	(171)	(271)	(918)
Profit before tax	26,880	36,412	143,082
Income tax expense	(9,564)	(13,098)	(51,001)
Profit after tax	17,316	23,314	92,081
Other comprehensive income	-	-	-
Total comprehensive income	**17,316**	**23,314**	**92,081**
Impact of adopting IFRS 9 in retained earnings			
Impact of IFRS 9	**-**	**-**	**(2,440)**

5. **Investment in joint venture (continued)**

d) Reconciliation of the above summarised financial information to the carrying amount of the investment in the joint venture recognised in the Company's financial statements:

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Net assets of PPGPL denominated in US$	260,873	253,479	263,556
Exchange rate at reporting date	6.7570	6.7345	6.7805
Net assets of PPGPL denominated in TT$	1,762,719	1,707,054	1,787,041
Proportion of the Company's ownership interest in the joint venture	39%	39%	39%
39% of net assets of PPGPL	687,460	665,751	696,946
Excess of investment over carrying amount of PPGPL's net assets	2,392,435	2,373,924	2,390,237
Impairment reversal on investment in joint venture	-	-	10,568
Carrying amount of the Company's investment in the joint venture	**3,079,895**	**3,039,675**	**3,097,751**

Reconciliation of the above summarised financial information to the share of profit in the joint venture recognised in the Company's financial statements:

	March 2019 $'000	March 2018 $'000	December 2018 $'000
PPGPL's total profit for the year denominated in US$	17,316	23,314	92,081
Average exchange rate for the year ended 31 December	6.7560	6.7558	6.7567
PPGPL's total profit for the year denominated in TT$	116,987	157,505	622,164
Proportion of the Company's ownership investment in joint venture	39%	39%	39%
Share of profit in the joint venture	45,625	61,422	242,644
Share of profit from the investment in joint venture	**45,625**	**61,422**	**242,644**

5. **Investment in joint venture (continued)**

e) Share of adopting IFRS 9 in joint venture

Reconciliation of the above summarised financial information to the share of adopting IFRS 9 in the joint venture recognised in the Company's financial statements:

	March 2019 $'000	**March 2018 $'000**	**December 2018 $'000**
PPGPL's impact of adopting IFRS 9 denominated in US$	-	-	(2,440)
Average exchange rate for the year ended 31 December	6.7560	6.7558	6.7567
PPGPL's impact of adopting IFRS 9 denominated in TT$	-	-	(16,486)
Proportion of the Company's ownership investment in joint venture	39%	39%	39%
Share of impact of adopting IFRS 9 in the joint venture	**-**	**-**	**(6,430)**

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

The table below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the year ended 31 December 2017.

Impact on asset, liabilities and equity as at 01 January 2018	**Balance as at 31-Dec-2017**	**IFRS 9 adjustments**	**Balance as at 01-Jan-2018**
	$'000	**$'000**	**$'000**
Investment in joint venture	3,040,436	(6,430)	3,034,006
Retained earnings	444,072	(6,430)	437,642

6. **Trade and other payables**

Trade and other payables are non-interest bearing and have an average term of three months. The following table presents the details of accounts payable and accrued liabilities:

	March 2019 $'000	**March 2018 $'000**	**December 2018 $'000**
Audit fees	-	27	25
Dividend refunded by Registrar -due to shareholders	297	-	-
Sundry Payables	90	-	-
	387	**27**	**25**

7. **Cash and cash equivalents**

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Cash at bank and on hand	**332,041**	**362,485**	**278,886**

Cash at bank earns interest at a fixed rate on daily deposit rates.

8. **Share capital**

Authorised:
An unlimited number of ordinary 'A' shares of no par value
An unlimited number of ordinary 'B' shares of no par value

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Issued and fully paid:			
38,700,000 ordinary 'A' shares of no par value	693,030	693,030	693,030
116,100,000 ordinary 'B' shares of no par value	2,079,090	2,079,090	2,079,090
	2,772,120	**2,772,120**	**2,772,120**

9. **Related party transactions**

The following table provides the total amount of material transactions, which have been entered into with related parties and the balances outstanding for three months ended 31 arch 2019 and 31 March 2018 and the year ended 31 December 2018.

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Amount due to related parties			
The National Gas Company of Trinidad and Tobago Limited:			
Reimbursement for expenses paid on behalf of the Company	**(47)**	**(385)**	**(237)**
Dividends receivable			
Phoenix Park Gas Processors Limited	**15,373**	**16,415**	**16,527**
Income/ (expenses) from related parties			
The National Gas Company of Trinidad and Tobago Limited:			
Dividends paid	**-**	**-**	**(58,050)**
Phoenix Park Gas Processors Limited:			
Dividends received (Note 5 b)	**52,703**	**49,402**	**198,330**
Key management compensation			
Directors' fees and allowances	**(58)**	**(64)**	**(191)**

10. Taxation

a) The taxation charge consists of the following:

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Green fund levy	160	159	604
Business Levy	1	317	3
	161	476	607

b) Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate:

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Profit before taxation	**45,936**	**62,300**	**253,582**
Income taxes at the rate of 30%:	13,781	18,690	76,075
Tax effect of items not allowable for tax: Income derived from dividends from investment in PPGPL and not subject to taxation at the corporate rate	(13,781)	(18,690)	(76,075)
Non-deductible expense:			
Green fund levy	160	159	604
Business levy	1	317	3
	161	**476**	**607**

11. Impairment

	March 2019 $'000	March 2018 $'000	December 2018 $'000
Impairment reversal	**-**	**-**	**10,568**

Management engaged an independent valuation expert to conduct an impairment assessment of the Company's 39% shareholding investment in PPGPL as at the date of the statement of financial position.

For 2017, a similar impairment assessment led to the recognition of an impairment reversal of $19.5 million, which has been recognised and separately disclosed on the statement of profit or loss. As with the 2017 exercise, the primary drivers for the impairment assessment continue to be the following factors:

- Accessibility of available and more economical sources of energy (particularly North American shale resources) continue to compress both demand and prices for natural gas products. Alternate energy sources have been more economical in certain countries which have access to energy sources and processing infrastructure at closer proximity, industrial and commercial applications are able to tap energy sources at cost levels that are not inhibiting. Overall global supply remains above demand resulting in higher inventory levels and depressed energy commodity prices.
- Issues of local gas supply in the short to medium term and natural gas liquids ("NGLs") content in the gas stream over the longer term.

11. Impairment (continued)

The impairment assessment for 2018 led to a further partial reversal of $10.6 million, of the impairment loss that was recognised in 2014. The partial reversal was due to an increase in the recoverable amount which was driven by the implementation of value creating opportunities with third party suppliers including Product Trading.

Details of the movement in impairment:

Year	TT$'000
2014	(1,097,880)
2015	235,195
2016	17,831
2017	19,499
2018	10,568

The recoverable amount of the Company's investment in joint venture is based on a value in use calculation which uses cash flow projections which was determined from financial information approved by the Board of Directors of the Company covering a twenty-year period from 2019 to 2038, and a discount rate of 11.86% per annum which was based on a market estimate of the weighted average cost of capital. Cash flows beyond the twenty-year period have been extrapolated assuming no growth rate after year 2038. The key assumptions used in the value in use calculations are as follows:

- Discount rate of 11.86% (2017: 12.10%)
- Selling prices of NGLs moved upwards in 2018 and some volatility is expected in 2019. Selling prices of NGLs included in the cash flow projections are based on management's best estimate taking into consideration current market conditions. Prices are based on forecasted market prices which are provided by a highly reputable company.

A change in the key assumptions has been analysed and presented below.

- Discount rate

  A 1% decrease in the discount rate while holding all other variables will increase the impairment reversal to US$33.7 million while a 1% increase in the discount rate results in an impairment loss of US$27.2 million.

- Selling prices of NGLs
  - A 5% increase in the selling prices of NGLs while holding all other variables will increase the impairment reversal to US$31.3 million while a 5% decrease in the selling price results in an impairment loss of US$28.2 million.
  - A 10% increase in the selling prices of NGLs while holding all other variables will increase the impairment reversal to US$61.0 million while a 10% decrease in the selling price results in an impairment loss of US$52.1 million.

12. Earnings per share

	March 2019	March 2018	December 2018
Basic earnings per share	**$ 0.30**	**$ 0.40**	**$ 1.63**

The profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	$'000	$'000	$'000
Profit used in the calculation of basic earnings per share	**45,775**	**61,824**	**252,975**
	Shares '000	**Shares '000**	**Shares '000**
Weighted average number of ordinary shares for the purposes of basic earnings per share	**154,800**	**154,800**	**154,800**

13. Dividends

		March 2019	March 2018 $'000	December 2018 $'000
2017 final dividend	- **$1.00** per share	-	-	154,000
2018 interim dividend	- **$0.50** per share	-	-	77,400
2017 final dividend	- **$1.00** per share	-	154,800	-
2018 final dividend	- **$1.00** per share	154,800	-	-
		154,800	**154,800**	**232,200**

On 11 March 2018, the Board of Directors declared a final dividend of $1.00 per share for 2017. This final dividend was paid on 12 April 2018.
On 27 July 2018, the Board of Directors declared an interim dividend of $0.50 per share for 2018. This interim dividend was paid on 5 September 2018.
On 25 March 2019, the Board of Directors declared a final dividend of $1.00 per share for 2018. This final dividend was paid on 18 April 2019.

14. Capital management

The Company manages its shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

14. **Capital management (continued)**

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its operations through its current operating period.

15. **Financial risk management objectives and policies**

Risk management

In the normal course of business, the Company is exposed to financial risk and manages that risk, as follows:

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is expected to be dividend income, which is used to finance working capital and to meet the Company's financial obligations associated with financial liabilities.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfil their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company is not currently exposed to significant credit risk.

Market risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameter, while optimising the Company's return on its assets.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not currently exposed to interest rate risk as it does not have any interest bearing financial liabilities and interest bearing financial assets are at fixed rates of interest.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is exposed to foreign currency risk arising from exposure with respect to the United State dollar. Management monitors its exposure to foreign currency fluctuations on a continuous basis and employs appropriate mitigation strategies.

15. **Financial risk management objectives and policies (continued)**

Currency risk (continued)

The following tables show balances outstanding at 31 March 2019, 31 March 2018 and 31 December 2018 denominated in foreign currencies:

As at 31 March 2019	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Dividends receivable	-	15,373	15,373
Taxation recoverable	315	-	315
Cash and cash equivalents	155,808	176,233	332,041
Total assets	**156,123**	**191,606**	**347,729**
Liabilities			
Due to parent company/related party	47	-	47
Dividends payable	154,800		154,800
Trade and other payables	388	-	388
Total liabilities	**155,235**	**-**	**155,235**
Net position	**888**	**191,606**	**192,494**

As at 31 March 2018	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Dividends receivable	-	16,415	16,415
Cash and cash equivalents	156,336	206,149	362,485
Total assets	**156,336**	**222,564**	**378,900**
Liabilities			
Due to parent company/related party	385	-	385
Dividends payable	154,800		154,800
Trade and other payables	27	-	27
Total liabilities	**155,212**	**-**	**155,212**
Net position	**1,124**	**222,564**	**223,688**

15. **Financial risk management objectives and policies (continued)**

Currency risk (continued)

As at 31 December 2018	TT Denominated $'000	US Denominated $'000	Total $'000
Assets			
Dividends receivable	-	16,527	16,527
Taxation recoverable	315	-	315
Cash and cash equivalents	875	278,011	278,886
Total assets	**1,190**	**294,538**	**295,728**
Liabilities			
Due to parent company/related party	237	-	237
Trade and other payables	25	-	25
Total liabilities	**262**	**-**	**262**
Net position	**928**	**294,538**	**295,466**

The following table demonstrates the sensitivity to a reasonable possible change in the TT dollar exchange rate with all other variables held constant of the Company's profit before taxation.

	Increase/ (decrease) in exchange rate %	Effect on other comprehensive income $'000
As at 31 March 2019	**3%**	**1,369**
	(3%)	**(1,369)**
As at 31 March 2018	**3%**	**1,869**
	(3%)	**(1,869)**
As at 31 December 2018	**3%**	**7,610**
	(3%)	**(7,610)**

Other price risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The Company's primary source of income is dividend income derived from its underlying investment in PPGPL. PPGPL is exposed to market/feedstock price movements that could adversely affect the value of its financial assets, liabilities and future cash flow.

Fair values

Financial instruments include accounts payable and accrued liabilities. The carrying values of these financial instruments are approximate to their fair value due to their short-term nature.

16. **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 interim financial statements.